

**Organisational Identification of Managers in Multinational Corporations:
A Quantitative Case Study in India and Pakistan**

Doctoral Dissertation
submitted for the degree of PhD (Econ)
Faculty of Economics
The London School of Economics and Political Science
July 1998

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THESIS



Abstract

This thesis set out to address a prescription that is sometimes made in the management literature. The prescription is that it is vital for MNC employees worldwide to share the core values and goals of the parent organisation, that is, to identify with the organisation as a global entity. The starting point for the present research was not only the prescription itself, but the apparent underlying assumption that exclusive identification with the organisation as a global entity is both possible and desirable. The thesis empirically examined, with the aid of social identity theory, whether managerial employees of MNC subsidiaries might have another main identification foci within the organisation, namely, their local subsidiary. It also examined whether there might be differential antecedent conditions and outcomes of identification with the local subsidiary and the organisation as a global entity. Additionally, the study examined whether those respondents who strongly identify with both levels of the organisation 'outperformed' other respondents. Finally, the study examined whether the type of MNC subsidiary might have an effect on local/global patterns of employee identification.

The results of the research indicate that identification in the MNC is not a monolithic phenomenon. Respondents drew a distinction between their subsidiary and the MNC as a global entity. Identification with each level of the organisation was found to have differential antecedent conditions and outcomes. Identification with the global level of the organisation revealed a positive association with a willingness to exert effort for the MNC as a whole, while identification with the subsidiary level of the organisation revealed a positive effect on the desire to remain a member of the organisation over the long term. Those respondents who strongly identify with both levels of the organisation did not 'outperform' other respondents. The type of MNC subsidiary appears to have an effect on local/global patterns of employee identification.

Acknowledgements

The author is deeply indebted to Dr. Riccardo Peccei, who went beyond the call of duty to see this thesis to completion. Others who contributed greatly to the development of this thesis are Dr. Birgit Benkhoff, for introducing the topic of organisational identification, and Dr. Mari Sako for her suggestions on earlier drafts. The author wishes to thank Dr. Ray Richardson for his wisdom and encouragement at all stages of this project.

Several colleagues deserve special mention. They are Dr. Jackie Coyle-Shapiro for her informal mentoring in my first year; Hyun-Jung Lee for her statistical wizardry, and; Jean Stirk for her support and the luncheon at her home which eventually led to the door of Unilever.

At Unilever many people contributed to this research, and all are remembered with utmost appreciation. I would particularly like to thank the managers at Unilever Plc in London who generously took the time to explain corporate policies and whose ideas contributed to the formulation of the research design. The chairmen of Hindustan Lever Limited and Lever Brothers Pakistan Limited graciously allowed the research to take place in their companies, and those in the personnel departments there granted everything needed to launch the questionnaire. The 317 people who graciously took the time to fill out the questionnaire ultimately made this research possible.

Friends and family gave constant support. These include the Wasbauer and McKenna clans, Fr. Robert Ballon, Y. Yamaguchi, Donna Harada, Renee Kilmer, Asha Richardson, Jim McGrew, Heather French, Kate Kroeger, and Nicholas Fitzherbert. Carla Grissmann opened her comfortable home for the writing of the final draft. My greatest debt, however, goes to Mark Reade McKenna for his patience, understanding and support throughout this entire process.

Finally, I wish to express gratitude for the sponsorship provided for this research by the Suntory-Toyota International Centre for Economics and Related Disciplines.

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BACKGROUND TO THE RESEARCH

.....

*Living in 'one world' means that the local and the global
become inextricably entwined.*

RJ Fung

Globalisation more and more shapes today's world. It shapes the way business is conducted and the way people perceive the world and their place in it. Globalisation in its most all-embracing form "refers both to the compression of the world and the intensification of consciousness of the world as a whole" (Robertson 1992:8). The usage of the term has been greatly influenced by Marshall McLuhan's notion that the simultaneous sharing of media has compressed the world into a 'global village' (Carpenter and McLuhan 1966). In other words, people in all parts of the world have increasingly come to hold in their minds a sense of the world in its entirety, alongside a sense of their geographically smaller, 'local world'.

The analogy of the global village can be readily applied to the human dimension of the multinational corporation. The multinational corporation (MNC) is comprised of employees of many nationalities who work at organisational subunits, or subsidiaries, spanning the globe. But no longer is an MNC like a far-flung empire, with employees of each subunit working in isolation only toward specific subunit goals. Today, employees of MNC subsidiaries are part of a more highly integrated network of the MNC's global activities (Campbell 1993). As part of the MNC's global network, employees are said to be aware not only of the specific goals of their local subsidiary but also of the overarching corporate goals common to all of the subsidiaries. For managerial employees in particular, globalisation has compressed the MNC into a 'global village' and intensified their consciousness of the MNC as a whole.

These statements usher forth a font of questions. For instance, does greater awareness of the MNC's overarching goals translate to a personal sharing of those goals? Do managerial employees perceive the MNC as 'one world', or do they draw a distinction between the MNC as a global entity and their 'local world' of the subsidiary? If they perceive the local and global worlds of the MNC as distinct, to what extent are these worlds entwined in the minds of managerial employees? And what difference does all of this make to the MNC? These

questions form the broad themes underlining the present research, themes that will be crystallized into specific research objectives later in the chapter.

1.1 Background to the Research Problem

Many business firms no longer question the need to enter the global marketplace but how to best compete in it (Harvard Business Review 1994). This is because the so-called forces of globalisation have pushed firms to engage in cross-border activities simply to stay in business. Indeed, globalisation for the business firm is generally conceived of as a competitive response to some of the forces that serve to 'compress the world', namely the reduction of technological and policy-related barriers to the movement of goods, services, and factors of production (Cowhey and Aronson 1993).

The reduction of technological barriers has come about through the remarkable advances made over the past few decades in technology related to information, communication, and transportation (Drucker 1989). As a result, the time and cost required for transport, communications, and information gathering and processing have been substantially reduced. The reduction of policy-related barriers has come about through the on-going liberalisation of policies governing trade and investment flows (World Investment Report 1995). Trade liberalisation, which began in the post-war years with the General Agreement on Tariffs and Trade, gained momentum with the conclusion of the Uruguay Round when many countries took steps towards opening services industries to foreign participation. Regarding foreign direct investment, liberalisation has allowed it to proceed rapidly since the early 1980s, and particularly from the mid-1980s. The result of liberalisation of trade and investment has been greater market access (World Investment Report 1995).

Working in tandem, these forces of globalisation have been a mixed blessing for the firm. On the one hand, reduced costs and greater access to information and to markets have created additional investment opportunities; on the other, they have heightened competition for the firm. Even home markets are affected, and can no longer provide the firm with relatively secure profits. Competitive pressure increases for the firm with the liberalisation of imports, inward foreign direct investment, and technology flows (World Investment Report 1995:125).

It is therefore generally recognised, at least among leading firms and management scholars, that firms need to develop global strategies in order to succeed (Doz 1986; Bartlett and Ghoshal 1989; Harvard Business Review 1994; Adler 1997; North 1997). Global strategies, however, have not generally encompassed human resource management issues. It has only been in the last decade or so that an appreciation for international organisational behaviour and the international management of human resources has begun to emerge (Poole 1990; Adler 1997). This is despite the fact that the critical role of human resources in the success of multinational corporate strategies is almost routinely acknowledged by management scholars (Ohmae 1985, 1989; Drucker 1989; Thurow 1993; Bartlett and Ghoshal 1994; Scullion 1995; North 1997).

Much of the work on MNCs has concentrated on broad questions of strategy, such as how the firm should be structured or organised (Doz 1986; Bartlett and Ghoshal 1989; Ohmae 1985, 1989; Yip 1995). Examples include whether decision-making authority should be centralised or decentralised, and whether products should be tailored to local markets or standardised in order to attain economies of scale (Campbell 1993; Doz and Prahalad 1995; Yip 1995). In line with this focus, research on human resources in MNCs has tended to be “couched in strategic contingency terms” (Ferner 1994: 79), where an attempt is made to ‘fit’ appropriate human resource policies to a variety of environmental conditions or business strategies. Much of this research is prescriptive in approach (eg. Schuler et al. 1993). Yet, not many studies have been done on what actually goes on in the firm or whether firms actually do what is prescribed (Ferner 1994). Moreover, because international human resource management is still in an infant stage of development, there is a paucity of empirical research to validate whether the prescriptions themselves are as important as they are purported to be or whether they can be applied across national boundaries.

One example of a prescription that is sometimes made in the management literature is the call for MNCs to foster shared values and goals among managerial employees throughout their global network (Bartlett and Ghoshal 1989, 1994; Ohmae 1990; Thurow 1993); in other words, to get employees to identify with the MNC as a global entity. Identification with the MNC as a global entity, or global identification, in terms of shared values and goals is viewed as critical for providing unity at every level of the organisation. This in turn is viewed as an

important means to support a global management strategy that is increasingly differentiated across businesses and organisational units (Bartlett and Ghoshal 1989:70; Ohmae 1990).

Organisational identification, in other words, is considered to be an informal control mechanism, alongside other more formal types of control such as centralisation of authority, and formalisation of rules and procedures (Child 1984). Informal control mechanisms such as organisational identification have come to be regarded as important as the more formal types of control (Wickens 1995), especially in dealing with the complexity of the current global economic environment (Doz 1986; Bartlett and Ghoshal 1989, 1994; Campbell 1993). This is because one of the main challenges faced by the firm that operates across national borders is the control of the activities of its overseas units. While control is an issue for any organisation (Child 1984), the issue becomes more complex when the subunits of the organisation are as geographically dispersed and comprised of employees as culturally diverse as those found in a multinational corporation (Bartlett and Ghoshal 1989; Gronhaug and Nordhaug 1992; Scullion 1995; Adler 1997).

Organisational identification of managers in multinational corporations is the subject of the present research. The following section gives a fuller introduction to organisational identification, discusses organisational identification as a global strategy of human resource management, and sets forth the general research questions.

1.2 Statement of the Research Problem

It was mentioned above that organisational identification is viewed as an informal control mechanism, or as a unifying force within the organisation. What does this mean at the individual level of analysis? As Child (1984:136) notes, control in an organisation “is aimed at ensuring that a predictable level and type of performance is maintained” (Child 1984:136). Organisational identification has become of interest primarily because it is assumed to be associated with positive and predictable behaviour which is thought to enhance organisational performance. Before detailing this behaviour, organisational identification is defined.

Organisational identification, defined as “a perceived oneness with the organisation” (Ashforth and Mael 1989), is a psychological attachment to the organisation experienced by

employees (O'Reilly and Chatman 1986; O'Reilly 1989). Organisational identification has been conceptualised in a number of ways. One way is in terms of shared values and goals between the individual and the organisation (eg. Schneider et al. 1971; Hall and Schneider 1972; Porter et al. 1974; Buchanan 1974). This form of organisational identification is what the management scholars referred to above seem to have in mind when they say that identification is critical to the success of the organisation. Another, more recent, way to conceptualise organisational identification is with the aid of social identity theory (Brown and Williams 1984; Brown et al. 1986; Ashforth and Mael 1989; Mael and Ashforth 1992; Benkhoff 1997a). This form of organisational identification rests on the individual's perceived belongingness to a group, and the sense of enhanced self-esteem that organisational membership confers on the individual. Both forms of organisational identification are associated with positive behaviour thought to enhance organisational performance.

An individual who identifies with the organisation is assumed to work instinctively to benefit the organisation (Ouchi 1980). The positive behaviours associated with organisational identification include enhanced cooperation (Ashforth and Mael 1989), extra effort, including performing "above and beyond the call of duty for the benefit of the organisation" (Mowday et al. 1982:15), and an intention to remain a member of the organisation (Lee 1971; O'Reilly and Chatman 1986; Benkhoff 1997a). In short, organisational identification is assumed to offer the possibility of unifying the organisation through controlling the behaviour of employees. If employees identify with the organisation, they are thought to be predisposed to behave in a manner consistent with the wishes of top management. Organisational identification and its associated beneficial behaviours is considered to be particularly important for managers, who have the responsibility of directing the course of the firm's business (Buchanan 1974).

The assumptions in the management literature appear to be that it is both possible and critical for managers everywhere in the organisation to identify exclusively with one level of the organisation, the level of the MNC as a global entity as represented by corporate headquarters. These assumptions provide the starting point for the present enquiry. First, we will consider the extent to which it might be possible for local managers of MNC subsidiaries to identify exclusively with the MNC as a global entity. Second, we will consider the criticality of it.

1.2.1 Is exclusive identification possible?

In order to better ascertain the possibility of exclusive identification with the MNC as a global entity, it is useful to review the relatively few existing studies of organisational identification, most of which were conducted in a single-country context. Because organisational identification is a relatively new research area, it is also useful to look at a relevant strand of research in a related area, organisational commitment. The differences between organisational identification and organisational commitment will be discussed in detail in a subsequent chapter.

The organisation has often been treated as a “single and sovereign” entity (Albert and Whetten 1985:270) with which an individual can identify. This seems to be reflected in the thinking of the management writers on MNCs referred to above. However, it has been shown through empirical studies that there are a number of identification foci related to the organisation (Brown 1969; Lee 1971; Rotondi 1975a, 1975b; Brown and Williams 1984; Friedkin and Simpson 1985; Brown et al. 1986; Guest et al. 1993). The identification foci examined in these studies include identification with one’s workgroup versus other workgroups in the organisation (Brown and Williams 1984; Brown et al. 1986; Guest et al. 1993), identification with one’s occupational or professional group versus the organisation (Brown 1969; Lee 1971; Rotondi 1975a, 1975b), and identification with an organisational subunit versus identification with the wider organisation (Friedkin and Simpson 1985). In the organisational commitment literature, there is a growing number of studies on dual commitment. These have focussed primarily on commitment to the trade union versus commitment to the organisation (eg. Fukami and Larson 1984; Reed et al. 1994), though some have examined commitment to a subunit of the organisation versus the wider organisation (Reichers 1986; Zaccaro and Dobbins 1989; Becker 1992; Becker and Billings 1993; Yoon et al. 1994).

The results of all these studies, which were conducted in a single-country context, reveal that psychological attachment to the organisation is not necessarily a monolithic phenomenon. Moreover, the results of the studies on commitment to two levels of the organisation generally indicate that psychological attachment tends to be more salient with the subunit than

with the wider organisation (eg. Zaccaro and Dobbins 1989; Becker 1992), bearing out the reported preference of individuals for identification with relatively small, distinctive social groups (Child 1984; Ashforth and Mael 1989; Brewer and Schneider 1990).

Given that exclusive identification with the organisation in a single-country context appears difficult to attain, to what extent is it possible for managers at the MNC subsidiary level to identify exclusively with the MNC as a global entity? The MNC, besides being a large organisation, is spread across the globe and operates in a multitude of socio-cultural, legal, political, and economic environments (Vernon and Wells 1981; Gronhaug and Nordhaug 1992:3; Schuler et al. 1993; Bartlett and Ghoshal 1995a; Adler 1997). All of this suggests that organisational identification in the MNC is even less likely to be a monolithic phenomenon than in domestic companies. It is proposed that, from the standpoint of managers at MNC subsidiaries, there are likely to be at least two main identification foci, the local subsidiary and the MNC as a global entity.

To date, there is only one empirical study to this author's knowledge which has examined the psychological attachment of managers to these two organisational levels of a MNC (Gregersen and Black 1992). The said study focussed on the commitment of home-country expatriate managers to both MNC headquarters and the overseas subsidiaries to which the expatriates had been posted. The respondents not only drew a distinction between the two levels of the organisation, but commitment to the subsidiary was marginally stronger than to the parent organisation. What this and the single-country studies suggest is that while identification with the MNC as a global entity is possible, it is probably not an exclusive, or even the main, identification foci for managerial employees.

1.2.2 Is exclusive identification critical?

It was mentioned earlier in the chapter that identification in terms of shared values and goals is considered to be critical to the success of the organisation. Bartlett and Ghoshal (1989, 1994), for instance, believe that each individual in the organisation must understand and share the organisation's values and broader goals in order for the organisation to be successful. For Ohmae (1990:89) this means creating "a system of values that all employees in all countries and regions unquestionably accept". The latter goes so far as to claim that "a global

company must be prepared to pull out of a region where its core values cannot be implemented”(89). These are strong statements, with at least two implications. One is that identification with the MNC as a global entity is an ‘all or nothing’ proposition. There is no room for identification with the local subsidiary or any other identification foci within the organisation. A further implication is that the MNC has nothing to gain unless local managers identify with the overarching organisation.

