There is a growing literature on the development of emerging market multinational companies (EMMNCs). This research seeks to identify EMMNC sources of competitive advantage in relation to developed market MNCs, their dynamic capabilities, explain their strategies for internationalisation including acquisitions, mergers and international joint ventures, policies and practices in their international operations in both developed and emerging markets. This literature includes comparative analyses of the evolution of these EMMNCs through case studies, ethnographic and qualitative research on their strategies in relation to those of developed Western MNCs (see for example Demirbag and Yaprak 2015) and the more recent International Journal of Emerging Markets (Emerald Publishing).

This book review seeks to focus particularly on the growing interest in human resource strategies, policy and practices of EMMNCs. These have also seen a burgeoning of well-researched and critical analyses in journals such as the International Journal of Human Resource Management, Human Resource Management Journal, recent books (Horwitz and Budhwar 2015) and detailed studies of regional perspectives on HRM in emerging markets (Brewster, and Mayrhofer, (2012). A generic theme in International HRM (IHRM) research is the nature and extent of diffusion or transfer of HRM policy and practice across national boundaries by MNCs. This too is the case for EMMNCs.

The Indian economy’s rapid growth over the past two decades, the diversification and prominence of both IT sector MNCs such as Infosys and WIPRO, and increasingly diverse manufacturing sectors is reflected in the wide business interests of EMMNCs such as the TATA Corporation. This timely book edited by Mohan Thite, Adrian Wilkinson and Pawan Budhwar, makes a special contribution to understanding the business development, growth and strategies of Indian EMMNCs. Their work based on empirically researched chapters enhances our understanding of the range of Indian MNCs, their comparative advantages, global footprints, strategic approaches to developed and developing markets, the operation of their subsidiary firms in these markets, and importantly for this review, global HR roles and factors influencing their development. This review primarily assesses the IHRM dimensions of Indian MNCs identified in this volume.

This ten-chapter work opens with a generic overview by the editors of EMMNCs in which they argue that Indian MNCs deploy a mixture of internationalisation strategies rather the one preferred mode. They emphasize that in an increasingly multipolar world, there is a critical need to understand indigenous management practices in their particular context. The macro-home country context for Indian MNCs though culturally different, has certain common features with Western countries in respect of democratic political institutions, a free market economy and judiciary. These it is argued enable Indian MNCs to deal more adroitly in the global political economy.

Chapter 1 co-authored by Guillen, Garcia-Canal and Garcia-Garcia, provides a theoretical contextualisation of EMMNCs and a comparative analysis of the ‘New MNEs’ and traditional multinational enterprises. They reflect on the dilemmas regarding capability upgrading and geographical reach. This is especially relevant to an IHRM dilemma regarding
the extent to which home country expatriates are to be deployed versus the development of local talent, or the mix both. These researchers refer to the importance of leveraging various types of intangible assets such as ‘know-how’, formation of strategic alliances, HR and cross-cultural issues pertaining to international mergers and acquisitions and international joint ventures (IJVs). They submit that ‘it is cardinal to note that while managerial, organizational and political skills of the ‘new MNCs’ may not be ‘patentable’ they are rare, difficult to imitate and valuable in terms of the resource-based view of the firm’ (p.18).

Chapter 2 by Matthews provides further theoretical perspectives on EMMNCs. These include OLI (ownership, location and internalisation), capability to develop international linkages joining global value chains, the notion of stage models to evolving internationalisation. Important from an IHRM perspective is Matthews’s reference to behavioural approaches focussing on sequence of events involving knowledge accumulation. Also the idea of ‘born global/accelerated internationalisation has IHRM implications in respect of the agility, flexibility and core competencies needed for rapid internationalisation potentially by-passing certain conventional stages. Matthews’ LLL approach in terms of linkage-leverage-learning construct aimed at accessing resources and leveraging resources, including skills and know-how they might not have.

