**The transfer of HRM practices from emerging Indian IT MNEs to their subsidiaries in
Australia: The MNE diamond model**

Parth Patel (corresponding author)
Lecturer in Human Resource Management & International Business
Discipline of Management and Human Resources
Australian Institute of Business
27 Currie Street, Adelaide, South Australia 5000, Australia
Telephone: +61 (08) 70891315, Email: parth.patel@aib.edu.au

Paresha Sinha
Senior Lecturer in Strategy & Human Resource Management
Department of Strategy & HRM
Waikato Management School
University of Waikato
21 Ruakura Road, Hamilton, North Island 3240, New Zealand
Telephone: +64 (07) 8384938, Email: paresha.sinha@waikato.ac.nz

Ramudu Bhanugopan
Associate Professor of Human Resource Management
School of Management and Marketing
Faculty of Business, Justice and Behavioural Sciences
Charles Sturt University
Boorooma Street, Wagga Wagga, New South Wales 2678, Australia
Telephone: +61 (02) 69332696, Email: bramudu@csu.edu.au

Brendan Boyle
Associate Professor of International Business
Newcastle Business School
Faculty of Business and Law
University of Newcastle
NeW Space, 409 Hunter Street, Newcastle, New South Wales 2300, Australia
Telephone: +61 (02) 49215014, Email: brendan.boyle@newcastle.edu.au

Mark Bray
Professor of Employment & Industrial Relations and HRM
Newcastle Business School
Faculty of Business and Law
University of Newcastle
NeW Space, 409 Hunter Street, Newcastle, New South Wales 2300, Australia
Telephone: +61 (02) 49215073, Email: mark.bray@newcastle.edu.au

Declaration of interests: none

The transfer of HRM practices from emerging Indian IT MNEs to their subsidiaries in Australia: The MNE diamond model

Abstract

There is a growing body of literature on multinational enterprises (MNEs) and the extent to which they diffuse or transfer their human resource management (HRM) practices in foreign subsidiaries. Much of the research, however, examines the HRM practices of multinational enterprises from developed countries operating in developing countries rather than vice versa. This study investigates the transfer of HRM practices in Indian information technology MNEs with subsidiaries in Australia and draws on data collected through interviews with senior subsidiary managers. The findings indicate that contrary to what is suggested in the existing literature, Indian IT MNEs do not operate using a polycentric HR model but behave in a manner similar to Western MNEs. They adopt a hybridisation approach using headquarter(HQ)-local practices that merge home-country policies with locally responsive HRM practices to suit their Australian subsidiary context. This article discusses the implications of this finding for theory and practice in EMNEs.

Keywords: Emerging multinational enterprises, Hybridisation towards headquarter-local practices, International human resource management, Indian multinational enterprises, liability of country of origin, MNE diamond model.

1 Introduction

Multinational enterprises (MNEs) operating overseas often search for suitable strategies to implement their international human resource management (IHRM) approaches in their foreign subsidiaries (Fan, Zhang & Zhu, 2013; Gomez & Ranft, 2003). Within this stream of literature, one significant line of enquiry relates to the ability of these MNEs to achieve international integration of their policies and practices (Belizon, Morley & Gunnigle, 2016; Kim, Park & Prescott, 2003; Savaneviciene & Kersiene, 2015). In particular, global standardisation versus local adaptation of subsidiary HRM practices has been a central issue in the literature on HRM in MNEs (Festing, Knappert, Dowling & Engle, 2012, Pudelko & Harzing, 2007). The majority of these debates, however, have looked at investigating MNEs from developed countries with subsidiaries in developing countries (Chen, Lawler & Bae, 2005; Colakoglu, Allen, Miah, & Bird, 2016; Fan, Xia, Zhang, Zhu & Li, 2016; Ferner, 2009; Fey & Bjorkman, 2001; Glover & Wilkinson, 2007; Kuhlmann, 2012; Lovett, Perez-Nordtvedt & Rasheed, 2009; Maharjan & Sekiguchi, 2017). A smaller stream of research has examined the HRM practices of MNEs from emerging economies (EMNEs) operating their subsidiaries in developed countries (Adams, Nyuur, Ellis, & Debrah, 2017; Chang, Mellahi & Wilkinson, 2009; Fan et al., 2013; Geary, Aguzzoli & Lengler, 2017; Gomes, Sahadev, Glaister, & Demirbag, 2015; Thite, 2015; Thite, Wilkinson & Shah, 2012; Ying Chang, Wilkinson & Mellahi, 2007). This article adds to this underdeveloped but growing research agenda by studying the transfer of HRM practices from Indian IT MNEs to their subsidiaries in Australia.

There are two important reasons for conducting this research. First, there is growing recognition in the international HRM literature that national differences in HR practices remain persistently distinct (Edwards, Sanchez-Mangas, Jalette, Lavelle & Minbaeva, 2016) and that MNEs often have to fit in with the local situation in host countries. However, unlike

MNEs from developed countries that engage in the forward diffusion of their home-country HRM practices, EMNEs employ the knowledge gained by operating in developed countries to reverse-diffuse their “best” practices to their parent-country operations (Zhang, Tsui, Song, Li & Jia, 2008). As a result, they are more likely to adopt a polycentric or an “adaptive” approach to managing their subsidiaries in developed countries (Thite et al., 2012; Thite, 2012, 2015, 2016). Yet, the extent to which host-country learning of EMNEs affects subsidiary practices and performance is underexplored (Liu, Gao, Lu & Lioliou, 2016).

Second, when competing in developed markets, EMNEs face the double hurdle of the liabilities of country-of-origin and foreignness. This double hurdle is widely considered to have a major impact on MNEs (Chang et al., 2009), particularly on their need for global integration and local adaptation of HRM practices (Harzing & Sorge, 2003). Liability of country-of-origin refers to a perceived poor image of an MNE’s country-of-origin (Cullen & Parboteeah, 2013). In the case of EMNEs, this liability occurs due to the perceived weaknesses in the MNE home-country economy and institutions (Chang et al., 2009). The liability of foreignness, on the other hand, describes the social and economic costs that all MNEs operating overseas experience above those incurred by local firms (Nachum, 2015), including gaps in understanding caused by cultural variations (Calhoun, 2002; Gaur, Kumar & Sarathy, 2011; Yildiz & Fey, 2012). Therefore, EMNEs that originate from a country with less comparative advantage and possess significant cultural differences are more likely to be found emulating host-country HR policies and practices when operating in developed countries (Almond, 2011; Edwards & Ferner, 2004; Ying Chang et al., 2007). This raises questions regarding the transferability of country-of-origin HR models and the extent to which EMNEs can apply them to their foreign subsidiaries (Khavul, Benson & Datta, 2010; Zhu, Thompson & De Cieri, 2008). Such variations in the “Western” approach to HRM that could be taken by MNEs from emerging economies (Oyelere, 2014), make it worth

investigating the question of whether and how EMNEs manage the transfer of their HRM practices to their subsidiaries in developed countries.

In this study, we explore the HRM strategies of EMNEs that originate from India, a country known for its globally competitive industry, and we explore how these EMNEs operate in their subsidiaries in developed countries. The study focuses on a sample of Indian information technology (IT) MNEs with subsidiaries in Australia. Although Indian MNEs have attracted increasing scholarly attention (Buckley, Munjal, Enderwick & Forsans, 2016; Celly, Kathuria & Subramanian, 2016), McDonnell, Stanton and Burgess (2011) have called for more empirical research on emerging MNE behaviour in advanced economies like Australia, as this has remained a neglected area of study. We believe, therefore, that Indian IT MNEs in the Australian context provide a unique and interesting topic for this study, as these EMNEs have developed a strong global reputation for pioneering their global services delivery model that leverages the strengths of their global workforce (Thite, Budhwar & Wilkinson, 2014). Budhwar and Varma (2011) note that the HR policies and practices of Indian IT MNEs are matched with those practices that are the best in the world. This suggests that Indian IT MNEs are unlikely to face the liability of country-of-origin hurdle when operating in a developed country like Australia due to their global industry competitiveness. As a result, Indian IT MNEs may not be required to adopt host-country HRM practices, as they enjoy international competitive advantage through access to cheaper highly skilled labour. However, given that the extant literature also points towards EMNEs adopting a polycentric/adaptive approach to global HR practices (Thite et al., 2012; Thite, 2015), we question whether this proposition is applicable to Indian IT MNEs in general, and in particular to their business model and the way they manage HRM in their subsidiaries in developed countries. Currently, not much is known about the role that international HRM plays in the IT industry (Thite et al., 2014), and very few scholars have paid attention to

IHRM in the Indian IT sector (Mathew & Jain, 2008). This article draws on the literature on HRM practices in MNEs from emerging economies to explore and investigate the transfer of HR practices by Indian IT MNEs to their subsidiaries in Australia. It raises the following questions:

- 1. How do Indian IT MNEs transfer their HRM practices to their subsidiaries in developed countries?*
- 2. How do the liabilities of country-of-origin and foreignness influence the transfer of HRM practices in subsidiaries of Indian IT MNEs in developed countries?*