The management prescription for an unquestionable acceptance of parent company values and goals appears to be an extreme example of what some sociologists refer to as social integration, whereby formerly separate groups are united through “obliteration of separate group identifications” (Theodorson and Theodorson 1969:209-210). Lam (1995:509) cautions against a blanket policy of ‘integration’ in the MNC. Integration, in her view, neglects “inter-firm diversity” and the fact that “some firm-specific characteristics may be closely tied to firms’ national institutions, societal contexts and even their competitive strength” (509). In other words, even if it were possible for local managers to identify exclusively with the MNC as a global entity, it may not be in the MNC’s best interest.

Given the above-mentioned assumption that organisational identification ultimately leads to higher organisational performance, it stands to reason that the MNC would gain by having its managerial employees around the world identify with their respective local subsidiaries. After all, the *raison d’être* of the subsidiaries in the MNC galaxy is to contribute to the MNC’s overall profit portfolio. Identification with the local subsidiary by local managers should, if assumptions are correct, result in behaviour beneficial to the subsidiary. Such behaviour, if translated to higher performance of the local subsidiary, would ultimately benefit the MNC as a whole.

Identification with the MNC as a global entity may very well be critical for the success of the organisation, for all the reasons outlined earlier in the chapter. It is proposed, however, that identification with the local subsidiary may be equally as valuable to the overall performance of the MNC. It could be that identification with the two levels of the organisation produce differential outcomes of benefit to the organisation. Identification with the local subsidiary may produce outcomes that maintain the health and viability of the local unit, while identification with the global level of the organisation may provide a common ground for

understanding among members of the organisation as a whole, a common ground from which decisions and actions can be taken towards achieving common goals (Ohmae 1990). Identification with the MNC as a global entity may be the invisible 'glue' which helps bind not only cross-national members of the organisation with one another, but with the MNC as a whole, and which fosters a willingness among them to work for the benefit of the MNC as a whole.

Having outlined the research problems, the following section specifies the aim of the research.

1.3 Aim of the Research

1.3.1 Specific research objectives

Research in the area of organisational identification is relatively sparse, and applications to the MNC are particularly rare. The present study is therefore exploratory. It explores the nature of organisational identification in a large, complex organisation. As mentioned above, some management theorists hail the importance of identification with the MNC as a global entity in order to reap beneficial behaviour which is assumed to be linked to organisational performance. Yet there appears to be no empirical research to date to assess whether this prescription is as important as it is thought to be or whether it can be applied across national borders. Previous studies on multilevel attachments to the organisation in a single-country context provide a guideline for extending a similar study to the context of the MNC.

Based on the discussion in the previous section, the primary research objective is to empirically test whether organisational identification in the MNC is a monolithic phenomenon, or whether identification with the subsidiary and identification with the MNC as a global entity are separate phenomena. In the same vein, the study will also test whether local managers draw a distinction between the effort they are willing to exert on behalf of their subsidiary and the effort they are willing to exert on behalf of the MNC as a whole.

A related research objective is to examine whether there are differential antecedent conditions to, and outcomes of, identification with the two levels of the organisation. In relation to this, the study further seeks to determine whether identification with the local subsidiary fosters

outcomes that pertain mainly to the subsidiary, and whether identification with the MNC as a global entity generates outcomes that pertain primarily to the global organisation.

These research objectives will be translated to specific hypotheses and tested empirically in accordance with a research model which will be presented in chapter three. In addressing these objectives, a further aim of the research is to extend existing studies in the areas of organisational identification and human resource management in MNCs. The following discussion places the present research within the existing studies in these two areas.

1.3.2 Contribution to existing literature

The present study does not attempt to develop theory on organisational identification. Rather, the nature of organisational identification is examined, and hopefully illuminated, within the context of a large, complex organisation. It was mentioned earlier that two forms of organisational identification will be examined in the present study. The form measured by shared values and goals between the employee and the organisation is often used interchangeably with organisational commitment (eg. Gregersen and Black 1992; Bartlett and Ghoshal 1994). The overlap in usage is understandable given that organisational identification is a concept which has been subsumed within two popular organisational commitment constructs (Porter et al. 1974; Cook et al. 1980). These commitment constructs are comprised of three components: identification, willingness to exert effort for the organisation, and a desire to remain a member of the organisation. A number of researchers, however, have shown that these components do not create a unidimensional construct (Meyer and Allen 1984; O'Reilly and Chatman 1986; McGee and Ford 1987; Allen and Meyer 1990; Peccei and Guest 1993; Benkhoff 1997c). Some researchers consider that a willingness to exert effort and desire to stay are outcomes of identification (O'Reilly and Chatman 1986; Benkhoff 1997a). The present research follows that line of enquiry, treating willingness to exert effort and desire to stay as outcomes of organisational identification. One aim of the present study is to add to the body of research that considers shared values and goals between the employee and the organisation, that is, organisational identification, as a concept separate from organisational commitment.

The present study also examines organisational identification in the MNC based on social identity theory (Tajfel 1978; Tajfel and Turner 1979). It should be emphasised that the present study does not attempt to develop social identity theory. As noted by Hartley (1996), social identity theory (SIT) has been applied to a range of social issues but application to work organisations is rare (eg. Brown and Williams 1984; Brown et al. 1986; Ashforth and Mael 1989; Mael and Ashforth 1992; Dutton et al. 1994; Benkhoff 1997a, 1997b). Even rarer is the application of SIT to MNCs. The only such study to the knowledge of this author is by Child and Rodrigues (1996), a study that proposes a model for international joint ventures. Social identity theory, which will be discussed in detail in chapter two, provides a theoretical foundation to the otherwise largely atheoretical concept of organisational identification. The theory is considered to be highly relevant for understanding MNCs because it “draws attention to interaction among groups which are ethnically, corporately or occupationally distinct” (Child and Rodrigues 1996:50). One of the aims of the present study is to add to the body of research that applies SIT to work organisations in general and to MNCs in particular.

It was noted earlier that while there have been a growing number of studies on commitment to different levels of the organisation, such as to a subunit of the organisation versus the wider organisation (Zaccaro and Dobbins 1989; Becker 1992; Becker and Billings 1993; Yoon et al. 1994), there have been few parallel studies on organisational identification (eg. Friedkin and Simpson 1985). Moreover, the studies are mainly in a single-country context. The study by Gregersen and Black (1992), while not drawing a distinction between the concepts of organisational commitment and identification, is a noted exception, and comes closest to the aims of the present research. That study empirically examined shared values between MNC employees and two levels of the organisation, the parent organisation and a foreign subsidiary, and the antecedents of identification to these two levels. However, the study did not include outcomes of identification. Moreover, the employees selected for the research were confined to home-country expatriates. While the said study is a valuable contribution to the literature on international human resource management, the literature could be further served by a study that broadens the employee base to include host-country nationals.

The relatively sparse literature on MNCs that touches on international human resource management issues tends to focus on expatriate managers from the home countries of MNCs

(Derr and Oddou 1991; Gersten 1990; North 1997; Gregersen and Black 1992). These studies have mainly examined the problems involved in their recruitment, development, appraisal, and repatriation (Derr and Oddou 1991; Gersten 1990). Little research has been done on host-country employees, particularly managers, in the MNC. Those that have tend to be predominantly concerned with Japanese MNCs, and the transplantation of Japanese human resource and other management systems (Trevor 1987; Tayeb 1994; Komai 1989; Jones 1991; Gercik 1992; Evans 1993; Amante 1993). The stated assumption in some of the research on expatriates is that expatriates rather than host-country nationals are often responsible for balancing the interests of the parent firm with the unique aspects of local operations (Gregersen and Black 1992:66). This assumption disregards efforts by MNCs to localise their top management staff at the subsidiary level.

The present research extends the above-mentioned studies. It examines the nature of organisational identification in a large, complex organisation that spans national boundaries. The study includes identification with two levels of the organisation, the MNC subsidiary and the MNC as a global entity. The present study examines a number of hypothesised antecedents of organisational identification with the two organisational levels in the MNC; it also examines several hypothesised outcomes of identification with the two levels of the organisation. The present study focuses on host-country managerial employees of the subsidiary rather than on expatriates from the head office. None of the above-mentioned studies has combined in one study an examination of these components.

1.4 Significance of the Research

MNCs have become increasingly powerful players in the world economy, and their numbers are growing. They are the vehicles of foreign direct investment, which over the past decade has surpassed international trade to become the primary mechanism linking the economies of the world (World Investment Report 1996). The vast expansion in foreign direct investment, as well as in mergers and acquisitions, has resulted in a proliferation of MNCs and their affiliates (World Investment Report 1996). As an indication of the magnitude of this proliferation, the number of MNCs headquartered in 15 major developed countries nearly quadrupled between 1968 and 1993 (World Investment Report 1996:96). Worldwide, there

are now almost 40,000 MNCs, with some 270,000 foreign affiliates, not counting non-equity linkages (World Investment Report 1996:96).

Despite the fact that MNCs are growing in importance as the principal agents of the internationalisation of the world economy (World Investment Report 1995), little is known about how MNCs manage their human resources, particularly across national borders (Ferner 1994). This is also despite the fact that, as noted earlier, the crucial role of human resources in the success of multinational corporate strategies is almost routinely acknowledged by management scholars (eg Doz 1986; Drucker 1989; Ohmae 1985, 1989; Thurow 1993; Bartlett and Ghoshal 1989, 1994; North 1997). Much has been made in the management literature, for instance, of the recognition by firms that extraordinary effort is the key to the high performance and hence the competitive edge they seek. Human resources, say the management theorists, are coming to be valued not only for the knowledge and expertise that they embody, but for the quality of effort they can exert, *if they are so inclined*, in applying their knowledge and expertise (Bartlett and Ghoshal 1994).

As mentioned earlier, extra effort exerted on behalf of the organisation is considered to be an outcome of organisational identification. It was also noted earlier that the concept of organisational identification appears to be grounded in the context of a domestic firm, and from the standpoint of management theorists considered to be a monolithic phenomenon, even as applied cross-nationally. Yet there is empirical evidence showing that identification is not a monolithic phenomenon, that multiple identification foci are possible. What does the possibility of multiple identification foci mean for the much-touted identification-effort link, particularly in the context of the MNC? The implication in the management literature is that individual effort leading to organisational performance at the subsidiary level is dependent, at least in part, upon identification with the MNC as a global entity. Is this necessarily the case? Might not identification with the local subsidiary have as much if not greater bearing on effort exerted at the local subsidiary level?

An enquiry into the possibility of local *and* global identification foci in the MNC, and the possibility of differential outcomes, is particularly significant given the recent investment trends of MNCs. One trend is the relative decline in home country investment by MNCs, from 41-58 per cent of total investment at the start of the decade to an estimated 37-45 per

cent in the late 1990s (World Investment Report 1996:38). Another trend is that, while the developed countries continue to garner the greatest share of foreign direct investment at roughly the 65 per cent level in 1995, there has been a relative increase in investment in developing countries over time, particularly in Asia. For the period 1983 to 1989, the average annual share of foreign direct investment inflows to developed countries was 80 percent while that to the developing countries was 20 per cent. The ratio in recent years has changed to roughly 60/40 for developed and developing countries, respectively (World Investment Report 1996:227-231). These trends indicate that a growing percentage of MNC employees are likely to be non home-country nationals, and are likely to be from developing countries particularly in Asia. It cannot be assumed that these employees will identify with the MNC as a global entity as readily as home country nationals might. This scenario begs a deeper investigation of the possibility and ramifications of employee identification with both the subsidiary level of the organisation and the MNC as a global entity.

The significance of the current study resides primarily in the investigation of the possibility of identification with two organisational levels within the MNC, and what this may mean for the MNC. The study examines the identification-effort link at both levels of the organisation; it also examines the identification-desire to stay link. Further, it probes whether identification with the two organisational levels may produce differential but equally beneficial outcomes for the MNC, and it explores the antecedent conditions of identification with both levels.

The MNC selected for the current study is Unilever, an Anglo-Dutch enterprise in the business of consumer products, primarily food. It is one of the oldest and largest MNCs in the world, with a long history in Asia. In view of the above-mentioned investment trends, the geographical location chosen for the current study is developing Asia. The fieldwork was conducted at Unilever's subsidiaries in India and Pakistan. Unilever has a tradition of giving managerial autonomy to its subsidiaries while at the same time socialising its managerial employees through the worldwide dissemination of its core values. The case-study MNC is therefore considered to be an appropriate organisation to investigate the possibility of local identification, which may arise in part from local autonomy, alongside global identification, which may arise partly through socialisation efforts. Unilever is an appropriate organisation to study for another reason. It is a 'textbook example' of a large, successful organisation which has in place international human resource management systems which characterise the

‘geocentric’ organisation, or what has been considered an ideal organisation. If organisations such as the case-study MNC can be considered harbingers of experience and strategy development, the results of this study may prove useful to those firms that follow in the wake of MNCs such as Unilever.

The results of the research should generally be of use to firms interested in developing global human resource management strategies. If organisational identification is as valuable as it is theorised to be, and if there are indeed local and global identification foci in the MNC, each with differential antecedents and outcomes, the results of this study should better enable firms to pinpoint appropriate human resource management strategies at the appropriate locus in the organisation to achieve the desired outcomes. The results of the research should also be of interest to firms who seek to invest in South Asia, an area of the world which is gaining increasing attention as an important investment site. In sum, it is hoped that the results of the study will expand our knowledge of the management of human resources in the MNC. The more we know about human resource management in MNCs the better able firms will be to cope with the growing complexity and diversity in their worldwide investment activities.

1.5 Structure of the Thesis

The first half of the thesis constitutes the background of the research. Chapters two and three together form the theoretical framework of the thesis. Chapter two introduces the concept and theoretical underpinnings of organisational identification. Chapter three presents the organisational context within which organisational identification will be examined, that is, the MNC. The case-study MNC and subsidiaries are also introduced in chapter three, along with the basic research model. Chapter four outlines the research methodology.

The second half of the thesis presents the results of the data analysis. These are the results of testing the three parts of the basic research model. Chapters five, six, and seven, respectively, give the results of testing the three parts of the model. Chapter eight concludes the thesis with an overview of the research results, the implications for policy and practice, and suggested areas for future research.

Organisational Identification

the concept and theoretical framework

*Only one is the fire, ignited in numerous ways.
Only one is the sun, pervading this whole universe.
Only one is the dawn, illuminating all things.
In truth, the One has become the whole world.
Rg Veda*

2.1 Introduction

The ancient Indian scriptures tell us of the inherent oneness in the universe, and how that oneness is perceived as a multitude of distinct things (Chidvilasananda 1996). Fire is fire though we see it burning in different logs; clay is clay though we see it in the form of many pots and jars; the earth's moon is one though we see it reflected in every pool of water (Kripananda 1989). When we look at a rainbow, we see "seven relatively discrete bands of colour, and yet what is actually there is a continuous distribution of light of different wavelengths" (Hogg and Abrams 1988:19). In the same way, as if by centrifugal force, the human race splinters into a multitude of groups, with layer upon layer of differentiation. Yet, like fire chasing fire or a river seeking the sea, the individual, as if by centripetal force, seeks belongingness or oneness with an entity larger than himself. The one splintering into many, and the many seeking the one is a seeming paradox as old as the sun.

A key issue in social psychology is to explain this seeming paradox in terms of "how cohesion required for social existence can coexist with the divisions in society" (Hogg and Abrams 1988:2). How do groups come to be formed? How do groups relate to one another? How does the individual relate to the group? These questions lie at the heart of some of the "most important phenomena of social existence, such as identity, the self, group solidarity, international relations, prejudice, discrimination, stereotyping, conformity, and collective behaviour" (Hogg and Abrams 1988:3). The above paradox is mirrored in organisations, where cohesion thought to be required for holding the organisation together coexists with the sometimes divisive goals and demands of organisational subunits. In an organisational context, the corresponding questions are: How did the organisation come to be founded and

how has it evolved? What are the relations between organisational subunits? How does the individual employee relate to the subunit and to the organisation as a whole?

One of the approaches for understanding the above-mentioned paradox is to focus on the nature of group membership--group formation, relations between groups, and the relationship between the individual and the group. A theory which is considered to have wide scope in addressing the range of issues associated with the nature of group membership, including those questions posed above, is social identity theory (Taylor and Moghaddam 1994:66). The appeal of social identity theory is that its explanatory power is considered to range from the behaviour of individuals to the behaviour of large social categories such as organisations. Social identity theory has become of interest to those in the field of organisational behaviour because it offers an aid to the understanding of the relationship between the individual employee and the work organisation.

