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**HR Directors in India: Navigating Institutional Incoherence  
for HRM Stability and Change**

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## **HR Directors in India: Navigating Institutional Incoherence for HRM Stability and Change**

### **Abstract**

*Purpose:* This paper aims to explore the strategic and evolving role of HRM Directors within the context of underdeveloped institutional arrangements. The study focuses on India and conducts a comparative analysis of the roles of HRM Directors in both multinational enterprises (MNEs) and domestic firms.

*Methodology:* Survey-based data from the HRM Directors of 252 enterprises were gathered for the comparative analysis, including both multinational and domestic enterprises.

*Findings:* HRM Directors in MNEs lack the proficiency required to effectively fulfil their strategic role. In addition, there has been a notable shift in the responsibilities of HRM Directors in MNEs, with increased emphasis on labour movements and trade union negotiations, as opposed to traditional HR activities. This shift suggests that the role of HRM in MNEs operating in India has been influenced by local isomorphic forces, rather than following a “pendulum swing” between home and host country institutional pressures. The prevalence of informality in the Indian institutional arrangements may act as a strong counterforce to integrating the strategic agency of MNEs' home country HRM Directors into the organizational structure. Despite facing resistance from the local institutional context, HRM Directors in MNEs are responding with a pushback, prioritizing labour movements and trade union negotiations over core HRM activities.

*Implications:* The study highlights the broader implications for theory and practice, shedding light on the challenges faced by HRM Directors in navigating incoherent institutional arrangements. It emphasizes the need for a deeper understanding of local forces in shaping HRM practices within multinational settings.

*Originality/value:* We contribute to the comparative HRM literature by elaborating on power struggles that HRM Directors face amid the dichotomies of formal power and authority that are encoded in the organizational structure versus culturally contingent power that can be accrued from engaging in informality. We also highlight their engagement in prolonged institutional

mediation and change, which serves as a compensatory mechanism for the institutional shortfalls they encounter within the context of emerging markets.

**Keywords:** HRM Director, comparative institutional analysis, trade unions, India, emerging markets.

## Introduction

The strategic and changing role of the HRM Directors has been under researched in emerging market contexts, where institutional arrangements are known to be complex and underdeveloped. This complexity intensifies when organizations cross borders into unique emerging market contexts, encountering the intersection of global and local institutional environments (Darwish et al., 2022; Zhang et al., 2023), with the latter exerting a substantial influence on shaping HRM practices. Although the HRM Director's role is becoming more strategic, the successful execution of this strategy requires formal power and authority to effectively navigate the complexities of managing human capital amid institutional complexity. Hence, this comparative analysis aims to examine the strategic and changing role of the HRM Director in domestic (DEs) and multinational enterprises (MNEs), with a specific focus on the Indian context. India, with its rapidly growing emerging economy and diverse workforce, presents an intriguing context to explore the role of HRM Directors. Unlike their domestic counterparts, MNEs operations transcend national borders, bringing with them local and expatriate workforce with diverse cultures, linguistic, and professional backgrounds, adding layers of complexity to the HRM Director's role (e.g., Chung, Brewster, & Bozkurt, 2020). Both domestic and MNEs power structures are encoded in the organizational hierarchy (Beckert, 1999). MNE HRM Directors leverage their authority within local and global structures (Brewster et al., 2016), enabling them to shape international HRM practices and policies, ensuring alignment with organizational goals and maintaining adherence to

local demands and global standards (Kotabe & Kothari, 2016). However, summoning formal power and authority can be challenging within India's informal institutional context, which aligns more closely with the local national context. This complexity makes it difficult for HRM Directors in multinational enterprises to fully exercise the strategic role ascribed to their position. In contrast, domestic HRM Directors often wield more localized power, prioritizing compliance with specific national labor laws and norms over strategic values (Alanezi, et al., 2020; Wood et al., 2020; Bapuji et al., 2023). However, within these incoherent institutional fields and unstructured power dynamics, it remains unclear how power and political resources shape HRM Director's role in India.

To address our focus, we rely on the institutionalist approach as a theoretical lens in our comparative work in the Indian context; existing literature on comparative institutional analysis has primarily concentrated on analysing the variations in macro-economic and societal factors, considering people management practices as a conduit influenced by the wider institutional configurations and resulting socio-economic impacts (Wood et al., 2014; Singh et al., 2019). In essence, the emphasis in the institutionalist approach in the comparative HRM literature has been derived from the economic theory that directs our attention towards the Western model for actors' rationalization and considers institutions as constraints (Gooderham et al., 2019; Beckert, 1999). Thus, undermining power and mindful agency for comparative HRM analysis (Saqib et al., 2022; Brewster et al., 2016). In addition, although comparative institutional analysis has gained significant prominence in explaining the actions of firms within specific contexts, the emphasis appears to lean more towards indigenous firms. While existing literature predominantly focuses on the broader political economy, suggesting that it exerts common pressures on all firms operating in a given context, there is a notable oversight in addressing the unique case of MNEs (e.g., Hancke 3

et al., 2007; Hall and Soskice, 2001). It is also argued that MNEs, by their very nature, are less tied to any particular context and face sometimes conflicting pressures from each of the countries in which they operate; this inherent flexibility allows MNEs to deviate from established norms and challenge prevailing practices (Dore, 2008).