In chapter 3 Celly, Kathuria and Subramanian provide a historical overview of Indian MNCs, using an institutional theory and firm factors approach. Their interesting distinction between ‘multinational firms in India and multinational firms from India’ underlines the outbound internationalisation goals of more Indian EMMNCs. Consistent with Matthews chapter 2 analysis these researchers argue that a theme in outbound strategies is the establishment of joint ventures or mergers with existing players in fast-growing emerging markets to gain technological, managerial and marketing competencies or to leverage economies of scale e.g. the company Bharat Forge. However, these authors point to challenges of an HR nature facing Indian EMMNCs. These include developing a clear and distinctive vision, developing or obtaining human resources and leadership capabilities they lack to compete globally. The professionalization of management to operate in a more flexible, less hierarchical manner is considered vital. The ability to attract and retain not only domestic talent but that outside the domestic talent pool in a more globalised work force is a major IHRM challenge.

Chapter 4 by Kumar critically evaluates the competitive advantages of Indian MNCs. This chapter highlights the importance of skills accumulation for managing large multi-locational operations across diverse cultures. Kumar interestingly argues that an advantage Indian MNCs have is the deployment of an acquisition strategy to obtain strategic assets to jump-start their internationalisation; this aided by cross-cultural management skills and sensitivities. As in previous chapters Kumar highlights the outward FDI strategy of Indian MNCs in asset seeking opportunities often in larger foreign firms. Also consistent with previous chapters is the ability of Indian MNCs to accumulate learning and provide organisational and management know-how. The latter includes applying cross-cultural skills in diverse ethnic environments learned in their domestic context and access to low-cost but competent skills pools such as in the ICT sector.

Chapter 5, Thite analyses five case studies insightfully tracing the global footprints of these Indian MNCs. He refers to seemingly unique elements of an ‘Indian way’ of management. His findings confirm the usefulness of the linkage –leverage- learning (LLL) framework
arguing that EMMNCs may be better learners than mature country MNCs given their late-mover internationalisation. He sums up their comparative advantages as taking a long-term horizon, keenness to learn, commitment to employee development, an adaptive Indian organisational culture, less organisational formality, a ‘fire in the belly’ attitude and stakeholder orientation.

In Chapter 6 Thite provides further empirical evidence of four Indian MNCs approaches to developing and developed markets. This chapter deals with IHRM strategy regarding global staffing and mindset. It is the first in the book that explicitly deals with the IHRM theme in Indian EMMNCS, and also posits the notion of an ‘Indian way’ previously referred to. Whilst Thite argues that IHRM seems to be a weakness in most BRICS country EMMNCs, a notable exception is Indian IT sector MNCs. He also argues that there may be an overemphasis on ‘Indian-ness’ in their management ranks and in their thinking. That said, his case study findings of notable Indian MNCs such as Wipro, Infosys Tata Motors, variously finds the following features of these MNCs:

- ‘Greater cross-cultural connectivity’ between home and host country employees especially in other emerging markets such as South-east Asia,
- Social responsibility, willingness to consult and listen to host country people,
- Willingness in several jurisdictions to localise staffing (e.g. Wipro Technologies in China).
- A concomitant sense that standardisation through building a unified corporate including employer brand, values framework, organisational culture, structures and processes, is necessary.
- The influence of country-of-origin effects such as national culture and creating synergies, but also leveraging host country firm resources in joint ventures and M&As, including local talent. Many Indian MNCs are family businesses and the effects of a familial culture including flexible decision making and long-term orientation are important. This may be both a strength and a weakness as discussed in later chapters in this volume. That said firm-specific advantages occur especially in international M&As (Ramamurti 2013).