Organisational identification, defined in this thesis as an employee's perceived 'oneness' with the firm (Ashforth and Mael 1989), is considered to be a source of cohesion which in turn is thought to be required for the functioning of the organisation. Social identity theory has been considered useful to study the relationship between groups within an organisation, particularly with regard to an individual's identification with his or her subunit, such as a workgroup, versus identification with the organisation as a whole (Brown and Williams 1984; Brown 1986). In the present research, social identity theory is applied to managerial employees of multinational corporations to assess the extent of their identification with their local subsidiary versus identification with the multinational corporation as a whole. The nature of the multinational corporation is discussed in the following chapter. Suffice it to say at this stage that multinational corporations are large social categories in and of themselves, and the international nature of their operations brings into play, in microcosm through their subsidiaries, a multitude of other large social categories in the form of nation states. Social identity theory, with its noted applicability to individuals as well as to large social groups, seems well placed to embrace both the context and the core issue in the present research, namely, the extent to which employees perceive a oneness with the organisation as a whole.

The purpose of this chapter is to lay the theoretical foundation of organisational identification. Social identity theory, which is central to the theoretical foundation, is outlined in section 2.2.

This is followed by an introduction to the concept of organisational identification, a discussion of the hypothesised antecedents and outcomes of organisational identification, and a basic model of organisational identification.

2.2 Social Identity Theory

2.2.1 Introduction

Social identity theory (SIT) was developed by Henri Tajfel and John Turner of the 'Bristol school' in England in the 1970s (Tajfel 1978; Tajfel and Turner 1979). The main premise underlying social identity theory is that the individual derives a social identity, and hence a self-identity, through group membership (Turner 1975; Tajfel 1978; Tajfel and Turner 1979). In the words of Hogg and Abrams (1988:2), "while a society is made up of individuals, it is patterned into relatively distinct social groups and categories, and people's views, opinions, and practices are acquired from those groups to which they belong". Or, more succinctly in the words of Foote (1951:21), "one has no identity apart from society". Whereas the traditional social psychological approach is of the "individual in the group", the social identity approach focuses on the "group in the individual" (Hogg and Abrams 1988:3). To borrow the analogy from the Indian scriptures mentioned at the beginning of this chapter, the social identity approach focuses on the fire ignited in individual logs, rather than on the individual logs in the fire.

Social identity theory is concerned with groups of people--the nature of groups, an individual's relationship with a group, and the relations between groups. What, first of all, is meant by a group? The term 'group' covers a wide spectrum from the classic small groups studied in the laboratory or therapy room to the large organisational or social category (Hartley 1996). In the organisational context, groups "vary from the formal--a work group, a project team, a committee, a board--to the informal--the *ad hoc* meeting or discussion, the luncheon group, the clique, the cabal" (Handy 1993:150). Tajfel (1978:28) adopts the definition of a larger social category, given by the historian Emerson (1960:102), to illustrate his meaning of group: "The simplest statement that can be made about a nation is that it is a body of people who feel that they are a nation; and it may be that when all the fine-spun analysis is concluded this will be the ultimate statement as well". The essence of Emerson's

definition is captured by Handy (1993:150-151), who views a group as “any collection of people who perceive themselves to be a group”.

The individual’s perception of his or her group membership is central to Tajfel’s (1978:63) definition of social identity. Social identity is defined as “that *part* of an individual’s self-concept which derives from his knowledge of his membership of a social group (or groups) together with the value and emotional significance attached to that membership”. There are three components of this definition (Tajfel 1978:28). The first component is a cognitive one, “in the sense of the knowledge that one belongs to a group”; the second component is an evaluative one, “in the sense that the notion of the group and/or of one’s membership of it may have a positive or a negative value connotation”; the third component is an emotional one, “in the sense that the cognitive and evaluative aspects of the group and one’s membership of it may be accompanied by emotions (such as love or hatred, like or dislike) directed towards one’s own group and towards others which stand in certain relations to it”. The interrelated components of Tajfel’s definition, along with the key assumptions underlining SIT, are discussed in the following subsection.

2.2.2 Positive cognitive bias

The three components of Tajfel’s (1978) definition are present in what has been referred to as positive cognitive bias (Benkhoff 1997a; Benkhoff 1997b). Cognition refers, in a very general way, “to all those activities through which a psychic system organises information into knowledge” (Leyens and Codol 1988:108). Perception, memory, and thought elaboration are some of the many phenomena involved in this processing (Leyens and Codol 1988). Before proceeding with a discussion of positive cognitive bias in the context of SIT, it is useful to note the two main assumptions underlying SIT concerning the nature of people and society, and their interrelationship.

One assumption is that individuals are motivated to enhance their own self-esteem. Self-esteem is defined as feelings of self-worth and self-respect (Manstead and Hewstone 1996:505). That people have a need for self-esteem is supported by laboratory studies which show the “dire consequences of acutely low self-esteem” (Hogg and Abrams 1988:22). The other assumption is that society comprises social categories which stand in power and status

relations to one another (Tajfel and Turner 1979). Social categories refer to the division of people on the basis of, for instance, nationality, race, class, occupation, sex, or religion. Power and status relations refer to the fact that some categories in society have greater influence and prestige than others (Hogg and Abrams 1988). By social status is meant “a ranking or hierarchy of perceived prestige” (Tajfel and Turner 1979:37). The discussion of positive cognitive bias, which rests on these two assumptions, begins with a look at the relationship between the notions of categorisation and comparison.

Individuals use categories to structure their environment (Tajfel 1978). At a fundamental level, categorisation simplifies our perception of the world; we order the world into a manageable number of categories in order to make sense of an endless stream of stimuli (Hogg and Abrams 1988:19). Categorisation “brings into sharp focus a nebulous world, by accentuating similarities between objects within the *same* category and differences between stimuli in *different* categories” (Hogg and Abrams 1988:19). Once the world is ordered into discernible categories, comparison is made possible. The act of comparing entails a search for similarities and differences. It may also entail a subjective judgement as to which object is better or more desirable.

A similar process of categorisation and comparison takes place among groups of people (Tajfel 1978). Individuals use categories and comparison to structure their social environment and define their own place in it. As Foote (1951:17) wrote, “every man must categorise his fellows in order to interact with them”. Categorisation of people into “us and them” groups, or ingroups and outgroups, is thought to satisfy a basic need for distinctiveness (Brown and Williams 1984). The search for distinctiveness is made possible through comparison. After all, groups acquire meaning for the individual only in relation to, or comparison with, other groups. The notion of a group, or how it might be distinctive, makes no sense without the existence of other groups. “Consequently”, Tajfel (1978:66) writes, “the social identity of an individual conceived as his knowledge that he belongs to certain social groups together with some emotional and value significance to him of his membership can only be defined through the effects of social categorisations segmenting an individual’s social environment into his own group and others”.

Once an individual's social environment is segmented, comparison takes place between the ingroups and the outgroups. Social identity theory proposes that individuals wish to belong to groups that compare favourably with, and are distinct from, other groups, and that lead to positive evaluations of themselves (Tajfel and Turner 1979; Brown and Williams 1984; Hogg and Abrams 1988). Having a positive self-view, or what Tajfel and Turner (1979) refer to as a positive social identity, is thought to enhance self esteem (Tajfel and Turner 1979; Hogg and Abrams 1988). Social identity theory draws on Festinger's (1954) theory of social comparison which holds that "we have an upward directional drive which leads us to compare ourselves with others who are similar to or slightly better than ourselves on relevant dimensions" (Abrams and Hogg 1990:3).

Achieving a positive social identity is satisfied by "maximizing the difference between ingroup and outgroup on those dimensions which reflect positively upon ingroup" (Hogg and Abrams 1988:23). This is because "the aim of differentiation is to maintain or achieve superiority over an outgroup on some dimensions" (Tajfel and Turner 1979:41). Individuals are prompted, in other words, to make social comparisons between the ingroup and outgroup in order to achieve both a positive and distinct position for the ingroup (Tajfel and Turner 1979; Taylor and Moghaddam 1994:61). It is the search for distinctiveness which is thought to underlie the phenomenon of ingroup bias, and which may contribute to intergroup differentiation (Brown and Williams 1984). By categorising the self with the ingroup, the individual engages in stereotyping, such that "all stereotypic properties of the ingroup (the phenomenon of ethnocentrism)" are positively evaluated, and all those of the outgroup are negatively evaluated (Hogg and Abrams 1988:22).

Positive cognitive bias occurs, therefore, when an individual's affective patterns are split so that positive feelings are associated with one's own group and negative feelings are projected onto other groups (Hartley 1996). As noted above, this is thought to occur through the process of categorisation, which is prompted by a need for distinctiveness, and the process of comparison, which is fuelled by a need for self-esteem. An important point to be made is that ingroup bias is said to occur only along those dimensions which are positively valued by the ingroup. Not all between-group differences have evaluative significance (Tajfel and Turner 1979). In other words, not all differences between groups matter enough to prompt

discrimination. Also, ingroups do not compare themselves with every cognitively available outgroup; the outgroup must be perceived as a group worthy of comparison.

A key finding from social identity research is that group members come to have a positive cognitive bias, and behave in a discriminatory manner, even where the group had just been formed, and where members did not interact with anyone from either their own or the other group (Hartley 1996:409). Evidence of this is provided by laboratory studies referred to as the 'minimal paradigm' experiments. In these experiments, subjects were randomly allocated to groups which were differentiated on 'minimal' criteria that were considered to have no special meaning for the subjects (Tajfel 1978). In one experiment, for example, subjects were allocated to groups based on the toss of a coin (Hogg and Abrams 1988). Such experiments revealed that "the mere perception of belonging to two distinct groups--that is, social categorisation per se--is sufficient to trigger intergroup discrimination favouring the ingroup" (Tajfel and Turner 1979:38-39). A random classification into groups proved to be a stronger determinant of discrimination than perceived interpersonal similarities and dissimilarities (Tajfel and Turner 1979).

2.2.3 Identification foci

There are two points in the SIT literature regarding identification foci that have relevance for the present research, relevance that will become obvious as the thesis unfolds. The first point is that SIT allows for multiple identities. Belonging to one group does not preclude belonging to other groups, though memberships in mutually exclusive groups, like Protestant *and* Catholic in Northern Ireland, is unlikely (Hogg and Abrams 1988:14). Individuals are simultaneously members of, for instance, a family unit, a work organisation, and a club. While membership in a number of groups can be simultaneous, it is thought that membership in some groups has more salience for the individual than membership in others, and that the salience may vary as a function of time and circumstance (Tajfel 1978). Tajfel (1978:44) provides a rather haunting example of the foregoing using a line from Benjamin Britten's "War Requiem", in which one dead soldier says to another, "I am the enemy you killed, my friend". Before death the soldiers were enemies, identifying with their respective sides in the war. After death, friendship became possible as the former group memberships lost their salience, and the only group division that mattered was between the dead and the living.

The second point regarding identification foci which has relevance for the present research is concerned with subordinate groups and social mobility. According to SIT, an individual will tend to remain a member of a group so long as it continues to give the individual a positive social identity. If not, the individual is likely to seek membership in new groups. Social mobility is one way for an individual to become part of a group with perceived greater status. Examples of a social mobility strategy include players moving from one football team to another, or individuals moving from one organisation to another seeking promotion (Hogg and Abrams 1988:56). This strategy depends on the permeability of group boundaries. Not all group boundaries are permeable. Recall that groups stand in power, status, and prestige relations to one another (Hogg and Abrams 1988:26). In this hierarchy the group with the greater status has a vested interest in maintaining the status quo, that is, protecting its position by keeping group boundaries impermeable (Abrams and Hogg 1990). One example of a near-impermeable group boundary is the 'glass ceiling' in organisations, which is perpetuated by those in the dominant group (top management) through forestalling the entry of those they consider to be from 'inferior' groups, such as women and other minorities.

It is still possible, however, to identify with a group even if the group boundary is impermeable in an 'objective' sense. Individuals do not necessarily identify with the groups to which they are ascribed, groups such as gender, race, and nationality (Hogg and Abrams 1988). Membership in such groups cannot be denied but may be played down in favour of identification with groups perceived to confer greater status. A good example is provided by an early study on identification. Macoby and Wilson (1957) found that boy subjects identified with screen characters related to the social class level to which they aspired rather than to the level their families currently occupied (recounted by Kagan 1958:303). Individuals in groups who feel inferior or subordinate may also derogate their own group while displaying positive attitudes toward the group perceived to have higher status (Tajfel 1978). Moscovici and Paicheler (1978) hypothesise that a minority, or subordinate, group which is unsure of its opinions or in a position of failure will tend to identify with an outgroup seen to embody desirable characteristics. Conversely, they hypothesise that a minority, or subordinate, group which is sure of its position and its opinions, having experienced success, will tend to exhibit strong ingroup identification.

2.2.4 Summary

Social identity theory provides a theoretical framework for examining the relationship between the individual and the group, and the relationship between groups. In the social identity approach an individual gains a self-identity through group membership. The individual is assumed to be motivated to enhance self-esteem, or to achieve a positive social identity. This is done through categorisation and comparison. Individuals can identify simultaneously with more than one group. Identification with some groups is likely to be stronger than with other groups, and identification salience is capable of shifting among identification foci as a function of time and circumstance. Individuals will seek membership in groups that confer status, and may utilise a strategy of social mobility when group boundaries are perceived to be permeable. If not, it is still possible to identify with a group perceived to confer greater status.

2.3 The Concept of Organisational Identification

2.3.1 Introduction

Organisational identification is a form of psychological attachment to the organisation. That is to say, it involves a psychological bond linking the individual and his or her employing organisation (O'Reilly and Chatman 1986; O'Reilly 1989). It is a form of psychological attachment that occurs when organisational members embrace the defining characteristics of the organisation as defining characteristics of themselves (Brown 1969; Dutton et al. 1994). Organisational identification implies that individuals "come to see the organisation as part of themselves" (Dutton et al. 1994:242). In other words, they come to feel a "oneness" with the organisation (Ashforth and Mael 1989).

The question sometimes arises as to why an individual might form a psychological attachment to a work organisation. It has been said that an individual needs to identify with *something* (Foote 1951; Mowday et al. 1982). Foote (1951:20) maintains that without identification "there would be no value in living, since value only exists or occurs relative to particular identities". Recall from the discussion of social identity theory that people derive their self-identity and sense of self worth through membership in groups. The work organisation, where a large percentage of the population spends a good portion of their waking day, has

become perhaps the most important social institution through which people derive a fundamental sense of self worth and satisfaction (Bartlett and Ghoshal 1994; Benkhoff 1997a). This is especially so with the much-discussed erosion of other social institutions such as the church, and even the family, that have traditionally offered individuals a set of values to which they could adhere (Bartlett and Ghoshal 1994). The work organisation has come to comprise a major component of the individual's sense of self (Mael and Ashforth 1992).

Organisational identification has also long been considered to be an important factor influencing the effectiveness of the organisation (Gouldner 1957; Peters and Waterman 1982; Ashforth and Mael 1989; Dutton et al. 1994; Ghoshal and Bartlett 1995; Benkhoff 1997b). This is because organisational identification is viewed as an informal control mechanism, capable of providing cohesion among employees and units in the organisation, and lending a modicum of predictability to the level and type of performance maintained (Ouchi 1980; Child 1984; Bartlett and Ghoshal 1989). The cohesiveness of the group is considered to be one of the most important aspects of the social system (Argyle 1990), and by extrapolation to the organisation (eg. Bartlett and Ghoshal 1989). Cohesion has been defined as "the extent to which the group members are attracted towards the group and are prepared to cooperate with one another" (Argyle 1990:115). It is thought that a failure to develop a psychological attachment among members to the organisation, and the associated esprit de corps, "may require the organisation to bear the increased costs associated with more detailed and sophisticated control systems" (O'Reilly and Chatman 1986:493). Other forms of control include formalisation of rules and procedures. Regarding cohesion among organisational subunits, organisational identification is seen to be particularly advantageous for large and growing organisations (Bartlett and Ghoshal 1989), where other control mechanisms, such as rules and procedures, may become increasingly difficult to enforce (Child 1984).

Concerning the predictability of performance, organisational identification is considered to be a means to "inculcate predispositions among employees to act in ways that are in line with managerial requirements" (Child 1984:145). In this way, organisational identification is believed to be associated with a range of behaviours and attitudes considered critical for the functioning of the organisation, such as discretionary effort, cooperation, and desire to remain an organisational member (Katz 1964; Porter et al. 1974; O'Reilly and Chatman 1986; Dutton et al. 1994; Benkhoff 1997a). Organisational identification is viewed as particularly important

for professional or managerial employees, who do not tend to respond well to more formal types of control mechanisms such as rules and regulations (Child 1984).

So far, organisational identification has been described as a psychological bond between the employee and the organisation, and as an important phenomenon for both the individual and the organisation. This section proceeds to elaborate on the concept of organisational identification. This is accomplished, firstly, by comparing it to a related concept, organisational commitment and, secondly, by studying a number of definitions of organisational identification. These discussions will provide the stepping stones for presenting in subsequent sections the forms of organisational identification that will be examined in the current research, the hypothesised antecedents of organisational identification, and the hypothesised outcomes of organisational identification.