By tapping into the under-research area of power and political resources in the comparative HRM literature (Brewster et al., 2016), we seek to explore the strategic role of HRM Directors in India in comparative perspective (MNEs vs. DEs). We contribute to the comparative HRM literature by elaborating on power struggles that HRM Directors face amid the dichotomies of formal power and authority that are encoded in the organizational structure versus culturally contingent power that can be accrued from engaging in informality. Further, we make a valuable contribution to the literature on the role of HRM Director through our exploration of their changing role over the past decade. We highlight their engagement in prolonged institutional mediation and change, which serves as a compensatory mechanism for the institutional shortfalls they encounter within the specific institutional context of India. Overall, we contribute to the comparative HRM literature by advancing our understanding of the role of power and political resources in shaping HRM practices within nations that have underdeveloped institutional arrangements (Brewster et al., 2016). We achieve this by demonstrating parallel divergent trajectories for power, HRM Directors' strategic agency, and the stability and change of HRM in emerging market contexts.

This paper is structured as follows: Firstly, we identify key theoretical strands in relation to comparative institutional analysis, with a particular focus on the role of HRM Directors in multinational and domestic enterprises. Based on our review, we propose our hypotheses. Secondly, we describe our methods, followed by an explanation of our statistical approach. Lastly,

we present our discussion and conclusion, highlighting the implications for both theory and practice.

## **Literature Review and Hypotheses Development**

### ***Comparative Human Resource Management: The case of MNEs vs DEs***

Comparative HRM examines the similarities and differences in HRM practices across different types of organizations, specifically focusing on MNEs and domestic enterprises (Brewster et al., 2016; Singh et al., 2019). One significant difference between MNEs and domestic enterprises lies in the complexity and scale of their HRM practices. MNEs need to deal with various challenges, including managing a geographically dispersed workforce, ensuring consistency in HR policies and practices across different countries, and adapting to local labour laws and cultural contexts (Singh et al., 2016; van der Straaten, & Giuliani, 2023; Darwish et al., 2022). One key aspect of comparative HRM in MNEs is the need for a global HR strategy that ensures alignment between the global corporate goals and the local HR practices in each country of operation. MNEs must strike a delicate balance between the standardization of HR practices to achieve global consistency and the localization or adaptation of practices to accommodate the specific needs of local employees. This requires a comprehensive understanding of the cultural, legal, and institutional differences in different countries (Cooke et al., 2019).

On the other hand, domestic enterprises can adopt a more centralized approach to HRM, focusing primarily on the local market and tailoring their practices to suit the domestic workforce (Farndale et al., 2017). Domestic enterprises have the advantage of operating within a familiar cultural and legal framework, allowing them to implement HRM practices that are more closely aligned with the local context (Brewster et al., 2016). However, they may face challenges in competing for talent with MNEs, which often have greater resources and brand recognition (Pucik et al., 2016);

MNEs often invest in talent development programs and offer opportunities for international assignments, providing employees with valuable experiences and fostering a global mindset. Domestic enterprises, on the other hand, rely on the local talent pool and may struggle to attract and retain highly skilled individuals due to resource constraints or limited growth opportunities. However, domestic enterprises can leverage their understanding of the local market and culture to develop strong relationships and informal networks with employees, promoting loyalty and a sense of belonging.

In terms of HRM practices, MNEs tend to emphasize standardized policies and procedures to achieve consistency and control across their global operations (Tarique, Briscoe, & Schuler, 2015). However, it may overlook the importance of local responsiveness and the need to adapt HR practices to specific cultural and legal contexts. Domestic enterprises, with their localized focus, have the flexibility to tailor HR practices according to the unique needs of their domestic workforce (Bonache & Festing, 2020). Moreover, the role of HRM Directors and professionals in MNEs and domestic enterprises may differ significantly. Specifically, within MNEs, they need to possess a global mindset, cross-cultural competence, and the ability to navigate complex legal and regulatory frameworks (Zhu, 2019). They are responsible for developing global HR strategies, facilitating knowledge transfer across borders, and ensuring compliance with both local and global standards (Edwards et al., 2016). In domestic enterprises, they may focus more on the day-to-day HR operations, talent acquisition, and employee relations within the domestic market (Cooke, Veen, & Wood, 2017). However, it is important to note that the differences between MNEs and domestic enterprises in comparative HRM are not absolute (Kaufman, 2016). There are MNEs that adopt a more decentralized approach, empowering subsidiaries to adapt HR practices to local needs, and there are domestic enterprises that implement standardized HR practices to enhance



efficiency and competitiveness (Al Ariss & Sidani, 2016). The distinction between MNEs and domestic enterprises in comparative HRM is fluid and can vary depending on the specific context and strategic choices made by organizations (Cooke et al., 2019).

### ***Comparative Institutional Analysis***

In our comparative analysis within the Indian context, we embrace the institutionalist approach as our theoretical framework. Employing comparative institutional analysis is invaluable for comprehending the differences in HRM practices between multinational and domestic companies (see, for example, Brewster and Mayrhofer, 2012; Singh et al, 2019). This approach is instrumental in explaining variations in the rules, practices, and systems that underpin different nations or organizations. The foundation of comparative institutional analysis lies in examining how institutions shape economic organizational structures and subsequently impact performance outcomes. This framework entails a comprehensive comparison of firms, institutions, and processes across diverse societies, unveiling complex dynamics between them. Over time, it has evolved significantly, showcasing its ability to explain firms' decision-making in various settings, potentially influenced by national institutional arrangements (Hancke et al., 2007; Hall and Soskice, 2001; Darwish et al., 2017; Singh et al., 2019). Hence, it provides a rationale for exploring the interplay between institutional factors and HRM practices in our comparative study within the Indian context. In this discussion, we will explore how institutional factors at the national and global levels influence HRM practices and the role of HRM Directors in MNEs and domestic enterprises, providing insights into the reasons behind certain observed differences.

