

As a leading Irish business school in a public university system, KBS is committed to excellence in teaching and to fostering knowledge and understanding of business and society within a diverse, research active and socially engaged environment.

Research at KBS serves this mission. Our goal is to cultivate excellence in research, underpinned by our core values including commitments to promote learning and discovery as well as social responsibility and ethical behaviour; to protect academic freedom and enhance knowledge; to maintain a future orientation and an international perspective; to promote inclusive and sustainable societies and facilitate the involvement of industry.

Our research finds a focus in the four academic departments of the School as well as in active research clusters and broad thematic descriptors. The current research clusters are: Accountability (ARC); Efficiency & Productivity Analysis; Emerging Risk Assessment & Underwriting; Human Rights & Development Practice; Interpretive Consumer Research; Psychological Science in Business; Privatisation & PPP; and Quality of Work. Research seminars are also regularly organised by the themes of Work, Knowledge & Employment and Public Policy, Enterprise, Governance & Sustainability.

See <http://www.ul.ie/business/research> for more information.

Out of India: Towards a conceptual framework on internationalization motives, parenting styles and human resource management practices among Indian MNE subsidiaries in Ireland

Jenny Benoy and Michael J. Morley

Synopsis

The significant growth of Asian multinational enterprises (MNEs) in western economies in recent years has led to calls for a deeper understanding of the drivers of location choice among these MNEs and for more compelling accounts of their corporate parenting styles. In this conceptual contribution, we focus on the specific case of Indian MNEs with subsidiaries in Ireland. Assembling theoretical insights from the literature on parenting styles and headquarter-subsidiary interactions, coupled with practice-led observations garnered from Indian MNEs, we develop a conceptual framework elucidating key variations in headquarter-subsidiary relationships and the HR policy and practice mix. We reason that the preferred approach to corporate parenting, vested in adding value to the subsidiary, extracting value from it, or seeking a balance in the overall exchange, results in a range of interactions between headquarters and subsidiaries, encompassing integration, collaboration or local responsiveness. Furthermore, we postulate that the preferred headquarter-subsidiary interactions influence the subsequent HR recipes adopted in the subsidiary setting as it seeks to build its strategic position within the broader MNE network.

Introduction and Background

Indian MNE investments into smaller developed countries are on the rise and, as is being increasingly understood, these MNEs are far from homogenous. We outline the background to the internationalization trajectory of Indian MNEs and we landscape the contours of the Irish context for such inward FDI flows. We then turn to develop our conceptual framework linking the

internationalization motives, corporate parenting styles and HRM practices among Indian MNE subsidiaries. In sequentially elaborating the building blocks of our framework, and in order to deepen lines of inquiry around the preferred approach pursued by this cohort of understudied MNEs, we advance a series of propositions for testing.

Issues and Questions Considered

To date, much research on headquarter-subsidiary interactions is derived from evidence garnered from western MNEs in emerging markets (see for example Pereira, Munjal, & Nandakumar, 2016) or from work focused on emerging market MNEs located in larger advanced economies (Thite, 2015). Furthermore, much published work comprises either a headquarter perspective (Das, 1981) or alternatively a subsidiary perspective (Lee & Williams, 2007). Work rendering both perspectives is much less common.

In order to extend the body of work on Indian MNEs abroad, we address three core research questions: Firstly, what are the drivers governing the location decision made by Indian MNEs to establish subsidiaries in smaller advanced economies? Secondly, building on what has been established in the extant literature regarding the desire among Indian MNEs to pursue a 'springboard strategy' (Luo & Tung, 2007) in order to overcome both the liability of foreignness and the liability arising from being latecomers to internationalization (Sun, Peng, Ren, & Yan, 2012), what styles characterize headquarter-subsidiary interactions among Indian MNEs? Thirdly, how do the choices made influence the nature of the HR practices pursued among the subsidiaries of these MNEs?

AUTHORS



Jenny Benoy
Kemmy Business School,
University of Limerick



Michael Morley
Kemmy Business School,
University of Limerick

Methodology

The conceptual framework that we offer is assembled from two sources of evidence. Firstly, we mobilize arguments from key streams of the extant literature on Indian MNEs, corporate parenting, and human resource management. Secondly, from a contextual perspective, because the body of literature to-date is less informed about the particular case of Indian MNEs investing in smaller advanced economies, we also curate and deploy insights that we have gleaned from a series of interviews and practice-led observations made among Indian MNEs with subsidiary operations in Ireland. In order to aid our conceptualization, we identified key informants located in both the headquarters of selected Indian MNEs and in their subsidiaries in Ireland. A total of 25 in-depth interviews were then conducted among Business Leaders, Center Heads, VPs HR, Senior Managers and HR Managers as well as other key informants such as Senior Executives from Ireland's industrial promotion agency and business experts.

Outcomes and Contributions

The combined insights amassed from both our trawl of the relevant literature and our engagement with these key stakeholders in Ireland and India serve as the generative mechanism for the conceptual framework which we present (See Figure 1) and for the propositions that we offer to guide future research. In this effort, we make three contributions to various aspects of the literature on Indian MNEs and HRM.

Firstly, we enumerate and classify a suite of external and internal motives of Indian MNEs establishing subsidiary operations in smaller advanced economies such as

Ireland. Indian MNEs, in particular, are driven by external efficiency motives such as the prevailing taxation regime, supply chain logistics, and labour issues (Buckley et al., 2016). Correspondingly, in terms of the internal drivers, the evolving heterarchical structure, strategic framework of the MNE, frugal engineering, India-centric decision-making and delegation of authority have been shown to be important (Thite et al., 2012) and result in a different parenting approach when compared to their counterparts from advanced economies.

Secondly, we landscape the core mechanisms by which Indian MNEs maintain exchanges of value in parenting their Irish subsidiaries. The managerial practices pursued by these MNEs are often vested in a hybridization approach involving a desire for control from the headquarters, coupled with a requirement for conformity with host country norms (Rose & Kumar, 2007). Arising from the control and coordination mechanisms adopted by Indian MNEs the challenge commonly faced by them centers around the balance to be struck between global integration and local responsiveness (Thite et al., 2012).

Thirdly, we capture post-entry, their strategic choices regarding the pursuit of integration, collaboration, and local responsiveness in the subsidiary units and further highlight the impact of these interactions on the HR policies and practices pursued. The Indian way of understanding these interactions broadly centers around developing a trust-based partnership in their relationship engagement which, in turn, influences the staffing mix, the training and development agenda, the approach to compensation and the overall workforce management system implemented in their subsidiary units in Ireland.

The underlying paper was published in *Human Resource Management Review* and a full copy can be obtained at

<https://doi.org/10.1016/j.hmr.2019.100724>

Authors:

Jenny Benoy

Michael Morley

For further information and comments, please contact:

Dr Deirdre O'Loughlin

Assistant Dean, Research

Kemmy Business School

University of Limerick, Ireland

T: +353 61 213375

E: Deirdre.OLoughlin@ul.ie

Forthcoming Research Bulletin

Title: Visualising Economic Crises

Author: Stephen Kinsella

About the KBS Research Bulletin

The purpose of the KBS Research Bulletin series is to make our research more readily accessible to a wide range of interested stakeholders, and so to allow our work to have a useful impact on the society in which we operate. We regard this as an important part of our stakeholder engagement. The dissemination of these bulletins aligns with both the UL focus on excellence and impact in research, and on the KBS strategic goals of cultivating excellence in research while contributing to our community of stakeholders in a responsible and sustainable manner.

Figure 1: Internationalization Motives, Corporate Parenting Style and HRM in Indian MNCs: A Conceptual Framework