This study is based on the conceptual framework of standardisation towards headquarters (HQ), standardisation towards global “best” practices, and localisation of HRM practices – also referred to as the “Golden Triangle” for MNEs (Pudelko & Harzing, 2008). This framework has been selected as it is central to international HRM and is connected to the “global versus local” dilemma faced by MNEs. The dilemma concerns the question of whether subsidiary HRM practices in MNEs should resemble those found in the parent organisation in their home-country or those adopted by firms locally in the host-country (Bjorkman, Budhwar, Smale & Sumelius, 2008; Gomez & Werner, 2004). The golden triangle framework is one of the most up-to-date IHRM models, encompassing all the integration-localisation choices faced by MNEs. Therefore, researchers can use it to extend the current debate on the transfer, particularly standardisation versus localisation, of HRM practices in EMNEs when they operate in developed countries. Interestingly, the literature indicates that despite plenty of research, there remains considerable variety in the HR policies and practices adopted by MNEs, reflecting their need to adopt a mix of localisation, internationalisation and/or ethnocentric approaches to HRM (Wilkinson, Wood & Demirbag, 2014). This holds particularly true for EMNEs where a considerable degree of variance has been found with regard to the convergence or divergence of HRM practices, which limits our

ability to draw valid and reliable conclusions (Thite, 2015). For example, a study conducted by Demirbag, Collings, Tatoglu, Mellahi and Wood (2014) on high performance work systems (HPWS) in the Turkish context found that while Turkish MNEs were able to close the capability gap between themselves and MNEs originating from developed countries, their adoption of HPWS components was relatively less apparent in their foreign subsidiaries compared to their developed country counterparts. Similarly, a study conducted by Thite et al. (2014) on the global HR roles of Indian IT multinationals in their US subsidiaries identified several challenges faced by Indian IT MNEs with respect to their HR function, including difficulty in localising the workforce and decentralised decision making. Further research is needed to advance our understanding of EMNEs and how they deal with the standardisation versus localisation of international HR in their foreign subsidiaries.

The structure of this paper is as follows. The next section reviews the literature that describes the current international HRM practices adopted by Indian IT firms, and presents the theoretical framework adopted for this study. Then, the research methods and data collection procedures are explained. Next, the data analysis and results are presented. Finally, the implications of the findings, limitations, and avenues for future research are discussed.

It should be noted that the international management and international HRM literature uses the terms “transfer” and “diffusion” interchangeably (see for example, Chiang, Lemanski & Birtch, 2017; Colakoglu, et al., 2016). For instance, transferability is defined as “the ability to transfer HRM practices originated from the parent-company to its subsidiaries” (Liu, 2004, p. 501). Diffusion, on the other hand, refers to the transfer of HRM from the home-country of an MNE to its subsidiaries in foreign locations (i.e. forward diffusion) or from the subsidiary of an MNE to its home-country and throughout the firm as a whole (i.e. reverse diffusion) (Edwards & Ferner, 2004; Zhang & Edwards, 2007). Accordingly, we use both terms interchangeably in this study.

2 HRM practices in Indian IT MNEs

The Indian IT sector gained prominence in the 1990s (Mathew & Jain, 2008) and since then there have been major developments in the trends of HRM in this sector with respect to both pre- and post-liberalisation eras. However, despite the growing importance of India in the global economy (Budhwar & Varma, 2010; Kumar, Mohapatra & Chandrasekhar, 2009; Nilekani, 2009), scholarly literature on HRM in the Indian IT context is surprisingly scarce. This has made it difficult to gain a concrete understanding of the HR issues in this industry (Budhwar, 2008; Pio, 2007) and especially with regard to its MNEs. Researchers are therefore calling for more studies on IHRM in India, including HRM in Indian MNEs, in order to gain rich counterintuitive insights (Budhwar, Tung, Varma & Do, 2017).

Traditionally HRM and general management in Indian organisations have commonly been found to differ from the practices adopted in the Western world (Cappelli, Singh, Singh & Useem, 2010; Chatterjee, 2007; Sparrow & Budhwar, 1997), thereby suggesting that the majority of such practices are culture-specific (Budhwar & Khatri, 2001). For instance, familial, communal and political considerations generally determine staffing in Indian organisations (Sharma, 1984), while selection, promotions and transfers are based on ascribed status and personal connections (Budhwar & Khatri, 2001). Researchers have found that, for this reason, Western concepts and theories have had limited application in the Indian context due to their incompatibility with Indian culture and its value system (Jain, 1991).

The extant literature indicates that HRM practices in Indian IT firms and their MNEs do not strictly follow traditional Indian norms and Asian-centric HR practices (Budhwar, Varma, Malhotra & Mukherjee, 2009; Khandekar & Sharma, 2005; 2006). This may be due to the rapid developments that are occurring in the Indian economy and its infrastructure (Budhwar, Luthar & Bhatnagar, 2006), including the arrival of a large number of foreign

MNEs to India resulting in the cross-vergence of various HRM practices and work cultures (Saini & Budhwar, 2013). Furthermore, knowledge-based industries such as the Indian IT industry are also growing rapidly, leading to the development of sector-specific HR patterns (Budhwar, 2008). Formal testing of job applicants, job evaluation, training needs analysis, and performance-based pay are examples of the highly structured systems found in the Indian IT sector (Budhwar et al., 2006), including its MNEs. In other words, the Indian IT industry favours the adoption of a standardised approach to HR that includes less room for discretion and has high levels of monitoring (Thite & Russell, 2010), synonymous with the HRM activities found in developed countries (Budhwar et al., 2006). In this respect, HR in Indian IT firms differs from the more traditional sectors of the Indian economy, with a greater emphasis on formal, structured and rationalised HRM systems (Budhwar et al., 2006; Budhwar & Varma, 2010).

So far, researchers have found that Indian IT MNEs use an “adaptive” approach to managing their subsidiaries in developed markets and a localised approach to the transfer of HR practices to developing countries (Thite et al., 2012). To further distinguish how Indian IT MNEs transfer their HRM practices to their subsidiaries in developed countries, we first use the extant literature to identify the international HRM practices used by Indian IT firms (see Table 1) and later compare it with our empirical findings to show the HR practices used in their subsidiaries in Australia. The literature review that follows describes the HR practices typically used by Indian IT firms to manage their subsidiaries in foreign countries:

2.1 Recruitment and selection

Indian MNEs in the IT sector follow a formalised and structured recruitment system that relies on sending professional and managerial staff from their parent HQs to their foreign subsidiaries (Budhwar et al., 2006; Mathew & Jain, 2008). Due to the high attrition rate among employees in Indian IT firms (Agrawal & Thite, 2003), these MNEs often rely on

internal transfers and job rotation to fill vacancies in their overseas subsidiaries (Ghosh & Geetika, 2007) as this allows them to maintain lower employee turnover rates. However, when unable to fill positions through internal sources, Indian IT firms also rely on external sources using online recruitment websites, advertisements, referrals, campus recruitment and executive search agencies to fill technical and managerial positions and to hire key staff (Sethi, 2005).

2.2 Training and development

Scholars have found variance in training and development programs across Indian organisations depending upon their nature, size, industry and corporate philosophy (Yadapadithaya, 2000). Upadhya (2006) found that employees working in foreign subsidiaries of Indian IT firms travel to their corporate HQ for training purposes. Similarly, Thite et al. (2012) found the parent HQ of Indian IT MNEs to be in charge of training at the managerial level. Additionally, when it comes to training at the technical and professional level, Indian IT firms rely on the use of internal promotions (Balaji, 2004) and job rotation to train employees in a variety of jobs within the organisation, including lateral movements in vertically oriented careers to meet individual needs as well as the needs of the larger multinational organisation (Kuruvilla & Ranganathan, 2010).

2.3 Pay and performance

Traditionally, Indian organisations have offered lifetime employment and seniority-based pay to their employees (Venkata Ratnam, 1995). However, not all organisations in India across all industries follow such practices, and certainly not in the Indian IT sector. A study conducted by Som (2007) found Indian IT firms and their MNEs relying on performance-related pay and compensation practices. Furthermore, Budhwar et al. (2006) found Indian business process outsourcing (BPO) firms relying on individual bonus schemes

while implementing performance and skills-based appraisal practices. In terms of benefits, Indian IT firms mostly provide rewards such as merit bonuses, cash awards and allowances for employee skills development (Ahlfors, 2011).

2.4 Engagement and communication

The Indian value system discourages employees from speaking out against their supervisors as this may disrupt supervisor-subordinate harmony (Saini & Budhwar, 2008). Employee involvement and participation in Indian organisations including Indian IT firms, therefore, remains at an all-time low (Rao, Raghunathan & Solis, 1999) due to the high power distance and strong collectivist culture of India (Budhwar & Sparrow, 2002; Budhwar et al., 2006; Gopalan & Rivera, 1997). A study conducted by Bhatnagar (2007) found that employees working in Indian IT firms felt disengaged from their work due to a mismatch between their work expectations and their actual role, and also due to the lack of clarity in communication within the organisation. A study conducted by Kamalanabhan, Sai and Mayuri (2009) also found limited employee engagement and job satisfaction in Indian IT firms due to attrition and difficulty in retaining highly skilled employees. This finding prompted them to develop reliable scales and measures for use by organisations operating in the Indian IT industry to improve employee engagement. Research focused on employee engagement and communication in the Indian IT industry remains limited.