At the national level, domestic enterprises are influenced by institutional factors specific to the country in which they operate (Ahmad et al., 2019; Zeng et al., 2019; Rezaei Zadeh et al., 2020).

These factors include labour laws, regulations, cultural norms, and societal expectations (Al Ali et al., 2013; Darwish et al., 2016; Haak-Saheem et al., 2017; Singh et al., 2017). Domestic enterprises need to adhere to the legal and regulatory frameworks set by their respective national governments (Brewster, Mayrhofer, & Farndale, 2018). These frameworks shape HRM practices in areas such as recruitment, selection, compensation, benefits, training, and employee relations. Additionally, national-level factors such as education systems, social security programs, and workforce demographics can significantly influence HRM practices. For instance, countries with a well-developed education system may have a larger pool of skilled workers, allowing domestic enterprises to focus more on talent development and succession planning (Ayentimi, Burgess, & Brown, 2018; Quintanilla & Ferner, 2003). On the other hand, countries with aging populations may require domestic enterprises to implement strategies to attract and retain older workers or to address succession challenges. In contrast, MNEs are influenced not only by national-level factors but also by global institutional factors and standards. MNEs operate in multiple countries, and their HRM practices are often shaped by a blend of global policies and local adaptations (Saka-Helmhout, Deeg, & Greenwood, 2016). MNEs strive for global consistency to ensure equitable treatment of employees across their various subsidiaries and regions. This is achieved through the development and implementation of global HR policies, guidelines, and standards. Global institutional factors, such as international labour standards, industry best practices, and corporate governance principles, exert a significant influence on MNEs' HRM practices. MNEs often adopt global standards to maintain ethical practices, comply with international regulations, and enhance their reputation as responsible corporate citizens (Psychogios & Wood, 2010). However, MNEs must also consider local institutional factors and adapt their HRM practices to accommodate national-level variations (Singh et al., 2019; Al Bastaki et al., 2021; Haak-Saheem

and Darwish, 2021). They need to strike a balance between global consistency and local responsiveness. MNEs face the challenge of navigating diverse cultural, legal, and institutional contexts while maintaining their global identity (Ayentimi, Burgess, & Brown, 2018). To overcome these challenges, MNEs often engage in a process of "glocalization," where global HR policies are customized and tailored to local requirements (Brewster & Mayrhofer, 2012). This localization process considers cultural norms, legal frameworks, and societal expectations in each country of operation. MNEs may establish regional HR departments or appoint local HR managers to ensure effective implementation and adaptation of HRM practices (Ahmad et al., 2019).

### ***HRM in India: Does context matter?***

India stands out as a crucial context for HRM research, given the distinctive institutional complexities present in this setting. The diverse economic factors, cultural variations, and dynamic labour regulations within the Indian business context create a valuable opportunity for thorough exploration and analysis in the field of HRM. Recognizing and addressing these complexities becomes essential for HRM professionals, including both DEs and MNEs. This discussion will briefly explore the key aspects and challenges of HRM in India, offering a brief understanding of the complexities involved (Darwish et al., 2020). HRM in India encompasses the management of a culturally diverse workforce; India is known for its rich cultural legacy and regional variations (Srinivasan & Chandwani, 2014). HR professionals must navigate these cultural nuances to create an inclusive and effective work environment (Subramanian & Suresh, 2022). This includes understanding the diverse religious practices, languages, informality, and social customs prevalent across different regions of India. In addition to cultural diversity, HRM in India must also address the challenges of gender diversity and inclusivity (Verma et al., 2022). Despite progress, gender

disparities persist in the Indian workplace. HR professionals play a critical role in promoting gender equality, ensuring equal opportunities, and fostering a safe and supportive work environment for all employees. Compliance with labour laws and regulations poses another significant challenge for HRM in India (Agarwa et al., 2023). The country has a complex legal framework that governs employment practices, including minimum wages, leave policies, and employee overall benefits. Staying updated with the changing legal context and ensuring compliance can be a daunting task for HR professionals (Singh, Mondal, & Das, 2020), particularly for MNEs. Non-compliance can lead to legal issues, reputational damage, and financial penalties (Cooke, Schuler, & Varma, 2020). Another critical aspect of HRM in India is the continuous development of employees' skills and capabilities. With rapid technological advancements and changing business needs, upskilling and reskilling initiatives are essential to ensure that employees remain competitive (Agarwa et al., 2023). Moreover, HRM in India is influenced by the unique socioeconomic context as outlined earlier. Issues such as income inequality, caste-based discrimination, and rural-urban disparities can have implications for HRM practices (Bansa et al., 2023), and must be explored as part of the HRM agenda when operating in this context.