2.3.2 Identification and commitment

There are three reasons for attempting to compare the concepts of organisational identification and organisational commitment. One is to clarify in as simple a way as possible the difference between the two concepts, since the frequent confusion between the two is considered “particularly problematic” (Mael and Ashforth 1992:105). No attempt is made to assess the intricate psychological processes thought to link the two concepts (Foote 1951; Stryker and Serpe 1982; Burke and Reitzes 1991). The second reason for comparing the two concepts is to acquaint the reader with the way identification is conceptualised when it is included in two well-known organisational commitment constructs. This is done because one of the forms of organisational identification examined in the present research, explained in detail in the following section, is similar to that included in these organisational commitment constructs. The third reason is to acquaint the reader with the components, other than identification, of the two well-known organisational commitment constructs. This is done because these components, discussed later in the chapter, are viewed in the current research as outcomes of organisational identification.

The question often arises as to the difference between organisational identification and organisational commitment. The confusion arises because the two terms have been used interchangeably (eg. Reichers 1986; Gregersen and Black 1992). This is understandable given

that the concept of organisational identification has been subsumed within a number of organisational commitment constructs (eg. Porter et al. 1974; Cook and Wall 1980; Allen and Meyer 1990). Since the purpose here is to highlight the inclusion of identification in the commitment concept, rather than to illuminate the diverse and overlapping conceptualisations of commitment itself, two well-known organisational commitment constructs are provided as examples. One is Porter et al.'s (1974) popular organisational commitment construct. Reflecting its immense popularity, it was used, as Benkhoff (1997c) notes, in 103 of the 174 pieces of research included in Mathieu and Zazac's (1990) meta-analysis of organisational commitment. The other is Cook and Wall's (1980) alternative of that commitment construct, which has been the main organisational commitment measure used in the UK (Peccei and Guest 1993).

Porter et al. (1974:604) define organisational commitment as "the strength of an individual's identification with and involvement in a particular organisation". Their corresponding organisational commitment construct combines three components:

- 1) *Identification* - "a strong belief in and acceptance of the organisation's goals and values" (Porter et al. 1974:604);
- 2) *Extra effort* - "a willingness to exert considerable effort on behalf of the organisation"(ibid:604);
- 3) *Desire to stay* - "a definite desire to maintain organisational membership" (ibid:604).

Cook and Wall (1980:40), closely following the definition of Buchanan (1974:533), see organisational commitment as being "concerned with feelings of attachment to the goals and values of the organisation, one's role in relation to this, and attachment to the organisation for its own sake rather than for its strictly instrumental value". Their corresponding three-component organisational commitment construct closely mirrors the one given above:

- 1) *Identification* - "pride in the organisation; the internalisation of the organisation's goals and values" (Cook and Wall 1980:40);
- 2) *Involvement* - "willingness to invest personal effort as a member of the organisation, for the sake of the organisation"(ibid:40);
- 3) *Loyalty* - "affection for and attachment to the organisation; a sense of belongingness manifesting as a 'wish to stay'" (ibid:40).

In both the Porter et al. (1974) and Cook and Wall (1980) constructs, identification is combined with other aspects of an employee's attachment to the organisation, namely a willingness to exert effort on behalf of the organisation and a desire to stay with the organisation. Thus it can be said that the organisational commitment concept is broader than the concept of organisational identification; organisational commitment refers to the degree to which one identifies with *and* participates in a particular employing organisation (Lincoln and Kalleberg 1989:58).

A number of researchers, however, have questioned whether the three components create a single commitment construct (Angle and Perry 1981; Meyer and Allen 1984; O'Reilly and Chatman 1986; McGee and Ford 1987; Allen and Meyer 1990; Peccei and Guest 1993; Benkhoff 1997c). Benkhoff (1997c) found that the three components of Porter et al.'s (1974) commitment construct were empirically distinct, while Peccei and Guest (1993) found that the three components of Cook and Wall's (1980) commitment construct were empirically distinct. The main criticism of combining the three components in a single construct is that there is a failure "to differentiate sufficiently between the phenomenon of commitment itself, as a psychological state, and some of its presumed consequences" (Peccei and Guest 1993:7). The two components other than identification, that is, willingness to exert effort and desire to stay, have been treated by some researchers as outcomes of organisational identification (eg. O'Reilly and Chatman 1986). A related criticism of the three-component construct is that it is difficult to develop appropriate tests of the antecedents of commitment (Meyer and Allen 1984; McGee and Ford 1987). In other words, there may be different antecedents of identification, willingness to exert effort and desire to stay.

Empirical evidence on the deconstruction of Porter et al.'s (1974) three-component commitment construct, for instance, has led at least one writer to suggest doing away with the term 'commitment' altogether, and replacing it with the term 'identification' (Benkhoff 1997c). This raises the question as to what is meant by identification. Even in the above three-component commitment constructs identification is conceptualised differently. As noted by Peccei and Guest (1993), the former construct focuses on shared values and goals while the latter includes pride in the organisation plus shared values and goals. The following

section gives a number of key definitions of organisational identification found in the literature.

2.3.3 Definitions of organisational identification

The concept of identification is said to have originated in psychoanalytic theory, with Sigmund Freud apparently the first to note and name it (Tolman 1943; Foote 1951; Kagan 1958). Yet, as Sanford (1955:107) pointed out more than 40 years ago, “the manifest phenomena of identification [in social behaviour]... were observed before Freud and attempts at their description have gone forward independently of psychoanalysis...”. Sanford (1955:107) bemoaned the fact that the term ‘identification’ was “in the air” and was being used loosely to describe all manner of social behaviour that could be more accurately depicted by other words. Mirroring much later suggestions that the perhaps over-used, over-stretched and imprecise term ‘commitment’ be done away with (eg. Benkhoff 1997c), Sanford proposed the very same thing about identification for similar reasons.

From this starting point in the identification literature, it comes as no surprise that organisational identification has been conceptualised in a number of ways. This is readily discernible by the various definitions and measures of organisational identification that have emerged over the years. In some definitions of organisational identification, shared values and goals between the employee and the organisation are considered central to the concept. Recall, for instance, the identification component of the Porter et al. (1974) organisational commitment construct. Identification is thought to occur when there is a match between the individual’s values and goals and those of the organisation. Schneider et al. (1971), for instance, define organisational identification as “the extent to which the individual accepts the values and goals of an organisation as his own and, therefore, becomes emotionally committed to that organisation”. The conceptualisation of identification either wholly or partially in terms of shared values and/or goals can be seen over the years in the works of many others (Tolman 1943; Foote 1951; Kagan 1958; March and Simon 1958; Brown 1969; Lee 1971; Hall and Schneider 1972; Porter et al. 1974; Buchanan 1974; Cook and Wall 1980; Reichers 1986; Benkhoff 1997b).

Another stream of researchers conceptualise organisational identification in line with Kelman's (1958) influence theory (Angle and Perry 1981; O'Reilly and Chatman 1986; Caldwell et al. 1990). Kelman (1958:53) maintains that identification occurs "when an individual accepts influence because he wants to establish or maintain a satisfying self-defining relationship to another person or a group". Identification is viewed as a desire for affiliation, and does not include shared values and goals as part of the concept. A distinction is drawn between internalisation, whereby an individual shares the values and goals of a group because they are congruent with personal values, and identification which is seen to satisfy a desire for affiliation. The argument is that one can accept influence without accepting another's values as one's own. O'Reilly and Chatman (1986) construe this to mean that one can feel proud to be part of a group, respecting its values, without adopting those values personally. Organisational identification conceptualised in line with Kelman's (1958) definition has been measured in terms of pride in organisational membership (eg. O'Reilly and Chatman 1986; Caldwell et al. 1990).

Social identity theory (SIT) offers another conceptualisation of organisational identification. Recall that the definition of social identity is an individual's knowledge that "he belongs to certain social groups together with some emotional and value significance to him of his membership" (Tajfel 1978:66). Individuals derive their self-identity and sense of self worth through membership in groups. Applied to work organisations, membership in the organisation becomes a source of self-identity. Following the logic of SIT, individuals who identify with the organisation would show a positive cognitive bias toward the organisation. They would also derive self-esteem through membership in the organisation, manifesting as pride in being an employee of the organisation.

The latter aspect of the SIT conceptualisation overlaps with O'Reilly and Chatman's (1986) use of pride in membership to measure Kelman's (1958) conceptualisation of organisational identification. The SIT conceptualisation and the Kelman conceptualisation overlap in another area. The social identity approach to organisational identification does not directly include shared values and goals between the employee and the organisation. Accordingly, organisational researchers using SIT have generally not included shared values and goals in their concept of identification (eg. Brown and Williams 1984; Brown et al. 1986; Ashforth and Mael 1989; Mael and Ashforth 1992). Rather, they have tended to measure identification

in terms of belongingness to the group and how the individual feels about the group (eg. Brown and Williams 1984; Ashforth and Mael 1989; Mael and Ashforth 1992).

When comparing the above three conceptualisations it can be seen that the SIT and Kelman conceptualisations are more similar than dissimilar--both hinge on pride in membership. Further, the shared values and goals conceptualisation is quite different from the other two. While the difference appears to be fairly 'black and white' between the latter and the former two, there are numerous 'shades of grey' in between. As an initial example of the overlap, recall the definition of the identification component of the Cook and Wall (1980) commitment construct; shared values and goals *plus* pride in the organisation. Brown's (1969) work provides another bridge between conceptualisations; while using Kelman's definition of identification, he considers shared goals between the employee and the organisation to be important. Benkhoff's (1997a; 1997b) work, using a SIT approach, furnishes another example. She maintains that organisational identification encompasses shared values and goals in addition to pride in membership and positive cognitive bias. In her view, employees cannot identify with an organisation if its strategy, for instance, is against their values.

In sum, several overlapping themes that emerge in the identification literature include shared values and goals, pride, and a sense of belongingness. Each conceptualisation of organisational identification shares a common theme in that each is considered to be a bond or linking of the individual to the organisation; the conceptualisations appear to differ mainly in terms of how this bond is considered to have developed. Because of the common theme underlying the various conceptualisations, organisational identification is defined in the present research as "the perception of oneness with the organisation" (Ashforth and Mael 1989:20). This definition draws on the work of Tolman (1943:143) who considers that identification with a group is to "feel at one" with the group. The usage of the word 'oneness' is apt given that a basic definition of 'identify' is to make identical (Sanford 1955:109).

While acknowledging the substantial overlap in the identification literature, two conceptualisations, or forms, of organisational identification have been selected for examination in the present research. They are identification based on shared values and goals, and identification based on social identity theory. Ashforth and Mael (1989), using the SIT

approach, refer to organisational identification as the ‘oneness’ experienced by employees through positive cognitive bias toward the organisation. While Ashforth and Mael (1989) offer their definition in terms of positive cognitive bias, it is proposed that shared values and goals are as much a measure of ‘oneness’ with the organisation as is positive cognitive bias. The following section examines in further detail the two forms of organisational identification selected for the present research, and discusses the relationship between the two.

2.4 Forms of Organisational Identification

This section elaborates on the two forms of organisational identification introduced in the previous section. Organisational identification based on shared values and goals between the individual and the organisation will be referred to hereinafter as ‘values-based identification’. Organisational identification based on social identity theory will be referred to from this point forward as ‘SIT-based identification’. The items used to measure the two forms of organisational identification are outlined in chapter six.

2.4.1 Values-based identification

Organisational identification based on shared values and goals is thought to occur when there is a match between organisational values and goals, on the one hand, and individual values and goals, on the other. The theoretical grounding for this position reaches back to the early work in identification; a subject is thought to identify with a model through adopting the characteristics and values of that model (eg. Sanford 1955), in order to “experience or obtain positive goal states which he perceives that the model commands (Kagan 1958:298). In relation to the organisation, Schneider et al. (1971:410) propose that “an individual’s self-image is always related to what he most strongly values”, and that “the individual’s organisationally relevant self becomes more strongly related to organisationally relevant values” over time. Since this form of organisational identification is comprised of values and goals, this section discusses briefly the relationship between values and goals. Also discussed is the process of organisational socialisation whereby individuals come to an awareness and sharing of the organisation’s values and goals.

Values and goals are intimately related. This is evident in the way values and goals have been defined. Values, for instance, have been defined as “trans-situational goals that serve as

guiding principles in the life of a person or group” (Manstead and Hewstone 1996: 665), while goals have been defined as a “guiding set of values and aspirations” (Waterman et al. 1994:181). Examples of the overlap in meaning between values and goals are provided by the abstract terms ‘justice’ and ‘freedom’, both of which can be viewed as goals as well as values. Values and goals can also be equated within the context of the work organisation (Sussman and Vecchio 1982). A good example is provided by The Body Shop, a retailer of cosmetics, where creating “products that don’t hurt animals or the environment” (Campbell and Yeung 1994:150) can be viewed as both an organisational value and goal. In short, at a high level of abstraction both values and goals embody ideals and can be equated.

Yet values and goals also differ in meaning. One difference is that values serve as standards of judgement; they serve as benchmarks for judging specific goals, rules, actions, and even people (Theodorson and Theodorson 1969; Manstead and Hewstone 1996). The key word here is ‘specific’. Goals range from the superordinate to the specific, while values are more often abstract or generalised. Thus it is possible for individuals who share the same generalised values to disagree on specific goals (Theodorson and Theodorson 1969). Values operate invisibly in the background, while goals gain greater and greater visibility the higher their specificity. A second difference between values and goals is that the latter are less enduring. This is particularly the case when goals are specific and short term. Once the goal is achieved, it no longer exists. A third difference between values and goals is that goals have the added dimension of future direction or distant ambition. Superordinate goals are the “broad notions of future direction that the top management team wants to infuse throughout the organisation”(Waterman et al. 1994:181). This broader notion is the sense in which organisational goals are construed in the present study.

The foregoing raises the question of how employees come to understand organisational values and goals, and ultimately how they come to share them. Organisational values, which can be defined as the “beliefs and moral principles that lie behind the company’s culture” (Campbell and Yeung 1994:151), are not explicit in many organisations (Bartlett and Ghoshal 1994). Superordinate goals, which go beyond formal statements of corporate objectives, are also unwritten in many instances (Waterman et al. 1994). When values and goals are expressed, they are typically done so at high levels of abstraction in order to appeal to a wide range of people with individual values, and succinctly in order to be readily communicated. Abstract

organisational values and goals give scope for employees to interpret them in a way that is meaningful for them. This is thought to increase the likelihood that individuals with diverse personal values will share organisational goals and values (Bartlett and Ghoshal 1994). In other words, values and goals “make meanings for people” (Waterman et al. 1994:181). When organisational values and goals are not explicit, they come to be understood by perceiving them through the organisation’s behaviour standards (Campbell and Yeung 1994). Campbell and Yeung (1994:152) give an example of how organisational policies and behaviour patterns, or practices, underpin an organisation’s value system:

If the behaviour standard is about cooperative working, the individual will be able to sense that helpfulness is valued above individual competition. If the individual has a personal value about the importance of being helpful and cooperative, then there is a values match between the individual and the organisation.

The process described in the previous paragraph is referred to as organisational socialisation. Socialisation in a work organisation involves the transmission of the organisation’s cultural values, group norms, and established customs and practices to the newcomer (Anderson and Thomas 1996: 424). It is defined as “the process by which an individual comes to appreciate the values, abilities, expected behaviours and social knowledge essential for assuming an organisational role and for participating as an organisational member” (Louis 1980: 229-230). In other words, socialisation is “the process by which employees are transformed from organisation outsiders to participating and effective members” (Anderson and Thomas 1996: 427), that is, the ways in which individuals adapt to the organisation through learning new roles, norms and values (Theodorson and Theodorson 1969; Anderson and Thomas 1996). The process of socialisation helps employees perceive and interpret events in the same way and to speak a common language.

2.4.2 SIT-based identification

It will be recalled from the discussion of SIT earlier in the chapter that individuals gain a self identity through group membership. Applied to work organisations, the organisation as a social group defines the self. The organisation becomes part of the self concept. It will also be remembered that individuals are thought to have a need for self esteem. Self esteem is enhanced by positively evaluating the ingroup. When employees associate with an organisation that is perceived to be attractive, it enhances their self esteem since they acquire

a more positive evaluation of self, or a positive social identity. For instance, if employees believe their work organisation “is defined by qualities associated with competence, power, efficacy, virtue, or moral worth” (Dutton et al. 1994:246-247), they are likely to perceive the organisation as attractive. Their self esteem is enhanced through the vicarious experience of these organisational qualities.