(Insert Table 1 about here)

3 The golden triangle for MNEs

Pudelko and Harzing (2008) propose the theoretical perspective of the golden triangle for MNEs to characterise all the global integration versus local responsiveness choices faced by MNEs. This framework is used to examine the extent to which an MNE's HRM practices in its foreign subsidiary resemble those of local firms or those of its parent organisation.

Pudelko and Harzing (as cited in Ruël & Bondarouk, 2012) suggest that the debate on standardisation versus location should be extended due to the complexity of international HRM. They therefore propose that standardisation can take place not only towards HQ but also towards global “best” practice, regardless of wherever an MNE originates from within the global MNE network. Accordingly, in today’s global multinational environment, ethnocentric approaches to HR may no longer be sustainable, as MNEs can adopt any one of the following three approaches to the transfer of their HRM: 1) standardisation towards HQ, 2) localisation of HRM practices, or 3) standardisation towards global “best” practice (Pudelko & Harzing, 2008).

Standardisation towards HQ typically refers to the alignment of subsidiary HR (and management) practices towards the HQ of the parent company in its home-country. For example, American MNEs prefer a more centralised approach to HRM than German or Japanese MNEs, with HQ playing a significant role in disseminating similar practices amongst their subsidiaries across a range of issues, such as collective bargaining, payment systems, training and so on (Ferner, Gunnigle, Quintanilla, Wachter & Edwards, 2006). American MNEs, therefore, standardise their HR policies and practices to a greater extent than other MNEs.

Localisation of HRM practices, on the other hand, highlights which HRM practices in the foreign subsidiary should be localised to the host-country standards. In some situations, complying with local subsidiary conditions makes for greater operational efficiency (Lee & Yarwood, 1983). As a result, MNEs may be inclined to adopt a localised approach to HRM to deal with the local pressures of educational standards, labour market conditions, legislation, trade union membership and so on (Wood, Brewster & Brookes, 2014). For instance, a study conducted by Edwards and Zhang (2003) found that Chinese MNEs in the UK adopted a localisation HR strategy due in part to cultural and regulatory constraints, but also, from the

perspective of an EMNE, as a deliberate attempt to learn best practices in order to speed up their internationalisation process.

Finally, standardisation towards global “best” practice means that MNEs may adopt universal best HR practices in their network of subsidiaries regardless of their national origin. HRM in this approach is largely standardised and centralised, incorporating global best practice and global benchmarking, including compliance with policies, processes and guidelines that have been standardised worldwide (Aswathappa & Dash, 2007). For example, South Korean MNEs select components of HR practices for global standardisation based on relevant logics of action (e.g. sharing global corporate values, facilitating international transfer of employees, etc.). They implement their best global HRM practices based on the model of US MNEs’ approach to global standardisation (Chung & Furusawa, 2016). In summary, the golden triangle proposes that the successful management of subsidiaries in foreign countries with respect to the transfer of HRM is not about a dual challenge but a triangular challenge for MNEs (Pudelko & Harzing, 2008), where the MNE must choose between standardisation, localisation or standardisation of “best” practices.

Interestingly, despite the golden triangle theory being the most relevant and practicable contribution to the standardisation versus localisation debate in MNEs, no study (that the authors are aware of) has so far utilised this framework to examine the transfer of HRM practices, particularly in an EMNE context. Given that the three categories proposed by Pudelko and Harzing (2008) encapsulate all the strategic choices in the global versus local debate, we have adopted this framework for this study. Figure 1 provides the theoretical model developed for this study using the golden triangle for MNEs.

(Insert Figure 1 about here)

4 Methodology

This section outlines the contextual setting of this study, and the sampling and data analysis processes.

4.1 Contextual setting

We conducted this study in the context of Indian MNEs operating in the IT industry in India. The Indian IT industry is one of the most rapidly growing IT industries in the world. Estimated to be worth around US\$143 billion, out of which US\$107.8 billion is derived purely from exports, this industry provides employment to roughly 3.7 million people and 75 per cent of its customers are Fortune 500 enterprises (National Association of Software and Services Companies, 2016). Furthermore, the Indian IT industry has an overseas presence in over 78 countries with 670 offshore development centres, and is being transformed into a digital hub for the world (National Association of Software and Services Companies, 2016). The IT industry in India has, therefore, evolved from being a low value-added service provider (e.g. call centres) to becoming a high value-added knowledge-intensive service industry (Raman, Budhwar & Balasubramanian, 2007).

4.2 Method and sampling

This study adopted a qualitative method using semi-structured interviews to gather data on the transfer of HRM practices in Indian IT MNEs. This method suited the study's exploratory focus and fits perfectly with the research questions and theoretical framework. Although there have been many studies examining the transfer of HRM practices in MNEs, they are predominantly Western-centric, and they do not explain why some HR practices are more transferrable to subsidiaries than others (Chiang et al., 2017). Very little is known about the nature of HRM transfer in EMNEs, and potentially the underlying reasons for the lack of transferability of some HRM practices. In such a scenario, where theory is weak and a deeper insight into the relevant phenomenon is warranted, there is a strong case for the use of

qualitative research design (Creswell, 2009). The use of qualitative methodology allows the researcher to gain a richer and fuller understanding of the HR issues and challenges in the Indian IT industry (Agrawal & Thite, 2003, p. 252), and the related transfer of HRM practices to their MNEs, as well as the reasons behind why some HRM practices are not transferrable to the MNE subsidiary. A qualitative approach is therefore a very suitable and fitting method for this exploratory research agenda.

Considering that the aim of this study is to examine the transfer of HRM practices in Indian IT MNEs regardless of their size, we created a list of 19 Indian IT software and services organisations with subsidiaries in Australia, out of which 15 organisations agreed to participate. The organisations included two small firms (approximately 25 to 100 employees), six medium-sized firms (approximately 200 to 500 employees) and seven large firms (approximately 1000 to 3000 employees). We identified these Indian IT organisations from NASSCOM's (i.e. the National Association of Software and Services Companies) membership directory (i.e. the premier body that represents the Indian IT industry) and selected them through a purposive sampling technique. The organisations are all located in major cities across Australia (Sydney, Melbourne and Brisbane). We initially contacted the companies by telephone to obtain verbal consent, after which we set formal appointments for face-to-face interviews with the respective participants. The participants were mainly senior managers working in the Australian operations of Indian IT firms. As they were key decision makers at the subsidiary, we selected them through convenience sampling as the primary respondents. We initially contacted multiple participants but were given access to a single participant within each case organisation, with the exception of three cases where two participants in each agreed to take part in the interviews. Accordingly, we conducted a total of 18 interviews with single participants in 12 subsidiaries and two participants in each of the remaining three subsidiaries. While the addition of two participants in a few subsidiaries

improved the reliability of the sample, the single respondents interviewed were senior managers with years of experience working in their respective organisations and were responsible for managing large groups of employees; hence having a single participant in 12 of the subsidiaries was not a major limitation of this sample. Qualitative studies are known for relying on small sample sizes due to the collection of rich data and exhaustive analyses of interviews (Magnusson & Marecek, 2015). The interviews lasted for approximately 60 to 80 minutes and broadly included questions on areas like the role of the participant, Australian subsidiary operations, transfer of HRM practices, and the role of contextual factors.

4.3 Data analysis

Once we conducted the interviews, we manually transcribed them and then proofread the transcripts twice for any errors. We then compared the data in the transcript with the themes in the interview guide to look for ideas emerging from the data and how they related to the interview questions. We followed this with an open coding process where words, phrases and ideas appearing frequently in the interview transcripts were organised into codes (Charmaz, 2006). The purpose was to “open up the text and expose the thoughts, ideas, and meanings contained there” (Strauss & Corbin, 1998, p. 102). This fragmenting and dissecting of the empirical materials enabled the labelling of thoughts, ideas and meanings to identify them with specific and relevant concepts (Brower & Jeong, 2008). Subsequently, we used an axial coding process to identify the interrelationships among the open codes by grouping them into themes or categories (Corbin & Strauss, 2007). As the axial coding phases unfolded, we were able to construct relational statements about how the concepts (i.e. open codes) and categories related to each other. During this process, we also searched for negative instances in the patterns emerging out of interview data (i.e. outliers) while comparing these with the pre-existing coded data to seek differences and possible explanations (Miles & Huberman, 1994). For example, we focused on the evidence for localisation of some HR

practices. To validate the data, we employed an external peer review process where an external researcher received a few passages from the pre-existing open and axial coded data, including the list of codes, for the creation of new coding categories, which were then compared to the codes developed by the researchers. The identity of the participants throughout this process was protected. Finally, we analysed the entire data set using interpretive thematic analysis (Braun & Clarke, 2006) to identify repeated patterns of meaning and report them. Table 2 presents a profile of the organisations and the participants who took part in this study, while Figure 2 presents an example of open and axial coding.

(Insert Table 2 about here)

(Inset Figure 2 about here)

5 Findings

The data indicate that in almost all of the the 15 organisations, HQ manages recruitment and selection using global staffing practices. HQ largely controls training and development also; however, across seven organisations, employees receive local subsidiary-level training. Furthermore, across eight organisation cases, HQ manages payroll and performance management, while in seven organisations, the subsidiaries manage payroll locally, as well as performance management, which is undertaken locally but managed centrally from HQ. Finally, the results suggest that employee engagement and communication is very limited in the Australian subsidiaries due to the level of centralisation in Indian IT MNE case organisations. Table 3 shows the transfer of HRM practices within each subsidiary of Indian IT MNEs along the categories of the four HRM practices.