### ***The Role of HRM Director in Comparative Perspective***

The role of the HRM Director is critical in shaping and implementing effective HRM strategies within organizations. In a comparative perspective, examining the role of HRM Directors in both MNEs and domestic enterprises provides valuable insights into the complexities and challenges they face in different organizational contexts (Brubaker, 2017). One key aspect of the HRM Director's role in MNEs is the need to balance global standardization and local adaptation

(Dewhurst et al., 2021). Prior comparative work has highlighted the challenges faced by HRM Directors in MNEs when aligning HRM practices across different countries. Again, MNEs often develop global HR policies and guidelines to ensure consistency and fairness (Khan et al., 2019); however, they must also consider local contextual factors such as cultural norms, legal requirements, and labour market conditions to adapt these policies effectively. HRM Directors in MNEs play a crucial role in facilitating this balance, ensuring that global HR strategies are implemented in a manner that meets local needs and complies with diverse institutional frameworks (Farndale et al., 2010). In contrast, the role of the HRM Director in domestic enterprises is primarily focused on the domestic market. Comparative research has shown that HRM Directors in domestic enterprises often have a closer connection to the local workforce and a deeper understanding of the cultural, legal, and social context (Zhu et al., 2013; Singh et al., 2019). They are responsible for tailoring HRM practices to meet the specific needs of the domestic workforce and aligning them with national-level institutional factors.

Comparative studies have also shed light on the differences in HRM Director roles regarding strategic decision-making. In MNEs, HRM Directors often participate in strategic planning at the global level, contributing to the development of HR strategies that align with the overall organizational objectives (Stor, 2023; Darwish et al., 2022). They play a vital role in talent management, succession planning, and creating a high-performance culture across diverse geographies. Furthermore, comparative research has examined the influence of power and influence of HRM Directors in MNEs and domestic enterprises (Belizón, Morley, & Gunnigle, 2016; Darwish et al., 2022). In MNEs, particularly in the context of emerging markets and India where there is a significant degree of informality (Darwish et al., 2023), HRM Directors often must navigate complex organizational structures and manage relationships with various

stakeholders, including global headquarters, regional management, and local subsidiaries (Mohamed et al., 2013). They need to demonstrate their expertise, influence decision-making processes, and gain support for HR initiatives across different levels of the organization. In domestic enterprises, HRM Directors may have relatively more autonomy and direct influence over HRM practices, with a closer connection to top management and a more direct impact on organizational outcomes.

However, the local and global institutional environments are in competition, hindering efforts to achieve convergence in both global HRM practices for domestic companies or within MNE branches. Consequently, this affects the successful execution of the HRM Director's which require back-and-forth negotiations between the local and global spheres (Brewster et al., 2016) to strike a balance in the strategic values associated with the role. In other words, they need to balance between the demands of local, regional, and global isomorphic forces (Brewster et al., 2008). Notably, while structured power and authority are encoded in the formal organizational hierarchy (Beckert, 1999; Biddle, 1979), the fluid institutional arrangements in India (Darwish et al., 2020) might destabilize them, becoming more unstructured. Hence, influencing HR Directors' ability to codify global standards in localized HRM practices to effectively manage the workforce while negotiating institutional shortfalls.

In conclusion, the role of the HRM Director in a comparative perspective provides a nuanced understanding of the complexities and challenges they face in MNEs and domestic enterprises (Kelly, & Gennard, 2012). However, in comparative HRM research, it is important to address additional crucial issues, such as strategic decision-making and power dynamics of HRM Directors within diverse organizational contexts, and to examine how these power dynamics may be influenced in unique and fluid institutional contexts, such as the one under study.

Based on the above discussion, we came up with the following two related hypotheses:

*The role of HRM Directors exhibits differences when comparing domestic and multinational enterprises in the following ways:*

*H1: Due to their international experience, HRM Directors in multinational enterprises will demonstrate a more strategic role compared to their counterparts in domestic enterprises.*

*H2: The role of HRM Directors in multinational enterprises has undergone changes in strategic decision-making over the past decade. This shift is more pronounced in multinational enterprises compared to domestic enterprises.*

## **Methodology**

### ***Context, data and measurement***

As stated earlier, HRM assumes a central role in the context of Indian business, given the nation's substantial economic growth, cultural diversity, and complex labour law. Within the Indian context, HRM involves the management of a culturally diverse workforce, considering the nation's rich cultural and regional variations (Srinivasan & Chandwani, 2014). Navigating these cultural nuances is imperative for HR professionals and managers to design effective HR practices which consider those contextual arrangements, encompassing religious practices, and social norms and conventions prevalent across different regions of India. In addition, compliance with complex labour laws and regulations in India presents a significant challenge for HRM, particularly for MNEs that must comprehend and work within these regulations (Agarwa et al., 2023). The legal framework that oversees employment practices, including aspects like minimum wages, working hours, and employee benefits, demands continual vigilance from HR professionals. This diligence is crucial to ensuring compliance and mitigating the risk of legal complications and reputational

damage (Singh, Mondal, & Das, 2020). Therefore, exploring HRM and the role of HR Directors in India in comparative perspective becomes essential, offering valuable insights not only for this specific context but also for broader applicability in comparable settings.