Enhanced self-esteem is also thought to arise vicariously through the successes of the organisation (Ashforth and Mael 1989), and manifest in pride in membership (Dutton et al. 1994; Benkhoff 1997a). This notion is derived from Tolman (1943) and Foote (1951) who considered social/group identification as personally experiencing, among other things, the successes of the group. Through social identification and comparison, the individual is argued to vicariously partake in the status of the group. Kanter (1989:332) captures the essence of this in her reference to the organisation as an ‘identity anchor’. She notes that people are “elevated to larger-than-life status” because they have the company resources and influence behind them, and that without these impressive organisational affiliations, “they are ‘nothing’” (332-333). The more positively the group is assessed the more likely it is that the individual experiences pride in organisational membership. Pride in membership can be considered as a manifestation of identification.

Since the organisation becomes part of the self concept, and because the self seeks a positive social identity, it follows that an individual would exhibit a positive rather than a negative attitude toward the organisation. Attitude is defined as “a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour” (Manstead and Hewstone 1996:47). Attitudes are thus evaluative in nature; they involve a positive or negative evaluation of some object (Theodorson and Theodorson 1969). In the social identity approach, a positive rather than a negative attitude toward the organisation and its leadership signifies another aspect of identification with the organisation.

In sum, organisational identification based on social identity theory is thought to arise through an individual’s positive cognitive bias toward the organisation. Positive cognitive bias toward the organisation would manifest in pride in organisational membership and a positive attitude toward the organisation and its leadership.

2.4.3 Relationship between the forms

The previous section outlined the two forms of organisational identification to be examined in the current research. It was shown that the two forms are conceptualised in quite different ways. Values-based identification is predicated on a sharing of values and goals between the employee and the organisation, whereas SIT-based identification is predicated on the employee's self esteem and positive cognitive bias toward the organisation. A need for self-esteem and a positive cognitive bias do not enter into the conceptualisation of the former, and a sharing of values does not enter directly into the latter.

While the two forms of organisational identification are treated separately in the current research for theoretical reasons, it is recognised, as mentioned earlier, that there is a degree of overlap between the two. A look at the relationship between the elements comprising the two forms of organisational identification is telling of the overlap. The relationship is pinpointed most notably by Manstead and Hewstone (1996:505) who state that a sharing of the values prescribed by a particular group is thought to be a way for an individual to maintain self-esteem. This reveals a close intertwining of the key elements of the two forms of organisational identification.

It will be remembered from the previous section that O'Reilly and Chatman (1986) conceptualised identification as pride in membership, and considered it separate from shared values and goals. These authors found empirical support for this separation. It is worth noting, however, that in their subsequent research using the same scales, they found that values-based and pride-based psychological attachment to the organisation collapsed to form a single dimension (Caldwell, Chatman and O'Reilly 1990). Tolman (1943) would not have found this surprising. He viewed identification as a oneness with the group, and conceived of that oneness in terms of shared values and goals *and* in terms of factors associated with self-esteem (or pride), that is, shared success and prestige between the individual and the group. Tolman's concept of identification combines the elements of the two forms of identification explored in the present research. As mentioned in the previous section, there are others who consider that shared values and pride in membership are part of the concept of organisational identification. Benkhoff (1997b:45) for instance, notes that "individuals

prefer to join an organisation that is 'best' in terms of their values and its reputation in public".

One can further consider the relationship between values and attitudes, where positive attitude, like pride, is an expression of positive cognitive bias. At a high level of abstraction the two can be considered the same. That is, "values might be conceived loosely as attitudes toward abstract end-states of human existence" (Manstead and Hewstone 1996:665). At a less abstract level, an attitude may be regarded as "a more specific expression of a value or belief in that an attitude results from the application of a general value to concrete objects or situations" (Theodorson and Theodorson 1969). The main ways in which values are thought to differ from attitudes are that "values transcend specific situations and objects, are ordered among themselves in a hierarchy of importance, serve as criteria of the desirable and not merely of the desired, and are less numerous and more central to the personality" (Manstead and Hewstone 1996:665).

A further point to be made when considering the relationship between the two forms of organisational identification is that the notion of shared values is indirectly present in SIT-based identification. That the notion of shared values is operative in the background of the SIT approach can be gleaned from a statement by Turner (1975:8): "It can be said that the important dimensions of intergroup comparison from the standpoint of social identity are those associated with values, most of which will be culturally derived". It was mentioned earlier that organisational researchers using the SIT approach have tended not to include shared values in their concept of identification. This follows from the fact that, while Tajfel (1978), for instance, has alluded to a sharing of values between the individual and the group, the SIT focus is on *what* is valued by the ingroup and the distinctiveness derived through intergroup comparison. Digressing for a moment from the organisational context for the purpose of illustration, one group may value blue eyes while another group values brown eyes. The implication is that those in each group share the values promulgated by their respective groups on eye colour; yet SIT focuses on the difference in values between the two groups on the particular dimension of eye colour, rather than on the values shared by members of each group on eye colour. Nevertheless, a sharing of values on the part of group members is implied. The important comparative dimensions for social identity are "value-laden" (Turner 1975:9). Hogg and Abrams (1988:76) write, "Where the category is value-

laden and has direct and crucial relevance to one's own value system and conceptualisation of self, there is a personal investment in preserving and accentuating intergroup distinctiveness".

It is proposed that both forms of organisational identification capture in their own way the individual's perceived oneness with the organisation. Because of their different theoretical groundings, it is hypothesised that values-based identification and SIT-based identification are likely to be separate constructs. At the same time, because of the conceptual overlap mentioned above, it is hypothesised that the constructs are likely to be highly correlated. To use an expression from Sanford (1955:107), the two may be different "kinds" of identification. Yet it could very well be, as Allen and Meyer (1990:15) conclude about different forms of organisational commitment, that one kind of identification is as good or as "useful" as another.

The 'usefulness' of the two forms of organisational identification will be examined in chapter seven, when the relationship between organisational identification and its hypothesised outcomes are tested empirically. The hypothesised outcomes are introduced later in this chapter. First, a look at the hypothesised antecedents of organisational identification.

2.5 Hypothesised Antecedents of Organisational Identification

Having looked at the concept of organisational identification, attention will now be turned to the hypothesised antecedents of organisational identification. Research in organisational identification is relatively new, as noted earlier. Consequently there is not an established model of antecedents of organisational identification. By contrast, there is an extensive list of antecedents in the organisational commitment literature (Mathieu and Zajac 1990). These include: personal factors, such as a need for achievement, age and education; job characteristics, such as task autonomy and job challenge; role states, such as role ambiguity; work experiences, such as organisational dependability; group-leader relations, such as participative leadership, and; organisational characteristics, such as organisational size (Steers 1977; Mathieu and Zajac 1990). Some of these factors have been used in the organisational identification literature. Schneider et al. (1971), for instance, selected job autonomy and challenge, as well as personal factors like pre-employment self image, as antecedents of

organisational identification. A number of other organisational identification researchers have included as an antecedent opportunity for achievement (Brown 1969; Hall et al. 1970; Lee 1971). Because there is no established model of antecedents, there has not been a constant usage of the same set of antecedents like there has been in organisational commitment research.

Social identity theory (SIT) has provided a foundation for the development of a model of antecedents of organisational identification. Nonetheless, research using the social identity approach to organisational identification is in an infant stage of development. Only a handful of studies to this authors's knowledge have proposed one or more antecedents of organisational identification from a SIT perspective (Brown and Williams 1984; Brown et al. 1986; Ashforth and Mael 1989; Mael and Ashforth 1992; Dutton et al. 1994; Yoon et al. 1994; Benkhoff 1997a). The paucity of work done on SIT-related antecedents may stem from the fact that the minimal paradigm experiments mentioned earlier revealed that the mere awareness of an outgroup is sufficient to trigger identification with the ingroup (Tajfel 1978). The results of the minimal paradigm experiments apparently influenced early studies on SIT-based organisational identification, where outgroup salience is the primary antecedent condition examined (Brown and Williams 1984; Brown et al. 1986).

Ashforth and Mael (1989) are perhaps the first to propose a framework of antecedents of SIT-based organisational identification. These researchers propose four factors, or set of factors, likely to foster identification: the prestige of the organisation; the distinctiveness of the organisation; the salience of the outgroup(s), and; a set of group formation factors, which include a common history, interpersonal similarity and liking, and interpersonal interaction. Some of these antecedents have been used in subsequent research using the SIT approach. Three studies, for instance, have used the prestige and distinctiveness of the organisation (Mael and Ashforth 1992; Dutton et al. 1994; Benkhoff 1997a). One has used interpersonal attachments (Yoon et al. 1994).

The present research covers the range of concepts proposed by Ashforth and Mael (1989): prestige, distinctiveness, and the group formation factors, that is, interpersonal interaction, and cultural similarity which includes the notions of a common history and interpersonal similarity and liking. The concept of outgroup salience, while not used here as an antecedent

of organisational identification, is embedded in the research design, as will be shown in chapter three. In an organisational context outgroup salience can be construed in two ways: 1) interorganisationally, where another organisation, often an industry competitor, is viewed as an outgroup, or; 2) intraorganisationally, where one or more groups within the same organisation are viewed as outgroups. The research design taps the potential for the latter. In the case of the former, the research was constrained by the fact that the industry competitor for one of the case study companies is considered to be the black market, as will be discussed in chapter three. It was deemed beyond the scope of this research to attempt to operationalise the black market, or organised crime, as an interorganisational outgroup.

In addition to the factors proposed by Ashforth and Mael (1989), several other factors have been included in the present research as antecedents of organisational identification. These are derived from studies on group identification and organisational identification, and primarily reflect group belongingness. Recall that group belongingness is a central theme in social identity theory (Tajfel 1978). It is thought that an individual is more likely to identify with a group the more he or she is made to feel a part of the group (Tolman 1943; Brown 1969; Benkhoff 1997a). The factors selected have emerged consistently in the identification literature. They are: the support and appreciation of superiors (Lee 1971; Benkhoff 1997a), opportunity for career advancement and fulfilment (Brown 1969), access to the organisational hierarchy (Brown 1969; Lawler 1992), and a sense of shared fate with the organisation (Dutton et al. 1994).

The hypothesised antecedents selected for the present research are listed below. It must be emphasised that this is not an exhaustive set of antecedents of organisational identification. While based on an existing framework of antecedents, the selection of factors is exploratory. It is exploratory primarily because the antecedents will be examined in an organisational context that has been little studied. The organisational context is the multinational corporation, which will be introduced in the following chapter. It is highly possible that the antecedents which have been identified for use, and empirically supported, in domestic contexts of identification may not be directly extrapolated to the international context (Gregersen and Black 1992). The factors selected for the present research appear to be relevant to the international context. Where applicable, the hypothesised antecedents of organisational identification are supported with evidence from the organisational commitment

literature. The items used to measure the hypothesised antecedents of organisational identification are outlined in chapter five.

Prestige and Distinctiveness of the Organisation

The prestige and distinctiveness of the organisation have been proposed as antecedents of organisational identification (Ashforth and Mael 1989; Mael and Ashforth 1992; Benkhoff 1997a). Tolman (1943) proposed that distinctiveness was an antecedent to identification with the group. Lee (1971) found organisational prestige to be highly associated with organisational identification, while a number of other researchers found both prestige and distinctiveness to be highly correlated with organisational identification (Ashforth and Mael 1989; Mael and Ashforth 1992; Benkhoff 1997a). Distinctiveness “differentiates the organisation from other organisations and provides a sharper and more salient definition for organisational members”, while “the more prestigious the organisation, the greater the potential to boost self-esteem” (Mael and Ashforth 1992:107). It is hypothesised here that the perceived prestige and distinctiveness of the organisation are likely to promote organisational identification.

Support of and Appreciation of Superiors

The support of superiors, or relations with supervisors, has been shown to be highly correlated with organisational identification (Lee 1971; Benkhoff 1997a), and with organisational commitment (Buchanan 1974; Fukami and Larson 1984). Yoon et al. (1994) note that supervisory support has been shown to have a more positive effect on organisational commitment than peer employee support. Having the support of superiors can be considered conducive to making employees feel part of the group. It is therefore hypothesised that having the support of superiors in terms of feeling appreciated and respected is likely to enhance organisational identification.

Opportunity for Career Advancement and Fulfilment

Individual development is thought to be “intimately related” to organisational identification (Schneider et al. 1971:399). Individual development is construed here to mean the development of one’s career, both in terms of opportunity to fulfill one’s career potential and opportunity for career advancement through promotion. These aspects of career

development reflect work-related achievement satisfactions, which are thought to help link the individual to the organisation through identification (Brown 1969). Perceived opportunity for achievement, a form of intrinsic reward (Lincoln and Kalleberg 1989), has been found to be an important antecedent of organisational identification (Brown 1969; Lee 1971), and of organisational commitment (Buchanan 1974). Promotions, a form of extrinsic reward (Lincoln and Kalleberg 1989), provide individuals with further scope for achievement, since promotions usually involve taking on increased responsibility (Brown 1969). Perceived chances for promotion have been found to be associated with organisational commitment (Zaccaro and Dobbins 1989). It is hypothesised here that the perceived opportunity for career advancement and fulfilment is an antecedent of organisational identification.

Access to the Organisational Hierarchy

Brown (1969:351) hypothesised that “identification with the organisation is related to the degree to which the organisation is seen as permitting access to full membership (the possibility of participation) rather than simply relegating work to members”. Perceived access to the organisational hierarchy was found to be one of the most highly correlated factors with organisational identification in Brown’s (1969) study. Access to the organisational hierarchy implies higher levels of authority and thus greater political opportunity within the organisation, the latter of which is also presumed to foster attachment to the group (Lawler 1992). Perceived access to the organisational hierarchy can be considered to promote a sense of belongingness in the organisation. A sense of membership in the organisation may be dampened if access to the organisational hierarchy is perceived to be closed for reasons of discrimination, for instance. In the context of the multinational corporation, one’s nationality may constitute a barrier to the organisational hierarchy (Banai 1992). It is hypothesised that in the context of the multinational corporation perceived access to the organisational hierarchy, in terms of a lack of nationality discrimination, engenders organisational identification.

Positive Interpersonal Relations

Positive interpersonal relations has been proposed as an antecedent of organisational identification (Brewer and Miller 1984; Brown et al. 1986; Hewstone and Brown 1986; Johnston and Hewstone 1990), and of organisational commitment (Yoon et al. 1994). Brown

et al.'s (1986) study of a paper factory found that interpersonal relations were the single most important aspect of group membership. Interpersonal relations are sometimes couched in terms of frequency of interaction (eg. Lee 1971). However, the importance of the quality of interaction, that is, positive contact, between members of different groups in improving intergroup relations was set forth by Allport (1954) in his contact hypothesis. Positive contact is thought to allow the discovery of similarities of values and beliefs which are generally found to lead to attraction, and thus thought to improve intergroup relations. It is hypothesised in the present research that a positive assessment of relations with one's colleagues fosters identification with the organisation.

Sense of Shared Fate

A sense of shared, or common, fate is considered to be an antecedent of organisational identification (Katz 1964). Shared fate implies mutual interdependence, and a linking of one's own fate with that of the group (Brown 1988a; Abegglen and Stalk 1991). Dutton et al. (1994) note that an individual's sense of survival is linked with the survival of the organisation when he or she strongly identifies with their work organisation. Brown (1988a:49) posits that having a sense of shared fate is to have the understanding that one's outcomes are bound up with those of others, in other words, a "linking of fortunes" (Abegglen and Stalk 1991:275). It is therefore hypothesised that the more an individual's success is perceived to be linked to the mutual efforts of everyone in the organisation, the more likely the individual will identify with the organisation.

Cultural Similarity

Field experiments have shown that people with similar attitudes, beliefs and values are more likely to become friends (Argyle 1988:229). Similarity of values, for instance, is thought to give social support for one's views (Argyle 1988). Thus, people who are similar in their values, beliefs and attitudes tend to form enduring groups (Handy 1993). A common history is also thought to bind individuals to a group (Tolman 1943; Hofstede 1980a; Ashforth and Mael 1989). The foregoing suggests that a shared language and social, cultural, and religious background, may play a part in binding individuals to a particular group. There is evidence from field experiments that individuals are drawn to those of the same nationality (Tajfel et al. (1970), to the extent that national groupings may emerge in a team setting (Smith and Noakes 1996). It is therefore hypothesised that employees of an organisation rooted in a

particular national culture are likely to prefer working with individuals from that same culture, and that this may contribute to organisational identification.

No attempt is made to differentiate between the antecedents more likely to promote organisational identification based on shared values and goals, and antecedents more likely to promote organisational identification based on SIT. This is because there is a degree of overlap in the literature regarding the factors assumed to foster the two forms of organisational identification. Take organisational prestige, for instance. This is a hypothesised antecedent of SIT-based identification (Ashforth and Mael 1989). It is also a hypothesised antecedent of organisational identification based on shared goals (Lee 1971). In general, it is proposed that there will be both common and unique antecedents of the two forms of organisational identification.

Having now looked at the factors hypothesised to foster organisational identification, the following section turns to the hypothesised outcomes of organisational identification.