(Insert Table 3 about here)

5.1 Recruitment and selection

Indian IT MNEs mainly rely on the use of expatriate employees using global staffing to fill managerial and technical positions in their Australian subsidiaries. Data found across all 15 organisations confirm this. For instance, the majority of employees in the Australian subsidiaries of Indian IT firms come from their company's parent-country operations in India, and also occasionally from their MNE global network via internal transfers and referrals. The reason for bringing senior managers from India is to place them in key positions to manage the Australian operations, while technical (or professional) employees oversee the delivery and implementation of their company's IT projects using the "offshore-on-site" business model. Typically, Indian IT MNEs emphasise the use of job rotation and internal transfers to bring expatriate managerial and technical employees through short-term and long-term work visas (i.e., Australia's 457 temporary skilled work visa) for a period of two to four years. While the managerial staff mostly stay with the subsidiary over a longer period, the technical staff are either sent back to head office in India or assigned to work in other subsidiary locations (in the US, UK or Europe) to manage other IT projects of the company. The findings therefore show that Indian IT MNEs use immigration regulations in Australia to introduce a flexible workforce. As a result, Indian IT MNEs overwhelmingly staff their Australian subsidiaries with expatriates from their parent-country operations. Two senior managers from the affiliates J and H attest to this view in the following statements:

We mainly rely on internal transfers, where employees come to Australia on international assignments for the duration of two to four years to manage specific IT projects and then travel to other subsidiary locations within the network of our larger MNE; this is more a staffing practice rather than a recruitment policy. (Manager J)

And:

We have specialised employees who come from India and hold expertise in specific areas of IT to deliver on specific projects. They are sent to our Australian operations

due to the specific demands we get from our clients and customers, and that is why we have a staffing policy where HQ decides which employee should be sent on international assignment to our subsidiary. (Manager H)

This finding not only indicates the home-country expertise that Indian IT MNEs leverage through global staffing to deliver their IT services in Australia, but also highlights the shortage of such talent globally in the IT industry, as one manager explains:

The reason we bring employees from India is because Australians do not have a lot of experience on the offsite-onshore delivery model and the manner in which we execute our IT projects. They don't understand that concept, so it's nothing to do with the bias in our hiring policy but mainly to do with the skills available in the local labour market. (Manager J)

5.2 Training and development

Indian IT MNEs provide training to their subsidiary employees in Australia through frequent HQ visits, online training, and induction, as well as by using local in-house trainers. For instance, when it comes to the management training of subsidiary staff, the HQ in all 15 organisations are in charge. Managers from the Australian subsidiaries regularly visit the Indian operations on a yearly and half-yearly basis for briefing and coaching on their international assignments. As explained by a manager from subsidiary K:

Strategically, our training is always driven from our head office, and our "centre of excellence" in India and that is because our solutions are largely driven from there. (Manager K)

Regarding the training of technical and professional employees, the data show that employees at the Australian subsidiaries participate in local inductions and also complete online-based (intranet) training managed centrally from the HQ. A two-tier training system for the subsidiary employees is in effect, where managerial staff use HQ visits for face-to-

face training while technical employees rely on online training, which the managers routinely describe as “self-service” training. A manager from one of the subsidiaries states:

We have an online system in place that provides self-service training to our employees in our subsidiary. The majority of our subsidiary training is conducted through web-based programs and online platforms and occasionally by teaming up with our HR staff in India. (Manager L)

In seven of the 15 organisations, Indian IT MNEs also offer classroom training to their subsidiary staff by outsourcing their local training and taking services from external Australian training providers, generally known as “in-house consultants.” These training providers offer credit points to employees of Indian IT MNEs by completing skills-based technical training within a specific period, for example, by offering certification programs on a specific IT domain skillset. However, given that the HQs in India mainly drive the strategic training of these Indian MNEs, providing additional training beyond the use of local classroom training seems unnecessary.

On the other hand, with regard to the employee development programs of Indian IT MNEs in Australia, various methods such as promotion, job rotation, succession planning, coaching and mentoring further the career development of an organisation’s subsidiary staff, consistent with the global staffing practices used by these firms. For example, organisation C rewards its employees with expatriation – the opportunity to work in different parts of the world and learn about the MNE. Similarly, organisation E runs career development programs like “mentorship” and “home-grown leaders” via coaching and succession planning to identify internal talent. The manager of subsidiary L explains this further:

We rely on a number of techniques to manage and develop the careers of our employees; for example, certification courses, succession planning, coaching and so on. The idea is that it is all linked with the aspirational roles and future careers of our

employees regardless of where they are located within our MNE global network.

(Manager L)

5.3 Pay and performance

Indian IT MNEs rely on a variety of parent-country and local practices for pay and compensation of their employees in their Australian subsidiaries. That is, across eight organisations, HQ in India manages the payroll, while in the other seven organisations, the payroll is managed locally in Australia. Also, local wage awards (i.e. a legal document setting out the terms and conditions of employment for a specific job in Australia) govern the payment of salaries and allowances for all employees, while the role of the subsidiaries is to provide information to the HQ around Australian market pay rates and awards. A senior manager from an Australian subsidiary states:

The processing of payroll for our subsidiary staff happens in India; however, we take services from Australian payroll and taxation consultants to provide market intelligence regarding the payment of salaries and benefits. (Manager N)

The Indian operations of these MNEs also manage other HRM practices, such as performance management, which is largely standardised and global across all subsidiaries. The performance of employees is linked to the achievement of specific and measurable goals using key performance indicators (KPIs) indicative of a merit-based system that relies on timesheets and scorecards. Once generated, the Indian HQ evaluates and benchmarks the performance appraisal results, indicating an organisation-wide presence of a pay-for-performance system. As explained by two subsidiary managers:

The performance reviews criteria and frameworks used in our subsidiary are global and managed by our HR team in India. The appraisals usually are conducted locally in our subsidiary where we focus on KPIs such as business results, client feedback,

targets, values, creativity and so on. They are mainly numeric in nature. However, we do focus on qualitative measures also. (Manager B)

And:

Payment of salaries is directly related to the performance levels attained by each and every employee based in Australia. (Manager H)

5.4 Engagement and communication

Indian IT MNEs do not implement any formal mechanisms to engage or communicate with their employees based in their subsidiaries in Australia. For instance, in 14 organisations, employees have very limited participation in decision-making in relation to subsidiary operations due to the strong presence of centralisation. However, subsidiary managers do interact with their subordinates and staff informally to motivate them. Furthermore, employees are not briefed on the business strategy or financial performance of the subsidiary (or the larger multinational). Communication, therefore, takes a top-down route as employees get access to most of the information through newsletters and emails. For example, much of information sent to the subsidiary staff is available through the company's online intranet portal. As stated by two managers from subsidiary D and A:

The involvement [of the local staff] is definitely there in the areas of marketing and delivery of our IT services but not on issues that involve decision making, as usually, managers have the authority to make decisions, keeping the Indian head office in the loop. (Manager D)

Communicating to all employees is not on the most top of our agenda as our managers are typically informed of any major decisions taken by the company. Also, these days, technology has enabled our staff to communicate with our counterpart in India, so we don't have to go out of our way to do things differently. (Manager A)

Table 4 presents a summary of HRM Practices Found in the Australian Subsidiaries of Indian IT MNEs.

(Insert Table 4 about here)

6 Discussion and implications

The findings of this study indicate that Indian IT MNEs mainly transfer their home-country HR practices to their Australian subsidiaries with some level of localisation occurring to suit the Australian subsidiary context. Generally, we found a high presence of “push” force (from the Indian HQ) and a low presence of “pull” force (towards Australia) in these subsidiaries. In particular, the highly skilled and flexible workforce that leverages home-country expertise in India using the “offshore-onsite” business model is used to deliver IT services in Australia. For instance, most of the push force is present with respect to HR in the areas of recruitment and workforce allocation, salaries and payroll, and engagement and communication, while a minor pull force is evident in the areas of training, career development and performance appraisal methods. Indian IT MNEs adopt a “hybrid” approach to the transfer of HRM (i.e. a mix of home and host-country practices) by mainly combining their parent-country HR practices with some local (host-country) practices to diffuse these practices in their Australian subsidiaries. For example, Indian IT firms, while providing HQ-based training, also spend a percentage of their subsidiary revenue to provide local training to their Australian subsidiary staff to meet legal as well as customer requirements. In addition, Indian IT MNEs process the salaries of their subsidiary staff from their home-country but pay them according to local Australian wage awards. Clearly, Indian IT MNEs combine the majority of their HQ practices with some local (Australian) practices to adopt a mix of ethnocentric and polycentric orientations (Perlmutter, 1969) using an “HQ-local” approach to the transfer of HRM in their subsidiaries in Australia. Given the kind of work in which the subsidiaries are engaged (i.e. providing IT services and offshoring the majority of work to

centres of excellence in India), it seems reasonable to expect that the HQ in India would keep many of their HR practices intact while fine-tuning some of them to suit their Australian subsidiary context. As a result, we found Indian IT MNEs are engaged in the forward diffusion of superior home-country HRM practices while combining them with local practices to achieve an optimal balance to suit their host subsidiary operations. This results in a unique blend of home and host-country practices where the HQ of the Indian IT MNE dictates the standard and the Australian subsidiary acts as the recipient of practices from the home-country; however, they are modified to the extent that allows the subsidiary to be locally responsive to the environment of the host-country. This explains why Indian IT MNEs prefer to follow a modified style of HRM in their overseas subsidiaries in developed countries, given that their main aim is to deliver IT services to their Australian clients using the low-cost, client-centric business model. The findings of this study, therefore, do not fully support the argument that EMNEs adopt a more “polycentric” approach to the transfer of HR practices in developed countries (Thite et al., 2012; Thite, 2012, 2015, 2016). They also refute the argument that EMNEs prefer an HR strategy that emphasises achieving high external consistency to the host-country environment and low internal consistency with the rest of the organisation (Thite et al., 2012).