Conducting our survey in India initiated with the search for a database of companies to serve as the sampling pool. This presented challenges since the desired list was not easily available from a single source, necessitating the compilation of data from multiple sources, which quickly proved to be a significant obstacle. Recognizing the importance of acquiring adequate and reliable data, we opted to delegate this task to a marketing company<sup>1</sup>. A comprehensive HRM data was collected from a diverse range of companies situated in six major areas in India. The contracted company successfully compiled a dataset comprising 300 such enterprises, which served as our initial sample. After refining the survey instrument, the main survey generated 252 valid responses, comprising 36% Des and 64% MNEs. This was very useful to achieve the aim of this comparative work. We designed a comprehensive HRM questionnaire which includes measures on various HRM parameters. However, for the purpose of this study, we only focus on those questions in relation to the role of HRM Director. These questions were used in prior work and proved to be consistent, reliable, and valid (see, for example, Darwish, Singh, Batsakis, & Potocnik, 2023; Singh et al., 2019; Singh et al., 2012). It is worth noting that, although the majority of our questions (and their associated items) are based on Likert scale, this study does not intend to build constructs. Instead, it focuses on examining single items in subsequent analyses to achieve the specific aim of the comparative analysis between MNEs and DEs. Details on these questions are presented in the following sections.

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<sup>1</sup> The contracted company, Synovate Comcon, is affiliated with Ipsos, a renowned international research network that ranks among the top three leading marketing research companies globally.



**Analytical Approach**

Descriptive analysis in the study involved the use of descriptive statistics and zero-order correlations. To conduct multivariate analysis considering the characteristics of the data, ordinal and binary regression were employed, as explained in further detail below:

***Results on the comparative role of the HRM Director***

In the multivariate analysis of the HRM Director's role, we established 16 equations. The first question posed was, "What activities of the Personnel Director hold the highest strategic significance for the company?" This question was measured using a Likert scale, with ten responses (please see notes below Tables 1 and 2 for details on the responses of this question). Variables 11-16 correspond to the responses to the question, "How has the role of the Personnel Director changed over the last ten years?" The replies for these variables are also detailed in the notes below Tables 1 and 2). In addition, we defined the primary independent variable as the operational level, distinguishing between multinational enterprises and domestic enterprises. The basic statistics, correlations, and the binary and ordinal regressions are presented in Tables 1 and Table 2, respectively.

**Insert Table 1 Here**

**Insert Table 2 Here**

As shown in Table 2, we provide the model fitting statistics for all 16 models. These statistics consistently fall within an acceptable range, demonstrating the goodness of fit for each model. The -2 Log Likelihood measures further affirm the adequacy of the model fits. This has also been

further validated by the results of the Chi-Square test statistic, which assesses the overall fit of the model. The R<sup>2</sup> values (Cox & Snell and Nagelkerke) indicate the proportion of explained variation in the dependent variables by the independent variable for each model.

Regarding our two hypotheses and as indicated in Table 2, the operational level (MNEs vs DEs) does not appear to have a significant impact on the activities of the HRM Director that hold the greatest strategic significance. In other words, whether it is MNEs or DEs, it seems to have little relevance when it comes to the strategic activities of HRM Directors, such as their involvement in industrial relations and wage bargaining, planning career paths for management development, and advising on organizational design. This finding contradicts our first hypothesis. However, the results do show that the operational level has influenced the role of HRM Directors in the last 10 years, particularly in terms of the increased influence of the 'human relations perspective throughout management' ( $\beta=0.647$ ,  $p<0.05$ , Model 12) and 'trade union negotiations' ( $\beta=0.851$ ,  $p<0.05$ , Model 13). Therefore, these findings provide some support for the second hypothesis concerning the evolving role of HRM Directors in MNEs, specifically in relation to the mentioned areas.

### ***Extension of results on the strategic activities of the HRM Director***

In this section, we aim to extend the results obtained in the previous section, specifically focusing on the significance of the strategic activities of the HR Director in relation to multinational and domestic enterprises. To achieve this, we analyze each of the ten activities listed under the first question “What activities of the Personnel Director hold the highest strategic significance for the company” by summing the responses rated as 4 or 5, indicating high significance. We perform this

analysis separately for both multinational domestic enterprises, and subsequently conduct a proportions test. The results of this analysis are presented in Table 3.

### **Insert Table 3 Here**

Overall, our first hypothesis suggesting that the role of HRM Directors in MNEs would be more strategic compared to DEs did not receive support from our findings. However, our second hypothesis regarding the changing role of HRM Directors in MNEs over the past decade, particularly in terms of strategic decision-making, was supported. This outcome holds significance in relation to existing literature, and we will delve into this result further in the discussion section.

## **Discussion and Conclusions**

The aim of this paper was to understand the strategic and changing role of the HRM Director amid incoherent home and host contexts' institutional arrangement. We conducted a comparative analysis of the role of HRM Directors in multinational and domestic enterprises in India. While the existing literature suggests that the spread of MNEs around the world is accompanied by the dissemination of good HRM practices, thereby guiding global convergence and isomorphism, it is argued that HRM practices are highly influenced by local institutional arrangements, especially in emerging markets; as a result, they necessitate the adoption of local responsiveness strategies. The findings of this paper extend the literature by providing evidence on the role of power and political resources in shaping MNEs' HRM Directors' role in India. The findings of this study not only contribute to the existing literature by revealing the current state of the strategic role of HRM Directors in India but also shed light on how they utilize their strategic agency to go beyond merely safeguarding HRM practices. Instead, they actively engage in initiating and facilitating prolonged

institutional mediation and change. Hence, we tap into a highly under researched area that links concurrent divergent trajectories to power, HRM Directors' strategic agency, and HRM stability and change in emerging markets context (see Brewster et al., 2016). We next explain our theoretical implications:

***Destabilizing HRM Director's strategic action: The formal and informal dichotomies***

Surprisingly, our analysis has uncovered that the role of HRM Directors in MNEs operating in India does not exhibit the strategic edge observed in HRM studies of Western MNEs. This suggests that the HRM function in India-based MNEs has been influenced more by local isomorphic forces (Brewster et al., 2008) rather than undergoing the "pendulum swings" required to navigate institutional pressures between the home and host countries (Brewster et al., 2016). This can primarily be attributed to the prevalence of informality within Indian institutional arrangements, which significantly hinders the effectiveness of efforts to integrate the strategic agency of HRM Directors from the MNE's home country into the organizational structure. Central to agency in the institutionalist approach are power and interest (Saqib et al., 2022; Thornton et al., 2012); while these have not been fully incorporated in institutional analysis, particularly in HRM research, power in particular is central to explain the findings of this study. Within the institutionalist approach, power and authority are encoded in institutional rules and structures (Beckert, 1999; Biddle, 1979). In the context of this study, there are two incoherent institutional fields, home and host contexts, each with its own power dynamics characteristics. From the perspective of the home context, power is legitimized through authority that is structured in the organizational hierarchy (Biddle, 1979). It manifests through a set of written artifacts such as, rules, regulations, and

standard operating procedures that are encoded into scripts and templates for action, i.e., roles (Barley and Tolbert, 1997; Biddle, 1979).

In this respect, roles are central to the reproduction of institutional norms; they are the behavioural manifestation of institutional norms on the ground (Berger and Lickmann, 1966). Ostensibly, roles, packed with power and authority, are merely bureaucratic and are linked together with an authority matrix that is derived from actors' affiliation with their organization (Biddle, 1979). However, merely occupying an HRM Director's role, does not guarantee the formal flow of power and authority as prescribed by the institutional norms of the home context to advance their strategic plan. This is important to note since organizational roles in emerging markets' contexts, including India, are not limited to structured organizational formal roles, but they extend beyond the formal boundary of organizations. Owing to the fluid institutional arrangements and the institutional voids that are evident in emerging markets' contexts, organizational actors further occupy non-official and informal roles that restructure authority and destabilizes the formal organizational power dynamics prescribed by home country institutional norms. In this regard, we are particularly underscoring unofficial roles that actors occupy in informal networks. Informal networks' nodes gain their power from bridging between multiple networks that can informally bridge institutional gaps and compensate for institutional shortfalls (Minbaeva et al., 2022; Horak et al., 2020). Thus, the power that these actors gain is not structurally encoded (Biddle, 1979), but it is culturally contingent (Thornton et al., 2012) upon their position in informal networks. Therefore, merely occupying the role of the HRM Director is not inherently powerful in emerging markets contexts. Absent power and formal authority, HRM Directors' agency is rendered passive and inoperable to socialize and codify home contexts institutional norms into rules or embed them host context's institutional infrastructure (Hardy and Maguire, 2008; Beckert, 1999).

This is particularly true when considering that organizations do not operate in a vacuum, they are enmeshed in a business network that further draws its conduct from the salient institutional environment (Thornton et al., 2012). Thus, in the Indian context, the informality that is salient in the local institutional context creates barriers and resistance to play the strategic role. To this end, for the strategic role of HRM Directors to be occupied proficiently in India, they need to accrue culturally contingent power rather than solely rely on the espoused power and authority that is encoded formally by home context institutional forces.

### ***Lacking culturally contingent power engenders institutional change***

What the analysis highlighted for the first hypothesis is highly linked to what has been found in the second one. The results of the second hypothesis show that the role of HRM Director has not witnessed a significant change over the past decade except for focusing on labour movements and trade unions negotiations. This finding shows that while the power and authority of MNEs' HRM Directors and their organizations is facing resistance by the local institutional context, rendering it inoperable, they are themselves counteracting this resistance with a pushback. This is evident from the fact that HRM Directors are disregarding their attention to core HRM activities and instead concentrating exclusively on labour movements and trade unions negotiations. The latter play a significant and tangible role in exerting influence over labour policies and employment practices (Muasya, 2023; Mohammad and Darwish, 2022). Further, they are powerful vehicles for voice and negotiation that can be targeted towards achieving formal workers ends (Melhem and Darwish, 2023). Accordingly, such labour institutions are often muted in emerging markets contexts that operate more through informal measures (ibid.). However, being unable to execute the strategic HRM Director's role in proficiency, nor engaging in informality to gain culturally contingent power, it is evident that HRM Directors are compensating for this institutional shortfall by being

cultural mediators and exhibiting strategic efforts to shape and alter the institutional conditions to their favour (Doh et al., 2017). In other words, they are targeting the most impactful institutional areas that provide them the means to achieve their desired outcomes, i.e., reinstate home country encoded power. This is particularly important in the Indian context since it would be harder for MNEs' HRM Directors to penetrate local informal networks considering the diverse cultural and religious background of the Indian demographic landscape (Kabwe & Okorie, 2019).