Chapter 7 by Thite, Wilkinson and Budhwar is an in-depth analysis of HR roles and factors in the Indian ICT sector EMMNCs. This four case study research involving 51 semi-structured interviews identifies five key HR roles. These include strategic business partner, guardian of the corporate culture, builder of a global work-force and capabilities, champion of HR processes and facilitator of employee development. This chapter also highlights IHRM challenges considered in earlier chapters such as developing the local talent pool, developing a global mindset and localisation of the host country workforce. These researchers consider certain tensions or paradoxes between generic HR roles and Global HR roles and these play themselves out in EMMNCs through influence of host country contexts versus home country origin of policies and HR practices, issues of centralisation versus local responsiveness and decentralisation.

Local public policy imperatives such as requirements of employment laws for a stronger commitment to skills and career development and promotion of local talent especially into senior management positions are important challenges. A strength of this chapter is that it
builds on earlier typological approaches to HR roles (e.g. Ulrich et al 2008), but contextualises them in an emerging market environment.

In chapter 8 Amighini and Goldstein offer an instructive comparative analysis of the rise of Indian auto-industry multinationals in relation to their Chinese peers. The different role of the state and state institutions in both societies in either playing a proactive development role in the case of China, and a less hands-on role in industrial strategy in the Indian institutional context. Post-merger synergies and processes are the main HR related themes in the chapter with cross-cultural integration, measures to enhance employee morale and motivation and performance management systems, for example Mahindra & Mahindra’s ‘progressive’ HR practices of employee engagement, listening to their views. Firm specific business models and the cross-fertilisation of these together with managerial styles appear to be features of the relationship been home-country headquarters and subsidiary or merged entity operations abroad; this rather than an over-reliance on supportive domestic market environment seem evident in both country auto industry contexts.

In chapter 9 the researchers Bhaumik and chapter 10 Fleury, Ferreira and Cordeiro discuss the future outlook for Indian MNCs and the implications for international management of the rise of emerging market MNCs in general. Here it is argued that Indian EMMNCs have tended to be quite strategic in acquiring overseas assets and resources utilising embedded local advantages such as human resources and local skills.

However, Bhaumik critically posits that the literature has tended to over-state the competitive advantages of family-owned Indian EMMNCs. He argues that the notion of agility or flexibility may be mitigated by being wedded to business models and organisational structures that do not readily transfer to overseas operations, and that family owned firms are more likely to invest in other emerging markets where the rule of law may be weak or political instability prevalent.

In considering a future research agenda, the development of more case-study research on human resource management, organisation structure and governance and the development and institutionalisation of (HR) systems is needed. The concluding quote of Bhaumik’s chapter aptly argues that ‘Future research should emphasize organisational and strategic aspects of Indian MNCs rather than stylised international business paradigms’ (p.293).

Of benefit for HR practitioners and students, the book concludes with an executive commentary by Santrupt Misra director of Group Human resources of the Aditya Birla Group. He identifies the need for Indian MNCs to focus more strongly on developing a future global talent pool, building consensus in their global operations around a common vision, developing enduring corporate brands and more conscious effort in advancing host country talent into senior decision making positions.

This edited volume provides new insights and critiques of the internationalisation process of Indian EMMNCs, the phased internationalisation model versus others such as the notion of ‘born MNC’ and the variety of business models and systems. This extensive work will appeal to both scholars of international business in emerging markets and practitioners. Its in-depth analysis of strategies, frameworks and process for business internationalisation offers in-depth insights of relevant IHRM approaches and models and their alignment with business strategies for internationalising emerging market MNCs. HR roles are extensively discussed
in chapter 7, particularly in relation to how HR practitioners might facilitate successful corporate strategies by developing relevant HR configurational frameworks e.g. for resource based MNC strategies. Hence the structuring of the HR function is pivotal to playing a strategic partnership role for HR practitioners operating in Indian and other emerging market MNCs.

IHRM practitioners and scholars will find the book instructive as a whole and of wider interest as the issues discussed resonate not only in the Indian context but for emerging market MNCs from other jurisdictions too. The volume makes a most valuable evidence based contribution to the fields of international business, business strategy, international HRM and the literature on EMMNCs.

References


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