Our findings also do not support the suggestion that EMNEs mostly prefer to hire host-country managers, maintain high external consistency and transfer host-country knowledge gained back to HQ, using a “two-way” approach to HRM (Thite et al., 2012; Zhang, 2003). For instance, contrary to the claims made by Bhaumik, Driffield and Zhou (2016) and Nair, Demirbag and Mellahi (2016), that EMNEs are disadvantaged with respect to knowledge about “best” practice in HRM, and that Indian MNEs give a higher priority to reverse diffusion of knowledge to fulfil their global ambitions, the results of this study indicate that Indian IT EMNEs use global staffing practices to bring skilled expatriates (i.e.

knowledge workers) from the home-country to maintain internal consistency while also being locally responsive to the extent that local needs are met, thus engaging in forward diffusion of HRM, coupled with modification. The importance of transferring centralised expertise through the “offshore-onsite” model and via expatriates through global staffing in Indian IT firms cannot be overlooked. There is considerable agreement in the literature that MNEs rely on the traditional use of expatriates as a reliable, cost-effective way to manage culturally distant subsidiaries (Perez & Pla-Barber, 2005). Accordingly, we found that HQ maintains control over the majority of the HR decisions in the Australian subsidiaries of Indian IT MNEs. This finding refutes the liability of country-of-origin and the liability of foreignness arguments (Thite, 2015). The overwhelming presence of expatriates from the home-country and other subsidiary locations within the MNE global network indicates that these dual liabilities actually do not apply to Indian IT MNEs in Australia. What we have found is that these Indian EMNEs do not behave significantly differently to Western MNEs that are known to transplant their ideas and practices to their subsidiaries in foreign countries but also engage in some level of localisation (Gamble, 2010; Yahiaoui, 2015). The most important difference lies in the fact that Indian IT firms give the highest priority to their home-country practices, but localise some of those practices to fit Australian standards, in order to maintain a degree of flexibility in their Australian subsidiaries and to meet local demands and deal with any challenges faced. These findings suggest that Indian IT MNEs are unlike Chinese MNEs in developed countries (Edwards & Zhang, 2003). They both localise their HRM, but for Indian MNEs, this localisation is not driven by a need to learn from the host-country. We, therefore, find that the major source of origin for these hybrid HR practices is the parent-country operations (HQ) of Indian IT firms rather than the so-called “global best practices” approach of EMNEs reported in the literature (Chung, Sparrow & Bozkurt, 2014). This is a novel finding given that previous research on Taiwanese MNEs found hybrid practices in MNEs

originating mainly from dual home and host-country pressures, where HR practices (at the subsidiary) were found to be present in proportionate levels (Ying Chang et al., 2007) or originating from the MNE global practices and standards that include their global network of subsidiaries, as was in the case with South Korean MNEs (Chung et al., 2014). Our research based on Indian IT MNEs shows that hybrid HR practices in MNEs do not always have an equal home and host-country effect; neither do they necessarily originate from global practices. Instead, when the liabilities of country-of-origin do not apply, they can emerge mainly from the home-country (HQ) of an MNE and then combine with the local (host-country) practices to the degree that allows them to achieve consistency in their internal operations, yet also be able to respond to local pressures. Such pressures can include host-country factors like, for example, educational standards, labour market conditions, employment legislation and so on (Wood, Brewster & Brookes, 2014). These findings show that, contrary to the claims made by Kotabe and Kothari (2016), globally competitive EMNEs do not need to acquire resources or learn new knowledge (e.g. best practices) in host countries to build on their competitive advantage. We suggest that when it comes to the case of Indian IT MNEs, parent-country HR practices and global “best” practices are one and the same – i.e., their global best practices emerge out of HQ rather than from their network of subsidiaries. Our finding, therefore, extends the notion that the HR policies and practices of Indian IT MNEs are matched with those that are the best in the world (Budhwar & Varma, 2011).

When looked upon through the theoretical lens of the golden triangle for MNEs (Pudelko & Harzing, 2008), it becomes apparent that the choice regarding the transfer of HR practices is not just a triangular challenge, but a quadrangular confrontation. Thus, our study adds further complexity to the existing three choices by adding a fourth dimension to the concept of global integration versus local adaptation of HRM. We, therefore, propose a new

category to this model – “hybridisation towards HQ-local practices” – to make the model more complete and to represent all the integration-localisation options faced by MNEs. Hybridisation, according to Kuhlmann (2012, pp. 95-96), refers to the “pursuit of transferring the essence of a business model or practice in a reinterpreted or reinvented form so that it better fits with the different institutional and cultural context”. Accordingly, the category of “hybridisation towards HQ-local practices” relates to the notion that MNEs transfer their HQ practices as the preferred (or primary) set of practices to their foreign subsidiaries. However, these practices then combine with the local practices in the host-country to achieve a mix and a balance between the home and the host-country HRM model. This enables the MNE to modify or tweak its existing HR practice to the extent that it allows the subsidiary to achieve both internal consistency with the rest of the firm and local responsiveness to the host-country environment. Hence, the category of hybridisation towards HQ-local practices offers a more inclusive and complete solution to the standardisation versus localisation debate of HRM.

Our study, is the first to extend the model proposed by Pudelko and Harzing (2008). We call this extended model, “The MNE diamond” (see Figure 3).

(Insert Figure 3 about here)

The practical implication of this model is that while the deliberate approach to modifying HR practices to a mix of home and host-country styles has worked for Indian IT MNEs in Australia, this approach may not be adaptable in all developed countries due to the tightening up of borders (Wilkinson et al., 2014, p. 840). For example, countries like Singapore and the US have recently introduced stricter immigration regulations and visa requirements for skilled foreign workers (Smith, 2017; Wong, 2013). Accordingly, Indian IT MNEs may need to localise their HRM practices to meet the immigration requirements of other countries. This means that staffing will become polycentric and may emphasise the

hiring of host-country nationals (HCNs) before employing parent-country nationals (PCNs). Similarly, training may also become subsidiary-oriented while subsidiaries will locally manage pay and performance. This is likely to have an impact on Indian MNEs' ability to use their business model to transfer knowledge and expertise to their foreign subsidiaries, while increasing the autonomy of their subsidiaries which is often linked to their higher performance (Lazarova, Peretz & Fried, 2017).

In terms of future studies, we exclusively limited the sample in this study to HR practices in Indian IT firms and their MNEs in one developed country (Australia). More studies should be conducted to examine the HR strategies and practices of Indian MNEs operating in other industry sectors and in other developed countries (e.g. the US, UK) to analyse how they differ in their approach to the transfer of HRM. For example, examining the diffusion of HRM practices in non-globally competitive EMNEs will provide valuable insight into their standardisation, localisation and hybridisation approaches. The same approach can be further extended to study similar patterns in MNEs from other emerging economies like China, Turkey or South Korea. Additionally, it would be useful to see how other more established theoretical models, like convergence, divergence and crossvergence of HRM, can be utilised to study the transfer of HRM practices in both globally competitive and non-globally competitive EMNEs. This study also opens up further opportunities for a more focused examination of the transfer of individual HRM practices, for example, transfer of recruitment and selection, or transfer of performance management practices, as well as focusing exclusively on the specific aspects of the transfer of HRM practices, such as the process of HR diffusion, or the mechanisms used for transfer of best practice. Finally, it is acknowledged that the limitations of this study include a focus on a single unit and single industry (i.e. subsidiary and IT) and interviews with single respondents in most cases. We

recommend that future studies focus on interviewing multiple respondents and employing other methods, for example mixed-methods.

7 Conclusion

From the findings of this study, it is apparent that Indian IT MNEs mainly transfer their home-country HR practices while maintaining some degree of localisation in their Australian subsidiaries using the HQ-local approach. Due to the global staffing practices adopted by Indian IT MNEs that draw on centralised expertise using skilled expatriates, the role of the HQs in centrally managing the HR activities of subsidiaries, albeit with some localisation, cannot be emphasised enough, as it allows Indian IT firms to maintain a delicate balance between HQ-oriented and local (subsidiary) practices. There is little doubt that as an increasing number of EMNEs start operating in developed countries, and gain global competitive advantages in their respective industries, they will no longer be inclined towards just ethnocentrism or polycentricism but will be more likely to adopt a hybrid “HQ-local” approach to HRM in managing their subsidiaries in developed countries. However, more studies are required to further understand the transfer of HRM practices in developed country subsidiaries of EMNEs in this ever-changing world.