The findings of this study together speak to highly under researched areas in the HRM literature as well as the new institutionalist approach. HRM in MNEs and the comparative HRM streams have limited knowledge on how the adoption of HR practices in emerging markets is affected by “the deployment of various power and political resources...[as well as the] influence of the institutional and social contexts in which [MNEs] operate.” (Brewster et al., 2016: 293). The findings in this study illustrate two parallel paths with divergent trajectories for simultaneous power loss and recovery. While institutional shortfalls and local isomorphism forces disempower HRM Directors from enacting their strategic role, they are using their strategic role and agency, simultaneously, to engage in a prolonged national level institutional mediation and change to reinstate the power associated with their role inside the organisation. Strategic agency is a power-mediated phenomenon that requires actors to have the social skills, resources, and interest to be able to initiate institutional change and reforms (Hardy and Maguire, 2008; Beckert, 1999). Crucially, these divergent trajectories affect the way HRM is practised in the Indian context. However, they also demonstrate that the role of HRM Directors goes beyond safeguarding HRM practices in organizations. The nature of their strategic actions extends beyond HRM, empowering HRM Directors to initiate institutional mediation and drive change even in the midst of incoherent institutional fields within both the home and host contexts. These findings collectively demonstrate

that the role of HRM Directors in India is not confined to the present but exhibits a proactive approach towards shaping the future.

This finding holds significant importance for the comparative HRM literature. Traditionally, explanations of divergence and local responsiveness in HRM have been commonly provided by equating the strategic role of HRM Directors to their counterparts in domestic entities (e.g., Brewster and Haak-Saheem, 2020). However, by accounting for the temporal focus of MNEs' HRM Directors, we can now begin to understand that local responsiveness is an insufficient strategy for MNEs in the Indian context in the future. Hence, they are not submitting to the symptoms of institutional shortfalls, but they are targeting the underlying cause that prevents convergence to best-practice HRM. With these findings, this study contributes to the comparative HRM and HRM in MNEs literature on how HRM Directors use their strategic agency beyond the field of HRM. We highlight the inherent and paradoxical struggle for power loss and recovery that is paramount to the proficiency of the HRM Director's strategic role and HRM in general in the Indian context. We highlight a temporal approach to how MNE's HRM Directors are not just employing strategies to cope with the situation, but they are instating prolonged institutional mediation to tilt the institutional shortfalls to their favour. This shows that these strategies do not just stabilize HRM practices over time, but they engage in both stability and change simultaneously (Brewster et al., 2016).

At an applied level, when navigating the local institutional context, MNEs in India should consider either employing local HRM Directors or creating two HRM Director roles with distinct responsibilities: one for local matters and one for global concerns. This would help in effectively navigating local institutional shortfalls (by the local one) while simultaneously engage in effective



prolonged institutional mediation and change (by the global one). These two could balance HRM stability and change in the Indian context. HRM Directors of MNEs could also further engage in informal networking to accrue culturally contingent power rather than solely rely on the espoused power and authority that is encoded formally by home context institutional forces.

We also acknowledge some limitations that should be considered in future research. Our work is focused on the large BRIC emerging market, which is known for its regional institutional diversity that may influence HRM practices and the role of HRM Directors. India is renowned for its rich cultural and socio-economic diversity, which leads to variations in institutional arrangements across its different states and regions. These regional disparities have implications for multiple aspects, including management practices, regulatory frameworks, and institutional norms. Hence, future work could explore the potential impact of regional institutional arrangements on both domestic and multinational enterprises, providing recommendations for MNEs based on their specific operational locations within India. Additionally, our study does not include data on firm size and sectoral effects on the role of HRM Directors. For example, large firms and different sectors may have varying implications, particularly in relation to trade union negotiations and labor movements. Future work could explore these aspects more comprehensively, shedding light on the nuanced dynamics and contributing to a more comprehensive understanding of the influence of firm size and sectoral differences on HRM practices.

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Table 1: Descriptive statistics and correlations

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	4.27	0.888	1																
2	4.27	0.906	.629**	1															
3	4.37	0.849	.545**	.447**	1														
4	4.49	0.744	.520**	.481**	.505**	1													
5	4.49	0.728	.407**	.308**	.218**	.335**	1												
6	4.43	0.808	.500**	.545**	.379**	.410**	.429**	1											
7	4.52	0.677	.531**	.469**	.500**	.396**	.271**	.389**	1										
8	4.48	0.755	.498**	.355**	.490**	.511**	.352**	.501**	.414**	1									
9	4.40	0.810	.604**	.462**	.423**	.477**	.404**	.523**	.378**	.476**	1								
10	4.41	0.826	.633**	.471**	.530**	.494**	.363**	.508**	.513**	.474**	.458**	1							
11	0.66	0.475	.166**	.181**	0.070	.203**	.165**	.293**	.157*	.303**	.236**	.188**	1						
12	0.50	0.501	-.150*	-0.042	-0.003	-.139*	-0.016	-0.009	-0.118	0.021	-0.092	-0.014	-.413**	1					
13	0.19	0.397	-.129*	-0.082	-0.015	-.134*	0.012	-0.114	-.126*	0.046	-0.035	-.161*	0.079	.126*	1				
14	0.21	0.411	-0.118	-0.019	0.010	0.034	-0.061	-0.004	-0.044	-0.025	-0.070	-0.050	-0.032	.286**	.257**	1			
15	0.18	0.387	0.039	0.095	0.047	0.063	0.076	0.052	-0.029	-0.001	0.005	0.013	0.123	.243**	.417**	.204**	1		
16	0.19	0.393	-0.024	0.088	0.061	0.021	.131*	.166**	0.046	0.093	0.007	0.002	0.115	.239**	.298**	.313**	.477**	1	
17	0.34	0.474	0.109	.130*	0.093	.174**	0.071	0.114	0.089	0.104	0.086	0.084	0.063	-.150*	-.130*	-0.084	0.032	0.061	1

Note: Variables 1-10, which serve as dependent variables, capture the responses to the first question: "What activities of the personnel director are of greatest strategic significance to the company?" The responses are as follows: 1. Headhunting; 2. Psychometric testing; 3. Industrial relations and wage bargaining; 4. Counseling employees under stress; 5. Organizing training programmes; 6. Planning career paths for management development; 7. Job evaluation; 8. Monitoring and assessing employee performance; 9. Advising on organizational design; 10. Ensuring compliance with equal opportunities legislation; 11.