2.6 Hypothesised Outcomes of Organisational Identification

Identification has long been associated with motivating behaviour (Tolman 1943; Foote 1951; O'Reilly and Chatman 1986; Ashforth and Mael 1989; Dutton et al. 1994; Benkhoff 1997b). Foote (1951) introduced the notion that identification with a group is the key to initiating and sustaining lines of activity. He posited that identification “unlocks the physiological resources of the human organism” and releases the energy to perform actions (Foote 1951:18-19). In his view, identification imbues an individual's activity with value, or meaning. Without identification activity is empty behaviour. When activity is drained of its meaning, the mobilisation of the energy required to perform actions is limited, and activity may become “paralysed” altogether (Foote 1951:18-19).

Meaningful action for, and consistency of action performed by, the individual are interrelated themes that have been taken up by organisational researchers over the years. Brown (1969), for instance, suggests that an individual who identifies with his or her employing organisation attaches value to his or her work activity. This is seen to contrast with pragmatic, or instrumental, motivation for activity, “where the result rather than the activity performed is

valuable to the individual” (Brown 1969:347). In other words, through attachment to the organisation, such as that represented by identification, the individual finds his or her organisational behaviour rewarding in itself (Katz 1964). It has been generally considered that instrumental motivation for activity that benefits only the self is not part of the concept of organisational identification (Tajfel and Turner 1979; Brown 1969; Buchanan 1974). While that view is adopted in the present research, instrumentality as a potential source of motivation for action will be explored in a later chapter.

Foote’s (1951) notion that identification lends stability and predictability to an individual’s behaviour has been taken up by Burke and Reitzes (1991), for instance, who conclude in their study of identification and commitment that individuals pursue lines of activity which sustain and support their identities. According to these writers, individuals are thought to work hard to maintain an image which supports their identities. Working hard to maintain a particular image implies consistent behaviour, so long as the individual “clings” to the identity (Foote 1951:18). Such consistency, or dependability, of behaviour was pinpointed by Katz (1964) as a behavioural requirement for an organisation. The ‘promise’ of consistent behaviour has been of great interest to managers because consistency of action, as opposed to ‘one-off’ acts, lends a modicum of predictability to organisational performance.

Organisational identification has gained interest primarily because of its association with cooperative behaviour (Smith et al. 1983; Ashforth and Mael 1989; Dutton et al. 1994), innovative and spontaneous behaviour (Smith et al. 1983), effort exerted on behalf of the organisation (eg. Brown 1969) and desire to remain within the organisation (eg. O’Reilly and Chatman 1986; Benkhoff 1997a). A willingness to exert effort on behalf of the organisation and a desire to remain an organisational member constitute two of the three behavioural requirements of organisations posited by Katz (1964:132), the third being predictable behaviour as noted above. These two also constitute the hypothesised outcomes of organisational identification selected for examination in this research.

Effort exerted on behalf of the organisation and desire to remain a member of the organisation have been selected as outcomes in line with the earlier discussion of the three-component organisational commitment constructs (Porter et al. 1974; Cook and Wall 1980). It will be recalled that the three components are identification, work effort, and desire to stay. It will

also be recalled that a number of researchers have found these three components to be empirically distinct (eg. Peccei and Guest 1993; Benkhoff 1997c). Further, some researchers consider work effort and desire to stay to be outcomes of identification (eg. O'Reilly and Chatman 1986; Benkhoff 1997a; Benkhoff 1997b). The present research pursues that line of enquiry.

Following is a brief discussion of work effort and desire to stay. The measures for their operationalisation are given in chapter seven, in which the relationship between organisational identification and the hypothesised outcomes is empirically tested.

Work Effort

According to Allen (1996:375-376), employees who have an attachment to their organisation in terms of shared values and goals (values-based identification) and positive attitude (SIT-based identification) are more likely to exert effort on behalf of the organisation. A sharing of organisational values and goals is thought to induce individuals to act instinctively to benefit the organisation (Ouchi 1980; Van Dyne et al. 1994). A positive cognitive bias, or positive attitude toward the organisation also predisposes the individual "to *want* to work harder" on behalf of the organisation (Allen 1996:376). O'Reilly and Chatman (1986) have provided empirical support for the positive relationship between effort exerted on behalf of the organisation and the two forms of organisational identification examined in the present research, with their 'internalisation' scale (values-based identification) and their 'pride in affiliation' scale (SIT-based identification).

By effort, or work effort, is meant both intrarole and extrarole behaviours. Intrarole behaviours refer to work that is prescribed, that is, work that falls within the purview of an employee's job description, while extrarole behaviours refer to work that exceeds role requirements (Van Dyne et al. 1995). It was mentioned earlier that organisational identification is considered to be more than a pragmatic or instrumental attachment to the organisation. The importance of having organisational members whose psychological attachment is based on more than simple compliance has been cited by a number of writers (Katz 1964; Mowday et al. 1982; Smith et al. 1983; O'Reilly and Chatman 1986). While some researchers consider intrarole and extrarole behaviours to be separate phenomena (eg. Van Dyne et al. 1995), the present research follows in the spirit of Graham (1991), who views

the two to be largely inseparable. In Graham's (1991) view, intrarole and extrarole behaviours are two dimensions of a global concept of work effort. As Van Dyne et al. (1995) note, one difficulty of separating the two is that what might have originally been considered as extrarole behaviour may over time change to an intrarole expectation on the part of supervisors.

Desire to Stay

A psychological link to the organisation, such as that represented by identification, is also associated with a desire to remain a member of the organisation (Lee 1971; Porter et al. 1974; Mowday et al. 1982; Allen and Meyer 1990; Benkhoff 1997a). Allen (1996:375-376) notes that there is evidence that employees who have an attachment to their organisation in terms of both shared values and goals (values-based identification) and positive attitude (SIT-based identification) are more likely to have a greater desire to remain a member of the organisation.

According to O'Reilly and Chatman (1986:493), without a psychological attachment predicated on more than simple material exchange, higher turnover is possible. Those who do not identify with the organisation are more likely to watch for opportunities to move to another organisation that offers better remuneration and/or promotion possibilities. Those with strong psychological attachment to the organisation, such as that represented by organisation identification, have weaker intentions to leave the organisation than those without such attachment (Allen 1996; Mathieu and Zajac 1990). Thus, an identification with the organisation, or a perception of oneness with the organisation, is hypothesised to be associated with an intention to remain a member.

Having discussed the hypothesised outcomes of organisational identification selected for the present research, the following section turns to a discussion of the levels of organisational identification.

2.7 Levels of Organisational Identification

The organisation has so far been presented as a single unit with which an individual may identify. Yet organisations, like social structures in general, are comprised of nested collectivities in which individuals are simultaneously members of at least two groups, one

encompassed within the other (Lawler 1992:327). It will be recalled from the discussion of social identity theory that belonging to one group does not preclude belonging to other groups. Individuals are simultaneously members of, for instance, a family unit, a nation, the human race. In the same way, employees of an organisation are simultaneously members of a section, a department, and the organisation as a whole. For employees of organisations that operate worldwide, membership in the organisation as a whole spans not only across sections, departments and branches within the national framework but also across national boundaries.

In organisational settings employees will therefore have several group memberships and hence a variety of social identities (Rotondi 1975a; Rotondi 1975b; Lawler 1992; Hartley 1996). In other words, when employees are members of two (or more) levels of an organisation they “will learn to operate within, make psychological sense of, and develop affective reactions toward, both ...domains” (Allen 1996:371-372). In order to make sense of their dual membership they will “grapple with the structures, policies, practices and values of both” (Allen 1996:372).

While employees may belong to several groups within the organisation, there is evidence that employees can and do draw a distinction between these groups (Fukami and Larsen 1984; Reichers 1986; Angle and Perry 1986; Guest et al. 1993; Brown and Williams 1984; Allen 1996). There is empirical evidence, for instance, that employees have differential attachments to their work group and to the wider organisation (Zaccaro and Dobbins 1989; Becker 1992; Guest et al. 1993; Yoon et al. 1994). In a geographically larger context, there is also empirical evidence that employees of multinational corporations draw a distinction between the parent company level of the organisation and the overseas subsidiary (Gregersen and Black 1992). In short, there is a growing body of evidence showing that work-related psychological attachment occurs at more than one level in the organisation.

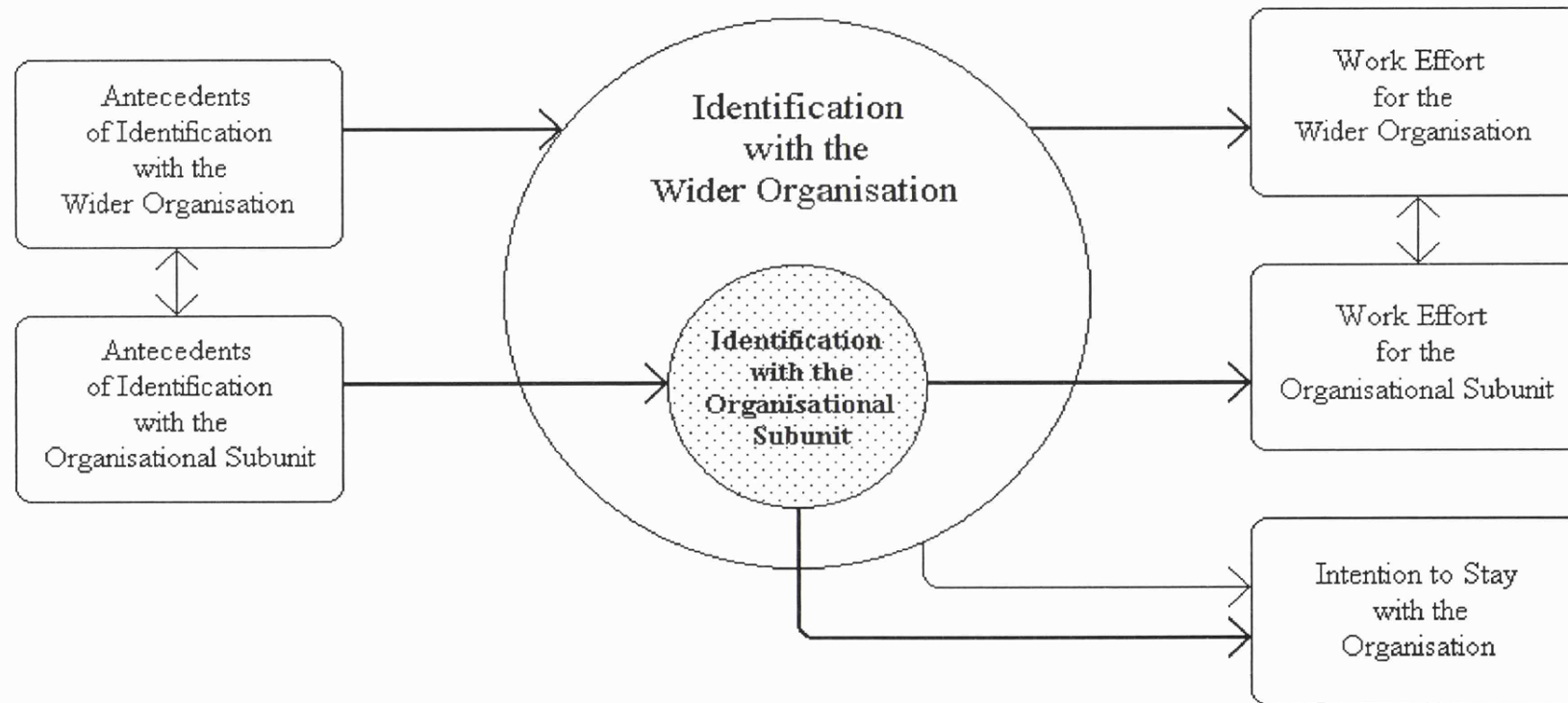
While there are very few studies that look at two levels of the organisation simultaneously, what there is suggests that psychological attachment to two organisational levels is, on the one hand, influenced by differential sets of antecedents and, on the other, produces differential consequences. Research on commitment to two levels of an organisation revealed different antecedent conditions to commitment at each level (Zaccaro and Dobbins 1989; Gregersen and Black 1992). Becker (1992), also studying organisational commitment to two levels of

the organisation, found that commitment to the work group had different consequences than commitment to the organisation as a whole. Building on the former study, Becker and Billings (1993) compared employees with strong commitment to both the organisation and the work group with three other groups: those committed to neither, those committed primarily to the work group, and those committed primarily to the organisation. Across several dependent measures (e.g. turnover intention and prosocial behaviour), employees committed to both levels of the organisation either 'outperformed' or were as good as employees committed to only one level.

Drawing on the above research findings, Figure 2.1 on page 59 presents a basic model of organisational identification. Two levels of the organisation are depicted as the foci for identification, the wider organisation and the organisational subunit (Becker 1992; Becker and Billings 1993; Allen 1996). Three outcomes are shown: a willingness to exert effort for the wider organisation, a willingness to exert effort for the organisational subunit, and an intention to remain a member of the organisation. It can be seen that a willingness to exert effort for the wider organisation is predicted to be an outcome of identification with the wider organisation, while a willingness to exert effort for the organisational subunit is predicted to be an outcome of identification with the organisational subunit. The rationale for these predictions has a basis in the organisational commitment literature. An empirical study by Becker and Billings (1993) showed that the outcomes of commitment to two levels of the organisation were compatible with the level of the organisation. For instance, they examined commitment to the work group and commitment to the organisation as a whole, and found that those committed primarily to the workgroup reported a greater propensity to engage in prosocial behaviours toward the workgroup than those who were committed primarily to the organisation as a whole.

Figure 2.1 shows that the antecedents of organisational identification are also predicted to be compatible with organisational level. This prediction is in line with the results of studies which have found this to be the case (Zaccaro and Dobbins 1989; Gregersen and Black 1992). In their study on antecedents of multilevel attachments, Zaccaro and Dobbins (1989) found that antecedents depicting characteristics at the subunit level were significantly correlated with attachment to the subunit but not to the wider organisation, and vice versa. The results of

Figure 2.1 Basic model of organisational identification



studies on antecedents to multilevel attachments and on the outcomes of multilevel attachments indicate that “the principle of compatibility” may be in operation, suggesting that “a given attitude should be related to other attitudes and behaviours only to the extent that the targets (foci) of the attitudes and behaviours are similar” (Becker and Billings 1993:183).

As mentioned in chapter one, this thesis builds on previous research concerning employee identification with two levels of the organisation. Here, the notion of identification with the wider organisation and identification with the organisational subunit is applied to organisations that operate across national borders. The ‘subunit’ is conceived of as a local subsidiary operating in a particular national framework, while the ‘wider organisation’ is conceived of as the organisation’s parent company plus all of its other subsidiaries worldwide. The application of nested identities to managerial employees in multinational corporations is predicated on empirical evidence which has shown that managerial employees of such organisations draw a distinction between their local subsidiary and the parent organisation in a way similar to that drawn between the workgroup and organisation in a domestic context (Gregersen and Black 1992). In Gregersen and Black’s (1992) study, expatriate managers were found to draw a distinction between the parent company from which they came and the overseas subsidiary to which they had been posted.

The present research focuses on local managers at the subsidiary level rather than on expatriates. The current study also includes an examination of antecedents and outcomes of organisational identification at the two levels of the multinational corporation. Previous research has not explored in one study dual identification of local managers, as well as the antecedents and outcomes of dual identification, in the context of the multinational corporation. The following chapter introduces the multinational corporation, which is the organisational context within which organisational identification will be examined.

2.8 Summary

This chapter introduced social identity theory, which provides a theoretical framework for examining the identification of individuals with more than one group. Organisational identification has been defined as an individual’s perceived oneness with the organisation. Two forms of organisational identification, both of which can be considered to capture an

individual's perceived oneness with the organisation, were introduced. One form is based on shared values and goals between the employee and the organisation, and the other is based on social identity theory, that is to say, positive cognitive bias. Also discussed in this chapter were the factors that are associated with fostering organisational identification, and the associated workplace outcomes of organisational identification. Identification with different levels of the organisational was also discussed, that is, identification with the wider organisation and identification with a subunit of the organisation. Finally, a basic model of organisational identification was presented.

Multinational Corporations *the challenge of organisational identification*

3.1 Introduction

The previous chapter introduced the concept and theoretical underpinnings of organisational identification. This chapter builds on that theoretical foundation by presenting the organisational context in which organisational identification will be examined in this research. The organisational context is the multinational corporation (MNC), which will be defined in the following section. The unit of analysis is the managerial employee at overseas subsidiaries of the MNC. The organisational identification of these managers will be examined at two levels of the MNC, at the level of the MNC as a global entity (wider organisation) and at the level of the overseas subsidiary (organisational subunit).