References

- Adams, K., Nyuur, R. B., Ellis, F. Y., & Debrah, Y. A. (2017). South African MNCs HRM systems and practices at the subsidiary level: Insights from subsidiaries in Ghana. *Journal of International Management*, 23(2), 180–193.
- Agrawal, N. M., & Thite, M. (2003). Human resource issues, challenges and strategies in the Indian software industry. *International Journal of Human Resources Development and Management*, 3(3), 249–264.
- Ahlfors, M. (2011). *Engaging Indian IT employees: A compensation & benefits case study of a Finnish multinational IT company*. (Master's thesis, Aalto University). Retrieved from http://hsepubl.lib.hse.fi/ethesis/pdf/12601/hse_ethesis_12601.pdf.
- Almond, P. (2011). Re-visiting “country of origin” effects on HRM in multinational corporations. *Human Resource Management Journal*, 21(3), 258–271.
- Aswathappa, K., & Dash, S. (2007). *International human resource management*. New Delhi: Tata McGraw-Hill.
- Balaji, E. (2004). Preserving the boom. *Praxis-Business Line's Journal on Management*, January, 36–41.
- Belizon, M. J., Morley, M. J., & Gunnigle, P. (2016). Modes of integration of human resource management practices in multinationals. *Personnel Review*, 45(3), 539–556.
- Bhatnagar, J. (2007). Talent management strategy of employee engagement in Indian ITES employees: Key to retention. *Employee relations*, 29(6), 640–663.
- Bhaumik, S. K., Driffield, N., & Zhou, Y. (2016). Country specific advantage, firm-specific advantage and multinationality – Sources of competitive advantage in emerging markets: Evidence from the electronics industry in China. *International Business Review*, 25(1), 165–176.

- Bjorkman, I., Budhwar, P. S., Smale, A., & Sumelius, J. (2008). Human resource management in foreign-owned subsidiaries: China versus India. *International Journal of Human Resource Management*, 19(5), 964–978.
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101.
- Brower, R. S., & Jeong, H. (2008). Grounded analysis: Going beyond description to derive theory from qualitative data. In K. Yang., & G. J. Miller (Eds.). *Handbook of research methods in public administration* (2nd ed.). US: CRC Press.
- Buckley, P., Munjal, S., Enderwick, P., & Forsans, N. (2016). The role of experiential and non-experiential knowledge in cross-border acquisitions: The case of Indian multinational enterprises. *Journal of World Business*, 51(5), 675–685.
- Budhwar, P. S. (2008). Challenges facing Indian HRM and the way forward. In P. S. Budhwar, & J. Bhatnagar (Eds.). *The changing face of people management in India* (p. 287). London: Routledge.
- Budhwar, P. S., & Khatri, N. (2001). A comparative study of HR practices in Britain and India. *International Journal of Human Resource Management*, 12(5), 800–826.
- Budhwar, P. S., Luthar, H. K., & Bhatnagar, J. (2006). The dynamics of HRM systems in Indian BPO firms. *Journal of Labor Research*, 27(3), 339–360.
- Budhwar, P. S., & Sparrow, P. R. (2002). Strategic HRM through the cultural looking glass: Mapping the cognition of British and Indian managers. *Organization Studies*, 23(4), 599–638.
- Budhwar, P. S., Tung, R. L., Varma, A., & Do, H. (2017). Developments in human resource management in MNCs from BRICS nations: A review and future research agenda. *Journal of International Management*, 23(2), 111–123.

- Budhwar, P. S., & Varma, A. (2010). Guest editors' introduction: emerging patterns of HRM in the new Indian economic environment. *Human Resource Management*, 49(3), 345–351.
- Budhwar, P. S., & Varma, A. (2011). Emerging HR management trends in India and the way forward. *Organizational Dynamics*, 40(4), 317–325.
- Budhwar, P. S., Varma, A., Malhotra, N., & Mukherjee, A. (2009). Insights into the Indian call centre industry: Can internal marketing help tackle high employee turnover? *Journal of Services Marketing*, 23(5), 351–362.
- Calhoun, M. A. (2002). Unpacking liability of foreignness: identifying culturally driven external and internal sources of liability for the foreign subsidiary. *Journal of International Management*, 8(3), 301–321.
- Cappelli, P., Singh, H., Singh, J., & Useem, M. (2010). The India way: Lessons for the US. *The Academy of Management Perspectives*, 24(2), 6–24.
- Celly, N., Kathuria, A., & Subramanian, V. (2016). Overview of Indian multinationals. In M. Thite, A. Wilkinson., & P. S. Budhwar (Eds.). *Emerging Indian Multinationals: Strategic players in a multipolar world*. UK: Oxford University Press.
- Chang, Y. Y., Mellahi, K., & Wilkinson, A. (2009). Control of subsidiaries of MNCs from emerging economies in developed countries: The case of Taiwanese MNCs in the UK. *The International Journal of Human Resource Management*, 20(1), 75–95.
- Charmaz, K. (2006). *Constructing grounded theory: A practical guide through qualitative research*. London: SAGE Publications.
- Chatterjee, S. R. (2007). Human resource Management in India: “Where from” and “where to”? *Research and Practice in Human Resource Management*, 15(2), 92–103.
- Chen, S. J., Lawler, J. J., & Bae, J. (2005). Convergence in human resource systems: A comparison of locally owned and MNC subsidiaries in Taiwan. *Human Resource Management*, 44(3), 237–256.

- Chiang, F. F., Lemanski, M. K., & Birtch, T. A. (2017). The transfer and diffusion of HRM practices within MNCs: Lessons learned and future research directions. *International Journal of Human Resource Management*, 28(1), 234–258.
- Chung, C. & Furusawa, M., (2016). The HRM of foreign MNCs operating in Europe. In M. Dickmann, C. Brewster, & P. Sparrow (Eds.). *International Human Resource Management: Contemporary HR Issues in Europe* (3rd ed., p. 169). UK: Routledge.
- Chung, C., Sparrow, P., & Bozkurt, O. (2014). South Korean MNEs' international HRM approach: Hybridization of global standards and local practices. *Journal of World Business*, 49(4), 549–559.
- Colakoglu, S., Allen, M., Miah, K., & Bird, A. (2016). High-investment HR values and firm performance among local firms and US MNCs' subsidiaries in South Asia: A comparative study. *The International Journal of Human Resource Management*, 27(13), 1426–1447.
- Corbin, J., & Strauss, A. (2007). *Basics of qualitative research* (3rd ed.). Thousand Oaks, CA: SAGE.
- Creswell, J. W. (2009). *Research design: Qualitative, quantitative and mixed method approaches* (3rd ed.). Thousand Oaks, CA: SAGE.
- Cullen, J. B., & Parboteeah, K. P. (2013). *Multinational management*. Mason, OH: South-Western Cengage Learning.
- Demirbag, M., Collings, D. G., Tatoglu, E., Mellahi, K., & Wood, G. (2014). High-performance work systems and organizational performance in emerging economies: Evidence from MNEs in Turkey. *Management International Review*, 54(3), 325–359.
- Edwards, T., & Ferner, A. (2004). Multinationals, reverse diffusion and national business systems. *Management International Review*, 24(1), 49–79.
- Edwards, T., Sanchez-Mangas, R., Jalette, P., Lavelle, J., & Minbaeva, D. (2016). Global standardization or national differentiation of HRM practices in multinational companies? A

comparison of multinationals in five countries. *Journal of International Business Studies*, 47(8), 997–1021.

Edwards, C., & Zhang, M. (2003). Human resource management strategy in Chinese MNCs in the UK: A case study with six companies. *Research and Practice in Human Resource Management*, 11(1), 1–14.

Fan, D., Xia, J., Zhang, M. M., Zhu, J. C., & Li, Z. (2016). The paths of managing international human resources of emerging market multinationals: Reconciling strategic goal and control means. *Human Resource Management Review*, 26(4), 298–310.

Fan, D., Zhang, M. M., & Zhu, C. J. (2013). International human resource management strategies of Chinese multinationals operating abroad. *Asia Pacific Business Review*, 19(4), 526–541.

Ferner, A. (2009). HRM in multinational companies. In A. Wilkinson, N. Bacon, T. Redman, & S. Snell (Eds.). *The SAGE handbook of human resource management* (pp. 539–558). Thousand Oaks, CA: SAGE.

Ferner, A., Gunnigle, P., Quintanilla, J., Wachter, H., & Edwards, T. (2006). Centralization. In P. Almond., & A. Ferner (Eds.). *American multinationals in Europe: Managing employment relations across national borders* (pp. 197–222). New York: Oxford University Press.

Festing, M., Knappert, L., Dowling, P. J., & Engle, A. D. 2012. Global performance management in MNEs: Conceptualization and profiles of country-specific characteristics in China, Germany, and the United States. *Thunderbird International Business Review*, 54(6): 825–843.

Fey, C. F., & Bjorkman, I. (2001). The effect of human resource management practices on MNC subsidiary performance in Russia. *Journal of International Business Studies*, 32(1): 59–75.

Gamble, J. (2010). Transferring organizational practices and the dynamics of hybridization: Japanese retail multinationals in China. *Journal of Management Studies*, 47(4): 705–732.