Variables 11-16, which also serve as dependent variables, capture the responses to the second question: "How has the role of the personnel director changed over the last ten years?" The responses are as follows: 11. The personnel director has become more influential in strategic decision-making; 12. The human relations perspective is now more influential throughout management; 13. Negotiations with trade unions; 14. The level of commitment which can be expected from employees has become lower; 15. The training budget carries a higher priority; 16. Frequent job rotation has become more common for middle managers.

Variable 17 in the table represents the independent variable, indicating the distinction between Multinational Enterprises (MNEs) and Domestic Enterprises (DEs).

\*\*Correlation is significant at the 0.01 level (2-tailed). \* Correlation is significant at the 0.05 level (2-tailed).

Table 2: Binary and ordinal regression results on the strategic and changing role of the HRM Director

Independent↓ Dependent→	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16
MNE Vs. DE	-0.006 (0.984)	-0.105 (0.721)	0.119 (0.692)	-0.456 (0.185)	-0.004 (0.988)	-0.098 (0.750)	0.008 (0.980)	0.048 (0.883)	0.175 (0.562)	0.069 (0.828)	-0.236 (0.482)	0.647** (0.032)	0.851** (0.047)	0.293 (0.441)	-0.222 (0.556)	-0.373 (0.330)
Model Fitting Statistics																
-2 Log Likelihood	345.880	424.441	404.094	322.266	369.943	372.920	324.717	317.369	392.298	367.349	253.443	296.782	203.722	221.179	207.624	198.207
Chi-Square	169.088 (0.00)	96.229 (0.00)	76.689 (0.00)	102.784 (0.00)	38.724 (0.00)	69.004 (0.00)	81.319 (0.00)	115.399 (0.00)	77.880 (0.00)	103.167 (0.00)	40.337 (0.00)	20.676 (0.008)	20.382 (0.009)	13.975 (0.082)	7.606 (0.473)	17.022 (0.030)
R <sup>2</sup> : Cox & Snell	0.522	0.343	0.285	0.362	0.156	0.260	0.299	0.396	0.288	0.363	0.162	0.086	0.085	0.059	0.033	0.072
R <sup>2</sup> : Nagelkerke	0.583	0.382	0.324	0.429	0.187	0.304	0.360	0.466	0.331	0.416	0.223	0.115	0.136	0.092	0.054	0.118

Note: Dependent variables 1-10, which serve as dependent variables, capture the responses to the first question: "What activities of the personnel director are of greatest strategic significance to the company?" The responses are as follows: 1. Headhunting; 2. Psychometric testing; 3. Industrial relations and wage bargaining; 4. Counseling employees under stress; 5. Organizing training programmes; 6. Planning career paths for management development; 7. Job evaluation; 8. Monitoring and assessing employee performance; 9. Advising on organizational design; 10. Ensuring compliance with equal opportunities legislation; 11.

Dependent variables 11-16, which also serve as dependent variables, capture the responses to the second question: "How has the role of the personnel director changed over the last ten years?" The responses are as follows: 11. The personnel director has become more influential in strategic decision-making; 12. The human relations perspective is now more influential throughout management; 13. Negotiations with trade unions; 14. The level of commitment which can be expected from employees has become lower; 15. The training budget carries a higher priority; 16. Frequent job rotation has become more common for middle managers.

We defined the primary independent variable in this table as the operational level, distinguishing between Multinational Enterprises (MNEs) and Domestic Enterprises (DEs).

\*\*\* Significant at 0.01 level; \*\* Significant at 0.05 level; \* Significant at 0.10 level; ^ Significant at 0.15 level.

Table 3: Comparative analysis of strategic activities of the HRM Director (MNEs vs DEs)

Sr.	Strategic activities of the HRM Director	Calculated z value	Strategic activities and their importance for MNEs and DEs
1	Headhunting	$Z_{5.60} > Z_{0.5}$	DEs
2	Psychometric testing	$Z_{5.40} > Z_{0.5}$	DEs
3	Industrial relations and wage bargaining	$Z_{7.23} > Z_{0.5}$	DEs
4	Counselling employees under stress	$Z_{7.30} > Z_{0.5}$	DEs
5	Organizing training programmes	$Z_{9.53} > Z_{0.5}$	DEs
6	Planning career paths for management development	$Z_{7.82} > Z_{0.5}$	DEs
7	Job evaluation	$Z_{8.87} > Z_{0.5}$	DEs
8	Monitoring and assessing employee performance	$Z_{7.82} > Z_{0.5}$	DEs
9	Advising on organizational design	$Z_{5.66} > Z_{0.5}$	DEs
10	Ensuring compliance with equal opportunities legislation	$Z_{6.78} > Z_{0.5}$	DEs

Note: (H0:  $p1=p2$  Vs. H1:  $p1>p2$ ; at  $\alpha = 0.05$ ; with the critical region  $Z > 1.96$ )