As a basis for the examination of identification of managers with these two levels of the organisation, it is useful to look at the nature of the relationship between MNC headquarters and overseas subsidiaries. A brief discussion of the evolution of this relationship in terms of the centralisation and decentralisation of decision-making authority is given in section 3.3. To aid in the understanding of the MNC-subsidiary relationship, a framework of MNC typologies and a framework of subsidiary typologies are presented in sections 3.4 and 3.5, respectively. The case-study MNC and subsidiaries are then described and classified into typologies in section 3.6. They are classified into typologies because it is hypothesised that the types of MNCs and subsidiaries are likely to influence the identification of managerial employees with their local subsidiary and with the MNC as a global entity.

Gaining employee identification with the MNC as a global entity may be a challenge for the MNC, due in part to the geographical spread of its subunits and the cultural diversity of its managerial employees. This challenge is discussed in section 3.7. Finally, based on the theoretical and typological frameworks introduced in this and the previous chapter, section 3.8 presents the core research questions and the basic research model which will be tested in subsequent chapters.

3.2 Definition of Multinational Corporation

What is a multinational corporation and how does it differ from organisations that operate in a single-country context? A multinational corporation (MNC) can be defined as “a group of corporate entities separated by their submission to different national systems, but joined together by a certain degree of common control, engaged in substantial economic activity on an international scale” (Morgan and Blanpain 1977:8).

It is the first part of this definition, ‘separated by their submission to different national systems’, which most distinguishes the MNC from organisations which operate only in their home countries. The fundamental distinction between a domestic organisation and a MNC derives from the socio-cultural, legal, political, and economic context in which each exists (Vernon and Wells 1981; Abegglen and Stalk 1991; Gronhaug and Nordhaug 1992:3; Schuler et al. 1993). While there is diversity among different parts of the same country along some of these dimensions, they are nowhere near as conflicting as what the MNC faces in multiple host countries. For instance, there may be fundamental differences between countries in political philosophy and social attitude toward private property, corporate responsibility, and free enterprise (Bartlett and Ghoshal 1995a:16). A good example is provided by attitudes toward money and banking in Islamic countries. Islamic law prohibits interest gained on money. A Western bank which seeks to operate in Pakistan, for instance, has to work within a legal framework that prohibits what is considered the very foundation of banking in most other parts of the world. There is, however, a semantic solution: profit is allowed in Islam, such that bank interest is conveniently re-named profit-sharing. Nonetheless, such fundamental differences in attitudes need to be factored into business aims and strategies.

The foregoing illustrates that the operating context of the MNC is exponentially more complex than that of the domestic organisation. The two fundamental differences between MNCs and domestic organisations are greater geographic dispersion and greater multiculturalism (Bartlett and Ghoshal 1989; Adler 1997). Greater geographic dispersion is manifest in fluctuations in exchange rates, higher transportation and communications costs, and varying customs regulations (Adler 1997:13). Multiculturalism adds to the complexity by increasing the number of perspectives, approaches, business methods, and operating environments (Adler 1997:14). As a result of these differences the MNC has greater difficulty

in the coordination and integration of its business activities (Marginson et al. 1995). All added up, the international environment is associated with substantially higher degrees of uncertainty than the domestic context (Gronhaug and Nordhaug 1992).

Not all organisations are exposed to the full range of complexity and uncertainty alluded to above. There are organisations, for instance, which are primarily domestic but which have, so to speak, one toe in the international pond. Until about thirty years ago, the motivation to expand internationally touched only a limited group of firms: those that needed to secure raw materials, such as oil, bauxite and rubber; those that needed to access low-cost factors of production, such as labour, and; those that, mainly because of small home markets, needed to access offshore markets (Vernon 1966; Bartlett and Ghoshal 1995a). Today, many firms are pushed to engage in cross-border activities simply to stay in business (Harvard Business Review 1994; Adler 1997). The on-going liberalisation of international economic transactions has made it less and less possible for firms to remain only in their home markets as a place of relatively secure profits (World Investment Report 1995). Competitive pressure increases in home markets with the liberalisation of imports, inward foreign direct investment, and technology flows (World Investment Report 1995:125). In sum, firms engage in cross-border activities in varying degrees, from passive portfolio investments to “substantial economic activity”. It is the latter degree of activity which, according to our definition, distinguishes the MNC from firms that are primarily domestic.

Here, ‘substantial economic activity’ is interpreted in line with Bartlett and Ghoshal’s (1995a:2) working definition of a MNC. For an organisation to be considered a MNC it has to have substantial direct investment in foreign countries (i.e., not just an export business), has to actively manage these operations (i.e., not just a passive portfolio of investments), and has to consider these operations to be an integral part of the corporation both “strategically and organisationally” (Bartlett and Ghoshal 1995a:2). In short, substantial economic activity suggests integration of the subunit into the wider organisation, and an integration of the MNC into the host country. This degree of cross-border activity differs greatly from that engaged in by firms that have only ‘one toe in the international pond’. As Abegglen and Stalk (1991:283) point out, “It is one thing to ship goods for sale; it is quite another to be a member of another society”.

The above definition of a MNC also comprises a segment, 'separated by national systems but joined by common control'. This statement mirrors the paradox introduced in chapter two, of "how cohesion required for social existence can coexist with divisions in society" (Hogg and Abrams 1988:2). Restated in the context of the MNC, the paradox becomes 'how cohesion, or common control required for the overall functioning of the MNC, can coexist with a multitude of subsidiaries operating in different national (and often social, legal, political and economic) frameworks. At the heart of this paradox is the relationship between the parent organisation and its overseas subsidiaries, especially in terms of how decision-making authority is balanced between the centre (parent) and periphery (subsidiaries). On the one hand, formal control from the centre, while seeking efficiency and unity within the wider organisation, can offend nationals at the subsidiary level and cause disruptive backlashes, to the extreme case of host-country nationalisation of MNC property and assets. On the other hand, a devolution of control to the subsidiaries can result in institutionalised fragmentation within the greater organisation (Doz 1986) and produce inefficiencies (Bartlett and Ghoshal 1989).

Organisational identification may be a way to address the MNC's seeming paradox. As an informal control mechanism, organisational identification is thought to bring cohesion to the organisation as a whole, and to work within existing organisational structures and in tandem with more formal control mechanisms (Ghoshal and Bartlett 1995). As mentioned in the previous chapter organisational identification is thought to be particularly important for large and complex organisations, like a MNC. Yet some of the factors that create the complexity, and render identification important, also constitute the biggest challenge to identification with the MNC as a whole. This challenge is discussed later in the chapter, following an overview of MNC headquarter-subsidiary relations, MNC and subsidiary typologies, and the case-study MNC and subsidiaries.

3.3 MNC Headquarters-Subsidiary Relationship

Should decision making be centralised with the parent organisation of the MNC, decentralised to the subsidiary level of the organisation, or be in some combination of the two? These are questions that have occupied management theorists for decades. Historical factors together with the pressures of globalisation (which include economic, political and environmental

factors) have swung the “proverbial organisational pendulum” of MNC control from centralisation to decentralisation (Evans and Doz 1989:219). For many years the choice between centralisation and decentralisation had been considered a choice of one or the other (Davis 1989). In recent times it has been suggested that the ‘one or the other’ approach is no longer feasible given the increasing complexity of the international operating environment (Doz 1986). A third way has been advocated, that is, a balance of centralisation and decentralisation within the same organisation (Ouchi 1989).

The MNC has so far been defined in terms of how it differs from organisations which are solely or primarily domestic. In this section, and the section that follows, the MNC will be defined, or classified, according to the relationship between headquarters and subsidiary. This relationship is often couched in terms of organisational structure. Organisational structure is not of paramount importance to this research; however, the relationship between organisational units, specifically between headquarters and subsidiary, is relevant to the extent it affects the employee’s relationship to the organisation and perception of his or her place in it.

A common thread among MNCs, regardless of organisational structure, is an inherent tension in the relationship between head office and subsidiary over who has decision-making authority. What emerges from the literature on MNCs is that, regardless of organisational structure, the above-mentioned paradox for the MNC seems to manifest in the tension between the reported twin needs of global integration and national responsiveness. The terms global integration and national responsiveness will be clarified below in the discussion of centralisation and decentralisation.

3.3.1 Centralisation and decentralisation

MNC’s are thought to evolve in phases, phases which reflect the stage of development of the firm, the industry and the world economy (Vernon 1966; Adler 1997). The relationship between MNC headquarters and subsidiaries has evolved over the past century from what has been referred to as a rather paternalistic relationship to one built more on partnership (Doz 1986; Bartlett and Ghoshal 1995a), where partnership refers to greater participation in the corporate decision-making process by management at the subsidiary level of the organisation.

The changing nature of the relationship is attributed to globalisation, a process which--though only recently identified--has been "proceeding, with some interruptions, for many centuries" (Robertson 1992:8). Globalisation has influenced the attitudes of top managers towards foreign people, ideas, and resources, which have become reflected in the MNC headquarters-subsidiary relationship (Perlmutter 1969).

The nature of the headquarters-subsidiary relationship is perhaps best captured by a discussion of the locus of decision-making authority in the MNC. MNCs traditionally concentrated such authority at headquarters. This was followed over time by a shift to a decentralisation of authority to the subsidiary level of the organisation. More recently, a simultaneous balancing of the two has been advocated. The MNC headquarters-subsidiary relationship is described below in terms of the centralisation and decentralisation of decision-making authority, and draws heavily on the work of Bartlett and Ghoshal (1995a). This relationship is described in order to set the stage for typologising MNCs and their subsidiaries in the following section. The discussion is general, and the human resource management implications are touched upon only briefly. They are taken up in greater detail in the section on MNC typologies, which largely follows the contours of the centralisation-decentralisation discussion.

Early Centralisation

It was noted previously that initial motivations for expanding internationally (i.e., late 19th, early 20th century) included searches for resources, both in terms of essential raw materials and, later, cheap factors of production, and searches for new markets. In this early stage of internationalisation the main role of the subsidiaries was to support the parent organisation. This was accomplished by supplying raw materials or by contributing to the sales of the parent's domestic product lines (Bartlett and Ghoshal 1995a). The organisation was viewed primarily as a domestic company with a few "foreign appendages" (Bartlett and Ghoshal 1995a:12).

Subsidiaries were usually set up as "miniature replicas" of the parent organisation (Campbell 1993:272; Hamill 1993), and managed in an opportunistic or ad hoc manner by expatriates from the parent organisation. The organisation was not very responsive to the local environment; rather, it manufactured product lines that were developed for the home market. Authority was concentrated at headquarters, often in the hands of the family who founded the

business. Headquarters and subsidiary had dichotomous roles, where headquarters gave the orders and the subsidiary carried them out. Home office expatriates were used to ensure that business at the local level was carried out according to the dictates of the parent organisation (Schuler et al. 1993).

Move to Decentralisation

A number of factors led MNCs to devolve some degree of authority to the subsidiary level of the organisation. Perhaps chief among these were movements for political independence. Host governments of the newly independent nations began to make demands for local participation, in terms of ownership and management control. Another factor was tariff barriers. Tariff barriers until the 1960s contributed to a country-by-country strategy on the part of MNCs. This is because the position of MNCs in each national market was often negotiated with the government rather than decided by international competition (Doz 1986:1).

Managers at the subsidiary level have control over everyday business activities, and sometimes more. Decision-making authority that is devolved may include decisions on plant and equipment investment, research and development, top personnel appointments, as well as short-term and long-term planning (Amante 1993). In this phase, the MNC becomes more responsive to local needs and tastes, rather than continuing to produce goods that were originally made for the home market. The organisation begins to recognise the differences among national markets and operating environments. Products, strategies, and management practices are modified on a country by country basis. National subsidiaries become fairly autonomous, each catering for its own national market. This strategy has been referred to as local or national responsiveness (Doz 1986; Campbell 1993).

Return to Centralisation

Decentralisation, however, was found to have some problems. Most notably, it can give rise to inefficiencies. For instance, manufacturing plants are “often built more to provide local marketing advantages or to improve political relations than to maximise production efficiency for the MNC as a whole (Bartlett and Ghoshal 1995a:12-13). Also, “the proliferation of products designed to meet local needs also contributes to a general loss of efficiency in

design, production, logistics, distribution, and other functional tasks” (Bartlett and Ghoshal 1995a:13).

The inefficiencies experienced through decentralisation led to a return to centralisation in the 1980s (Hamill 1993), though not necessarily accompanied by a ‘paternalistic’ stance on the part of MNC headquarters as in the earlier form of centralisation (Bartlett and Ghoshal 1995a). Centralisation in the 1980s was an attempt by MNCs to integrate their operations across borders to enhance efficiencies and lower manufacturing costs in order to ward off global competition (Doz 1986:2-3). Global competition had become more fierce owing in part to rapid technological advances and market liberalisation, as mentioned earlier. This later form of centralisation followed the approach of “exporting standardised products from a centralised and global-scale plant to be marketed worldwide according to a centrally devised and controlled plan” (Bartlett and Ghoshal 1989:241). The underlying assumption was that national tastes and preferences are more similar than different. Moreover, they could be made similar by providing customers with standardised products which are relatively cheaper and of better quality than national variations (Levitt 1983).

Such a strategy requires centralisation of decision-making authority. As in the earlier form of centralisation, home office managers define strategy while those at the subsidiary level implement the decisions (Bartlett and Ghoshal 1995b:88). In other words, headquarters takes responsibility for coordinating and controlling key decisions and global resources, and the overseas subsidiaries implement and adapt the home office strategy in their local environments (Bartlett and Ghoshal 1989). The difference between the earlier and later forms of centralisation is mainly one of sophistication. Response to the globalisation pressures mentioned above required much more central control and coordination than the relatively unsophisticated earlier form of centralisation described above (Bartlett and Ghoshal 1995a). This strategy has been referred to as global integration (Doz 1986; Campbell 1993).

A Third Way?

The return to centralisation created a backlash in host countries. From the standpoint of host governments, the MNCs following a strategy of global integration appeared to be more powerful and threatening than MNCs in the earlier era of centralisation. This set in motion a tendency among host governments to increase both the restrictions and the demands they

placed on MNCs. This included requiring MNCs to invest, transfer technology, meet local content requirements, and so forth. Customers also rejected standardised global products and began reasserting their national preferences. However, they did not relax their expectation for the high quality and low cost that standardised products had offered (Bartlett and Ghoshal 1995a:13-14).

These developments sparked a recognition among top management of MNCs that the demands for national responsiveness and the pressures for global integration, or global-scale competitive efficiency, were simultaneous, if sometimes conflicting (Doz 1986; Yip 1995). The pressures of globalisation throughout the 1980s rendered business increasingly complex and underscored the inadequacy of organisational models that relied either on a strategy of decentralisation or on centralisation. It became increasingly difficult to opt for an 'either/or' choice between a strategy of national responsiveness or global integration (Doz 1986; Bartlett and Ghoshal 1995a). In most situations it becomes "how much of one and how much of the other" (Doz 1986:7). The optimal ratio between centralisation and decentralisation is thought to depend on the industry, the product, and the function of a particular subsidiary. The consumer products industry, for instance, where local marketing is important, is thought to require more of the strategy of national responsiveness (Bartlett and Ghoshal 1989; Campbell 1993).

A third way, then, refers to the simultaneous balancing of centralisation and decentralisation within the organisation (Davis 1989; Ouchi 1989; Evans and Doz 1989; Doz and Prahalad 1995; Yip 1995). What this means is that key decisions, as well as activities and resources, are neither centralised at headquarters, nor decentralised so that each subsidiary carries out tasks to provide an advantage only for its local market (Bartlett and Ghoshal 1995a). Rather, "the resources and activities are dispersed but specialised, so as to achieve efficiency and flexibility at the same time" (Bartlett and Ghoshal 1995a:14). These dispersed resources "are integrated into an interdependent network of worldwide operations" (Bartlett and Ghoshal 1995a:14).

This 'third way' is what Perlmutter (1969) referred to several decades ago, before the onslaught of 'globalisation mania', as a geocentric orientation. As will be seen in the following section, the geocentric orientation includes the essence of the ideal organisation that

management theorists have called by other names over the decades, such as the ‘transnational organisation’ (Bartlett and Ghoshal 1989). The following section builds on the current discussion by examining the attendant human resource management implications of centralisation, decentralisation, and ‘the third way’. This is accomplished by using a typology of MNCs, where the corresponding MNC types are ethnocentric, polycentric, and geocentric.

3.4 MNC Typologies

Perlmutter (1969) is considered to be the first to approach the study of MNCs in terms of the attitudes or states of mind of managers (Bartlett and Ghoshal 1995a). This is in contrast to much of the literature on MNCs which has tended to focus on organisational structure, as well as on institutions such as the nation state, and on environmental forces such as political and economic factors that provide the context within which MNC managers have to operate. Perlmutter (1969) believed that it is the attitudes of top managers that help shape the relationship between organisational units, both in terms of how the organisation is structured and how human resources are managed. This viewpoint has influenced later writers to consider that a MNC is, for instance, more of a mentality than a structure (eg. Bartlett and Ghoshal 1989).