- Gaur, A. S., Kumar, V., & Sarathy, R. (2011). Liability of foreignness and internationalization of emerging market firms. *Advances in International Management*, 24, 211–233.
- Geary, J., Aguzzoli, R., & Lengler, J. 2017. The transfer of ‘international best practice’ in a Brazilian MNC: A consideration of the convergence and contingency perspectives. *Journal of International Management*, 23(2), 194–207.
- Ghosh, P. & Geetika. (2007). Recruitment strategies exploring the dimensions in the Indian software industry. *Asian Journal of Management Cases*, 4(1), 5–25.
- Glover, L., & Wilkinson, A. (2007). Worlds colliding: The translation of modern management practices within a UK based subsidiary of a Korean-owned MNC. *The International Journal of Human Resource Management*, 18(8), 1437–1455.
- Gomes, E., Sahadev, S., Glaister, A. J., & Demirbag, M. (2015). A comparison of international HRM practices by Indian and European MNEs: Evidence from Africa. *The International Journal of Human Resource Management*, 26(21), 2676–2700.
- Gomez, C., & Ranft, A. L. (2003). The influence of organizational variables on the transferability of management practices: An examination of traditional and learning manufacturing environments in Mexico. *Journal of Business Research*, 56(12), 989–997.
- Gomez, C., & Werner, S. (2004). The effect of institutional and strategic forces on management style in subsidiaries of US MNCs in Mexico. *Journal of Business Research*, 57(10), 1135–1144.
- Gopalan, S., & Rivera, J. B. (1997). Gaining a perspective on Indian value orientations: Implications for expatriate managers. *The International Journal of Organizational Analysis*, 5(2), 156–179.
- Harzing, A. W., & Sorge, A. (2003). The relative impact of country of origin and universal contingencies on internationalization strategies and corporate control in multinational enterprises: Worldwide and European perspectives. *Organization Studies*, 24(2), 187–214.

- Jain, H. 1991. Is there a coherent human resource management system in India? *International Journal of Public Sector Management*, 4(3), 18–30.
- Kamalanabhan, T. J., Sai, L. P., & Mayuri, D. (2009). Employee engagement and job satisfaction in the information technology industry. *Psychological Reports*, 105(3), 759–770.
- Khandekar, A., & Sharma, A. (2005). Organizational learning in Indian organizations: A strategic HRM perspective. *Journal of Small Business and Enterprise Development*, 12(2), 211–226.
- Khandekar, A., & Sharma, A. 2006. Organizational learning and performance: Understanding Indian scenario in present global context. *Education + Training*, 48(8/9), 682–692.
- Khavul, S., Benson, G. S., & Datta, D. K. (2010). Is internationalization associated with investments in HRM? A study of entrepreneurial firms in emerging markets. *Human Resource Management*, 49(4), 693–713.
- Kim, K., Park, J. H., & Prescott, J. E. (2003). The global integration of business functions: A study of multinational businesses in integrated global industries. *Journal of International Business Studies*, 34(4), 327–344.
- Kotabe, M., & Kothari, T. (2016). Emerging market multinational companies' evolutionary paths to building a competitive advantage from emerging markets to developed countries. *Journal of World Business*, 51(5), 729–743.
- Kuhlmann, T. M. (2012). Transfer of German human resource management practices: Replication, localization, hybridization. In Wolfgang, S. (Ed.). *Conceptualizing cultural hybridization: A transdisciplinary approach* (pp. 95–106). Berlin: Springer.
- Kumar, N., Mohapatra, P., & Chandrasekhar, S. (2009). *India's global powerhouses: How they are taking on the world*. Boston, Mass.: Harvard Business Press.
- Kuruvilla, S., & Ranganathan, A., 2010. Globalisation and outsourcing: Confronting new human resource challenges in India's business process outsourcing industry. *Industrial Relations Journal*, 41(2), 136–153.

- Lazarova, M., Peretz, H., & Fried, Y. 2017. Locals know best? Subsidiary HR autonomy and subsidiary performance. *Journal of World Business*, 52(1), 83–96.
- Lee, Y., & Larwood, L. (1983). The socialization of expatriate managers in multinational firms. *Academy of Management Journal*, 26(4), 657–665.
- Liu, W. 2004. The cross-national transfer of HRM practices in MNCs: An integrative research model. *International Journal of Manpower*, 25(6), 500–517.
- Liu, X., Gao, L., Lu, J., & Lioliou, E. (2016). Does learning at home and from abroad boost the foreign subsidiary performance of emerging economy multinational enterprises? *International Business Review*, 25(1), 141–151.
- Lovett, S. R., Pérez-Nordtvedt, L., & Rasheed, A. A. (2009). Parental control: A study of US subsidiaries in Mexico. *International Business Review*, 18(5), 481–493.
- Magnusson, E., & Marecek, J. (2015). *Doing interview-based qualitative research: A learner's guide*. Cambridge: Cambridge University Press.
- Maharjan, M. P., & Sekiguchi, T. (2017). Human resource management practices of Japanese companies in India: Dealing with the transfer-adaptation dichotomy. *Journal of Asia Business Studies* <https://doi.org/10.1108/JABS-09-2015-0152>.
- Mathew, M., & Jain, H. C. (2008). International human resource management in the Indian information technology sector: A comparison of Indian MNCs and affiliates of foreign MNCs in India. *Advances in International Management*, 21, 267–297.
- McDonnell, A., Stanton, P., & Burgess, J. (2011). Multinational enterprises in Australia: Two decades of international human resource management research reviewed. *Asia Pacific Journal of Human Resources*, 49(1), 9–35.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook*. Thousand Oaks, CA: SAGE.

- Nachum, L. 2015. The liability of foreignness. In C. Cooper (Ed.). *Wiley Encyclopaedia of Management*, 6, 1.
- Nair, S. R., Demirbag, M., & Mellahi, K. 2016. Reverse knowledge transfer in emerging market multinationals: The Indian Context. *International Business Review*, 25(1), 152–164.
- National Association of Software and Services Companies. (2016). *The IT-BPM sector in India: Strategic review 2016: Executive Summary*. Retrieved from: <http://www.nasscom.in/knowledge-center/publications/strategic-review-2016-it-bpm-sector-india>.
- Nilekani, N. (2009). *Imagining India: The idea of a renewed nation*. New York: Penguin.
- Oyelere, M. (2014). *Insights into the principles and strategies of human resource management practices in multinationals enterprises based in Nigeria*. Working Paper 1405. RWPBM1405, London: Regent's University.
- Perez, J. B., & Pla-Barber, J. (2005). When are international managers a cost effective solution? The rationale of transaction cost economics applied to staffing decisions in MNCs. *Journal of Business Research*, 58(10), 1320–1329.
- Perlmutter, H. V. (1969). The tortuous evolution of the multinational corporation. *Columbia Journal of world business*, 4(1), 9–18.
- Pio, E. (2007). HRM and Indian epistemologies: A review and avenues for future research. *Human Resource Management Review*, 17(3), 319–335.
- Pudelko, M., & Harzing, A. W. (2007). Country-of-origin, localization, or dominance effect? An empirical investigation of HRM practices in foreign subsidiaries. *Human Resource Management*, 46(4), 535–559.
- Pudelko, M., & Harzing, A. W. (2008). The Golden Triangle for MNCs: Standardization towards headquarters practices, standardization towards global best practices and localization. *Organizational Dynamics*, 37(4), 394–404.

- Raman, S. R., Budhwar, P. S., & Balasubramanian, G. (2007). People management issues in Indian KPOs. *Employee Relations*, 29(6), 696–710.
- Rao, S. S., Raghunathan, T. S., & Solis, L. E. (1999). The best commonly followed practices in the human resource dimension of quality management in new industrializing countries: The case of China, India and Mexico. *International Journal of Quality & Reliability Management*, 16(3), 215–226.
- Ruël, H. J., & Bondarouk, T. 2012. A cross-national perspective on the intersection between information technology and HRM. In C. Brewster & W. Mayrhofer (Eds.). *Handbook of research on comparative human resource management* (p. 416). Cheltenham, UK: Edward Elger Publishing.
- Saini, D. S., & Budhwar, P. S. (2008). Managing the human resource in Indian SMEs: The role of indigenous realities. *Journal of World Business*, 43(4), 417–434.
- Saini, D. S., & Budhwar, P. S. (2013). Human Resource Management in India. *Managing Human Resources in Asia-Pacific*, 20, 126.
- Savaneviciene, A., & Kersiene, K. (2015). How are HRM practices transferred in MNCs? Lithuania Case. *Procedia Economics and Finance*, 26, 982–990.
- Sethi, D. (2005). *A study of recruitment and selection practices of IT-ITES firms in India*. (Master's thesis, University of Nottingham, UK).
- Sharma, I. J. 1984. The culture context of Indian managers. *Management and Labour Studies*, 9(2), 72–80.
- Smith, D. (2017). Donald Trump to overhaul H1-B visa program that admits foreign workers. *The Guardian*, April 18, 2017. <https://www.theguardian.com/us-news/2017/apr/17/donald-trump-temporary-worker-h1b-visa-executive-order>.
- Som, A., 2007. What drives adoption of innovative SHRM practices in Indian organizations? *The International Journal of Human Resource Management*, 18(5), 808–828.

- Sparrow, P., & Budhwar, P. S. (1997). Competition and change: Mapping the Indian HRM recipe against world-wide patterns. *Journal of World Business*, 32(3), 224–242.
- Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* (2nd ed.). Thousand Oaks, CA: SAGE.
- Thite, M. (2012). Strategic global human resource management: Case study of an emerging Indian multinational. *Human Resource Development International*, 15(2), 239–247.
- Thite, M. (2015). International HRM in emerging economies. In F. Horwitz, & P. S. Budhwar (Eds.). *Handbook of human resource management in emerging markets* (pp. 97–121). Cheltenham, UK: Edward Elgar Publishing.
- Thite, M. (2016). Approaches of the Indian multinational enterprises to developed and developing markets and subsidiaries. In M. Thite, A. Wilkinson., & P. S. Budhwar (Eds.). *Emerging Indian multinationals: Strategic players in a multipolar world*. Oxford: Oxford University Press.
- Thite, M., Budhwar, P. S., & Wilkinson, A. (2014). Global HR roles and factors influencing their development: Evidence from emerging Indian IT services multinationals. *Human Resource Management*, 53(6), 921–946.
- Thite, M., & Russell, B. (2010). The next available agent: Work organisation in Indian call centres. *New Technology, Work and Employment*, 25(1), 2–18.
- Thite, M., Wilkinson, A., & Shah, D. (2012). Internationalization and HRM strategies across subsidiaries in multinational corporations from emerging economies: A conceptual framework. *Journal of World Business*, 47(2), 251–258.
- Upadhy, C., (2006). *The Global Indian Software Labour Force: IT Professionals in Europe*. Indo-Dutch Programme on Alternatives in Development, Working paper series, (1). <http://eprints.nias.res.in/id/eprint/870>

- Venkata Ratnam, C. S. (1995). Economic liberalization and the transformation of industrial relations policies in India. In A. Verma, T. Kochan, & R. Lansbury (Eds.). *Employment relations in the growing Asian economies* (pp. 248–3140. London: Routledge.
- Wilkinson, A., Wood, G., & Demirbag, M. (2014). Guest editors' introduction: People management and emerging market multinationals. *Human Resource Management*, 53(6), 835–849.
- Wong, C. H. (2013). Singapore tightens hiring rules for foreign skilled labor. *Wall Street Journal*, 23.
- Wood, G., Brewster, C., & Brookes, M. (2014). *Human resource management and the institutional perspective*. London: Routledge.
- Yadapadithaya, P. S. (2000). International briefing 5: Training and development in India. *International Journal of Training and Development*, 4(1), 79–89.
- Yahiaoui, D. (2015). Hybridization: Striking a balance between adoption and adaptation of human resource management practices in French multinational corporations and their Tunisian subsidiaries. *International Journal of Human Resource Management*, 26(13), 1665–1693.
- Yildiz, H. E., & Fey, C. F. (2012). The liability of foreignness reconsidered: New insights from the alternative research context of transforming economies. *International Business Review*, 21(2), 269–280.
- Ying Chang, Y., Wilkinson, A. J., & Mellahi, K. (2007). HRM strategies and MNCs from emerging economies in the UK. *European Business Review*, 19(5), 404–419.
- Zhang, M. (2003). Transferring human resource management across national boundaries: The case of Chinese multinational companies in the UK. *Employee Relations*, 25(6), 613–626.

- Zhang, M., & Edwards, C. (2007). Diffusion 'best practice' in Chinese multinationals: The motivation, facilitation and limitations. *International Journal of Human Resource Management*, 18(12), 2147–2165.
- Zhang, A. Y., Tsui, A. S., Song, L. J., Li, C., & Jia, L. (2008). How do I trust thee? The employee-organization relationship, supervisory support, and middle manager trust in the organization. *Human Resource Management*, 47(1), 111–132.
- Zhu, C. J., Thomson, S. B., & De Cieri, H. (2008). A retrospective and prospective analysis of HRM research in Chinese firms: Implications and directions for future study. *Human Resource Management*, 47(1), 133–156.

Table 1 HRM practices used by Indian IT MNEs

Recruitment and selection	<ul style="list-style-type: none">• <i>Transfer of professional and managerial staff</i>• <i>Internal transfers and job rotation</i>• <i>Online recruitment, referrals, campus visits, advertisements and executive staffing agencies</i>
Training and development	<ul style="list-style-type: none">• <i>Employee travelling to HQ for training purposes</i>• <i>Promotion and job rotation as training</i>• <i>Use of vertical careers</i>
Pay and performance	<ul style="list-style-type: none">• <i>Skills-based appraisal</i>• <i>Pay for performance</i>• <i>Merit bonuses, rewards and cash allowances</i>
Engagement and communication	<ul style="list-style-type: none">• <i>Lack of formal engagement</i>• <i>Mismatch between work expectations and the assigned job-related role</i>• <i>Lack of employee communication</i>

Sources: Balaji (2004); Bhatnagar (2007); Budhwar, Luthar and Bhatnagar (2006); Ghosh and Geetika (2007); Kuruvilla and Ranganathan (2010); Mathew and Jain (2008); Rao, Raghunathan and Solis (1999); Sethi (2005); Som (2007); Thite, Wilkinson and Shah (2012); Upadhya (2007)

Fig 1. A theoretical model on the transfer of HRM practices in EMNEs using the golden triangle for MNEs

Table 2 Profile of Indian IT organisations and their respondents

Indian IT MNE Participants	Industry	Subsidiary Location	Subsidiary Size (Number of Employees)	Respondents	Nationality
Organisation A	IT Services	Brisbane	50	Business relationship manager and Chief strategy officer	Australian and Indian
Organisation B	BPO	Sydney	50	Country manager	Indian
Organisation C	BPO	Sydney	67	Regional manager	Indian
Organisation D	IT Services & solutions	Sydney	2900	Country manager	Australian
Organisation E	IT Services & consulting	Melbourne	500	Country manager	Indian
Organisation F	IT Services & solutions	Sydney	40	Country manager	Indian
Organisation G	BPO	Sydney	300	Country manager and HR manager	Indian
Organisation H	BPO	Sydney	45	HR manager	Indian
Organisation I	IT Services & solutions	Sydney	25	Country manager	Indian
Organisation J	IT Services	Sydney	80	Operation manager and Sales manager	Indian and Australian
Organisation K	IT Services & consulting	Sydney	100	Operations manager	Indian
Organisation L	IT Services & consulting	Sydney	1700	HR manager	British
Organisation M	IT Software and services	Sydney	25	Business development manager	Australian
Organisation N	IT Services	Melbourne	1500	Regional manager	Indian
Organisation O	IT Services & solutions	Melbourne	50	Regional manager	Indian

Fig 2. Example of open and axial coding

Table 3 Results of the transfer of HRM practices in Indian IT MNEs

Indian IT MNEs	HRM practices in Australian subsidiaries			
	Recruitment and selection	Training and development	Pay and performance	Engagement and communication
Organisation A	<i>HQ</i>	<i>HQ</i>	<i>S</i>	<i>HQ</i>
Organisation B	<i>HQ</i>	<i>S</i>	<i>HQ</i>	<i>HQ</i>
Organisation C	<i>HQ</i>	<i>HQ</i>	<i>S</i>	<i>HQ</i>
Organisation D	<i>HQ</i>	<i>S</i>	<i>S</i>	<i>HQ</i>
Organisation E	<i>HQ</i>	<i>HQ</i>	<i>S</i>	<i>HQ</i>
Organisation F	<i>HQ</i>	<i>S</i>	<i>S</i>	<i>HQ</i>
Organisation G	<i>HQ</i>	<i>S</i>	<i>HQ</i>	<i>HQ</i>
Organisation H	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>
Organisation I	<i>HQ</i>	<i>S</i>	<i>S</i>	<i>HQ & S</i>
Organisation J	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>
Organisation K	<i>HQ</i>	<i>HQ</i>	<i>S</i>	<i>HQ</i>
Organisation L	<i>HQ</i>	<i>S</i>	<i>HQ</i>	<i>HQ</i>
Organisation M	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>
Organisation N	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>	<i>HQ</i>
Organisation O	<i>HQ</i>	<i>S</i>	<i>HQ</i>	<i>HQ</i>

HQ = Headquarters
S = Subsidiary

Table 4 HRM practices found in the Australian subsidiaries of Indian IT MNEs

Recruitment and selection	<ul style="list-style-type: none"> • <i>Recruitment through global staffing.</i> • <i>Transfer of expatriates from HQ and occasionally from other subsidiaries within the MNE network.</i> • <i>Internal transfers and job rotation.</i>
Training and development	<ul style="list-style-type: none"> • <i>Frequent HQ visits by managers.</i> • <i>Induction and online training by HQ.</i> • <i>Use of “in-house” trainers at the subsidiary.</i> • <i>Expatriation as career development.</i>
Pay and performance	<ul style="list-style-type: none"> • <i>Payroll managed by HQ and subsidiary.</i> • <i>Skills and merit-based appraisal.</i> • <i>Pay for performance.</i>
Engagement and Communication	<ul style="list-style-type: none"> • <i>Limited involvement in decision making.</i> • <i>Limited communication to subsidiary staff.</i> • <i>Use of newsletters, emails and memos.</i>

Fig 3. The MNE diamond model