Perlmutter developed a framework of three MNC types--ranging from a low degree of what he refers to as ‘multi-nationality’ to a high degree of multi-nationality. Although several decades have passed since the development of Perlmutter’s (1969) typology, it continues to capture the essence of the headquarters-subsidary relationship in various stages of the MNC’s globalisation. That researchers continue to use the typology is testimony to its ongoing relevance (Banai 1992; Schuler et al. 1993; Caligiuri and Stroh 1995). Perlmutter’s original typology is adopted in the current research, with some embellishment from the work of other authors. The typology provides a tool for examining the human resource management dimension of the headquarters-subsidary relationship, and hence provides a foundation for analysing the relationship between the individual and the organisation. The MNC typology will be used to generate hypotheses about the case-study organisation later in the chapter.

Table 3.1 reproduces Perlmutter’s (1969) original table of MNC types. The typologies, as Perlmutter (1969) freely admits, are simplistic. As with any typology they do not exist in pure

Table 3.1 Three types of headquarters orientation toward subsidiaries

<i>Organisation Design</i>	<i>Ethnocentric</i>	<i>Polycentric</i>	<i>Geocentric</i>
Complexity of organisation	Complex in home country, simple in subsidiaries	Varied and independent	Increasingly complex and interdependent
Authority; decision making	High in headquarters	Relatively low in headquarters	Aim for a collaborative approach between headquarters and subsidiaries
Evaluation and control	Home standards applied for persons and performance	Determined locally	Find standards which are universal and local
Rewards and punishments; incentives	High in headquarters, low in subsidiaries	Wide variation; can be high or low rewards for subsidiary performance	International and local executives rewarded for reaching local and worldwide objectives
Communication; information flow	High volume to subsidiaries; orders, commands, advice	Little to and from headquarters. Little between subsidiaries	Both ways and between subsidiaries. Heads of subsidiaries part of management team
Identification	Nationality of owner	Nationality of host country	Truly international company but identifying with national interests
Perpetuation (recruiting, staffing, development)	Recruit and develop people of home country for key positions everywhere in the world	Develop people of local nationality for key positions in their own country	Develop best men everywhere in the world for key positions everywhere in the world

Source: Perlmutter (1969:95).

form, and many MNCs will display some combination of the typologies (Perlmutter 1969; Bartlett and Ghoshal 1995a). The combination is thought to depend on a variety of factors including the industry, the individual company's strategic position, and the diverse needs of host countries (Schuler et al. 1993).

3.4.1 Ethnocentric orientation

The ethnocentric orientation reflects a home-country attitude by the MNC (Perlmutter 1969). Ethnocentrism was first defined by Sumner (1906) as "the technical name for this view of things in which one's own group is the centre of everything, and all others are scaled and rated with reference to it... Ethnocentrism leads a people to exaggerate and intensify everything in their own folkways which is peculiar and which differentiates them from others" (quoted in Banai 1992:456). The ethnocentric orientation primarily reflects the early centralisation phase of the MNC, where the organisation is not very responsive to the local environment.

There is a clear superior-subordinate relationship between headquarters and subsidiary. Headquarters makes the decisions and the subsidiary implements them. As shown in Table 3.1, communications are unidirectional, with orders, commands and advice going from the headquarters to the subsidiary. From a human resource management perspective, management is a top-down authoritarian approach channelled through home-country expatriates. Host-country nationals (HCNs) are not included in the decision-making process; they are expected to perform, not to think. Table 3.1 shows that individuals of the home country, or parent-country-nationals (PCNs), are recruited and trained for key positions anywhere in the world, while HCNs are not assigned to key jobs at the headquarters (Perlmutter 1969; Banai 1992). Home-country standards are applied to evaluate persons and performance.

Banai (1992:454) points out some of the specific reasons cited for ethnocentric staffing policies: 1) PCNs have technical knowledge and/or managerial talent that is not available in the host country; 2) PCNs are familiar with the power structure at headquarters and with the organisation's mission, policies and practices; 3) PCNs manage the subsidiaries according to behaviour endorsed by the headquarters, which makes it possible for standardisation of

management style, which in turn promotes uniformity in performance and enhances the organisation's image and reputation; 4) PCNs gain needed international experience through their assignment to subsidiaries, so they can better understand the international needs of the parent; and 5) PCNs are more loyal to the parent organisation than HCNs, and should thus be trusted to represent the parent company's interests. In Perlmutter's (1969) view, ethnocentrism has several advantages in the short term. The organisation is simpler, the flow of know-how from headquarters to new markets is greater, and there is more control over appointments to top management posts in the subsidiary (Perlmutter 1969). The costs and risks of ethnocentrism are thought to outbalance the advantages over the longer term. The costs are thought to include a lack of good feedback from the subsidiary (which can hinder planning), fewer innovations (Perlmutter 1969), and the departure of good personnel from the subsidiary due to low morale and lack of career opportunity (Banai 1992). The associated risks are political and social repercussions (such as nationalisation of the MNC's property and assets), and a less flexible response to changes in the local market (Perlmutter 1969).

There is a later form of ethnocentrism that emerged in the 1980s which corresponds to the return to centralisation described in the previous section. In their effort to rationalise business, MNCs stepped up the use of expatriates from headquarters to fill key positions in subsidiaries. This was to ensure that home office dictates were carried out. Neghandi's (1986) study, based on 244 subsidiaries of German, American and Japanese MNCs, revealed that the key positions were filled mainly by home-country expatriates. In the same vein, there were very few foreign personnel represented on the corporate Board and/or top management echelons at the 31 different headquarters included in his study. It should be noted that the use of expatriates in a rationalisation drive may not necessarily be accompanied by an ethnocentric attitude of superiority; rather the forces of globalisation simply push MNCs to exert more control from the centre. Neghandi (1986) notes that the MNCs in his study were ambivalent toward pursuing a policy of using expatriates.

On the side of local managers, also, the presence of expatriates from headquarters does not necessarily imply a 'superior' or 'paternalistic' stance on the part of headquarters. One recent study revealed that local managers in Hong Kong actually preferred expatriates to local bosses (Selmer 1996). The presence of expatriates can sometimes be an asset to the local business. A good example is provided by a senior Pakistani manager at a British bank in

Pakistan who was interviewed during the exploratory stage of the present research. In his view, expatriates can create a necessary distance between the government and the private sector. In Pakistan's business culture, it is common for high-ranking government bureaucrats to ask for large bank loans, with the unspoken understanding between the bank manager and the bureaucrat that the loan will never be repaid. If the bank manager refuses the loan request, the bureaucrat, through influence in high places, can be expected to get the bank manager fired. However, if the bank manager tells the bureaucrat that he has to get the approval from his foreign boss, the bureaucrat will drop the request, since the bureaucrat cannot pressure a foreigner in the same way he can a Pakistani. In this instance an expatriate top manager can be viewed as insurance against bad loans. The social repercussion of ethnocentrism in this case appears to be positive.

There are MNCs, notably Japanese MNCs, which are associated both with the above-mentioned rationalisation drive and the earlier form of ethnocentric staffing policies (Neghandi 1986). While many MNCs of other nationalities embarked on localising management in the 1970s, the majority of Japanese MNCs in Neghandi's (1986) study (79 per cent) did not employ a single host country national in the top-level management ranks (see Amante 1993 for an exception in the Philippines). The negative social and political repercussions in host countries regarding this aspect of Japanese MNCs have been well noted (eg. Thurow 1993)

3.4.2 Polycentric orientation

The polycentric orientation refers to a host-country orientation by the MNC (Perlmutter 1969). It may begin with the inclination of a top executive (usually one of the founders) that people know what is best for them, and the part of the firm which is located in the host country should be as local in identity as possible (Perlmutter 1969). Alternatively, the polycentric orientation can begin with a prompt external to the MNC in the form of host country legislation, on MNC staffing, for example. Some host countries began to demand that local staff be placed in key positions in the subsidiary, and limited the number of head office expatriates assigned to the subsidiary (Dar 1979; Banai 1992; Gronhaug and Nordhaug 1992). Issues of cost were also a factor (Schuler et al. 1993). High expatriate failure rates, the high price of expatriate packages, and increasing local competence encouraged many

MNCs to replace expatriates with local managers (Selmer 1996). Throughout the 1970s MNCs began to place local nationals in top positions (Negandhi 1986).

National subsidiaries are therefore fairly autonomous, each catering for its own national market. Authority is decentralised, whereby the managers at the subsidiary have control over how most of its everyday business activities are conducted. Yet, as Perlmutter (1969) points out, no local manager can seriously aspire to a senior position at headquarters in a MNC with a polycentric orientation. There is little communication to and from headquarters, and also little communication between subsidiaries. Managers in key positions tend to be nationals of the host country, and evaluation of persons and performance are determined locally, as shown in Table 3.1. These managers are often able to build up significant local growth and considerable independence from headquarters, using their local market knowledge and the parent organisation's willingness to invest in growing local opportunities (Bartlett and Ghoshal 1995a:12).

The main advantages of polycentrism are said to be "an intense exploitation of the local markets, better sales since local management is often better informed, more local initiative for new products, more host-government support, and good local managers with high morale" (Perlmutter 1969:99). The costs of polycentrism are said to be waste and inefficiency due to duplication of products among the subsidiaries, which are geared to the local markets but which could be more universal (Perlmutter 1969). The risks include "excessive regard for local traditions and local growth at the expense of global growth" (Perlmutter 1969:99).

Another risk of polycentrism may be a polarisation of the two management camps--head office management on one side and subsidiary management on the other (Perlmutter 1969; Banai 1992; Fung 1995; Selmer 1996). Fung (1995) posits that having only locals in the senior staff of a subsidiary creates another form of ethnocentrism which could be detrimental to the cooperative functioning of the organisation as a whole. Fung's (1995) view captures the notion of ingroup bias from the standpoint of each management group in the headquarters-subsidiary relationship. The ethnocentric orientation as envisioned by Perlmutter (1969:96) focuses on the ingroup bias from the standpoint of headquarters, although Perlmutter does note that one consequence of polycentrism is "a virulent ethnocentrism among the country managers". Ethnocentrism in the MNC is usually

conceived of as a head office phenomenon (eg. Perlmutter 1969; Banai 1992; Caligiuri and Stroh 1995). Banai (1992:456), however, also notes that “the ethnocentric beliefs and behaviours that are functional for the cohesion of each of the ingroups are dysfunctional for cooperation between the ingroups and the outgroups”. The idea of a possible ingroup bias on the part of employees of polycentric-oriented MNCs will be further examined later in the chapter.

Localisation is not considered to be the optimal staffing arrangement in a MNC (Perlmutter 1969). In sum, the polycentric orientation is considered to be a “landmark on the highway”, not the ideal orientation for a MNC (Perlmutter 1969:96). We now turn to the ideal.

3.4.3 Geocentric orientation

A geocentric orientation is “a worldwide approach in both headquarters and subsidiaries” (Perlmutter 1969:96). The subsidiaries are not merely foreign appendages of headquarters as in the ethnocentric orientation, nor are they independent fiefdoms as in the polycentric orientation. They are “parts of a whole whose focus is on worldwide objectives as well as local objectives, each part making its unique contribution with its unique competence” (Perlmutter 1969:96). The geocentric orientation revolves around what Perlmutter (1969) refers to as collaboration or interdependence between all the units in the MNC network. As Perlmutter (1969:96) notes, “The question asked in headquarters and the subsidiaries is: ‘Where in the world shall we raise money, build our plant, conduct R&D, get and launch new ideas to serve our present and future customers?’”. This is the essence of what Doz (1986) refers to as global integration and what Bartlett and Ghoshal (1989; 1995a) refer to as transnationalism.

The advantages of the geocentric orientation are thought to be “a more powerful total company throughout, a better quality of products and service, worldwide utilisation of best resources, improvement of local company management, a greater sense of commitment to worldwide objectives, and last, but not least, more profit” (Perlmutter 1969:99). The costs are mainly related to expenses for communication, travel, education, a large headquarters bureaucracy that spans the globe, and the time involved to reach decisions among a larger group of people (Perlmutter 1969). Risks include those “due to too wide a distribution of

power, personnel problems and those of reentry of international executives” (Perlmutter 1969:99).

In the geocentric orientation the relationship between headquarters and subsidiary is more of a collaborative partnership between headquarters and subsidiary than in the other orientations. In the ethnocentric orientation there is a clear superior-subordinate relationship. The role of headquarters and the role of the subsidiary is strictly dichotomous; headquarters commands and the subsidiary implements. In the polycentric orientation, the relationship is less paternalistic. The roles of headquarters and subsidiary remain dichotomous but less so; some of the authority previously in the hands of headquarters has been devolved to the subsidiary level. In the geocentric orientation the separation of roles between headquarters and subsidiary is not dichotomous. Decision-making in the geocentric MNC takes place at various locations in the overall organisation depending on function or product, in an attempt to produce locally-desired products at global-scale efficiency. The partnership aspect of the geocentric orientation implies a relationship built on more equal terms between the parties than that suggested by a paternalistic relationship (Bartlett and Ghoshal 1995a). A relationship built on partnership is considered to be an effective way to cope with the type of competitive pressure faced by the MNC (Doz 1986), in that it allows headquarters to “capture skills and expertise from different parts of the corporation and disseminate the benefits throughout the organisation” (Ferner and Edwards 1995:240). Competitive pressure for the MNC includes demands by host country governments, which, if not met in the spirit of partnership between headquarters and subsidiary, could undermine the MNC’s business plans in that country (Bartlett and Ghoshal 1995a).

The geocentric orientation was considered by Perlmutter (1969) to be the ideal orientation for the MNC, and the direction that MNCs tend to be moving. He noted, however, that the evolution is not always in a straight line, that there is sometimes a ‘regression’ from polycentrism back to ethnocentrism. An example of this is the second form of ethnocentrism mentioned above, which coincided with the intense global rationalisation drives of the 1980s (Neghandi 1986). It is worth noting in this regard that there are advantages and disadvantages of each orientation, and that some situations and some industries may require one or the other or a mix of all three. A judgement cannot be made about which orientation is best under all circumstances for all firms. Caligiuri and Stroh (1995), however, found

empirical evidence that MNCs which followed an ethnocentric strategy were less successful than MNCs operating under the other orientations. Generally speaking, management theorists over the years, like Doz (1986), Bartlett and Ghoshal (1989, 1995a, 1995b), Ohmae (1990), and Thurow (1993), have continued to think, as Perlmutter hypothesised, that “the degree of multi nationality of a firm is positively related to the firm’s long-term viability, in terms of the quality of decision making which leads to survival, growth and profitability in our evolving world economy” (Perlmutter 1969:93).

Because the geocentric orientation is considered an ideal, and because it has a bearing on the MNC studied in the present research, a separate discussion will be devoted to the human resource implications of geocentrism. We now turn to this discussion.

3.4.3.1 Human resource implications of geocentrism

The “worldwide approach in both headquarters and subsidiaries” of the geocentric orientation has implications for human resource management. On the side of headquarters, as noted in Table 3.1, the best talent throughout the MNC’s network are developed for key positions everywhere in the world (Perlmutter 1969). Nationality does not matter in the geocentric orientation. The geocentric human resource management ideal has been echoed repeatedly over the decades by other writers. Derr and Oddou (1991:235), for instance, point out that “in a truly multinational company, top-level managers from many cultures with diverse international experiences work together to bring a global perspective to the direction of the company”. Thurow (1993:248) notes that human resource management has come to entail the integration of managers from different cultures and nationalities into the MNC’s core management structure. Bartlett and Ghoshal (1995a) say that within legal and political limits the MNC seeks the best people regardless of nationality to solve the company’s problems anywhere in the world.

A ‘worldwide approach in subsidiaries’ also has implications for human resource management. In the collaborative spirit of geocentrism employees work toward the goals of their local subsidiary and toward those of the MNC as a whole. If managerial employees at the subsidiary level are to think about ‘where in the world’ to raise funds, build a plant, etc., it follows that employee allegiance cannot be limited to their local company. The implication

is that, for the geocentric approach to work, employees would have to share the goals of the MNC as a whole as well as the particular goals of the local subsidiary. They would have to consider that they belong to the MNC as a whole as well as to the local subsidiary, that the MNC as a whole is *their group*. In other words, they would need to identify not only with their local subsidiary but with the MNC as a whole.

How do the above human resource aspects of geocentrism fit together? The aspects appear to reflect the paradox introduced earlier of how cohesion required for the overall functioning of the MNC can coexist with national differences. The paradox can be construed to embrace what has been viewed as the simultaneous requirement for national responsiveness and global integration. Recall the earlier discussion of the assumed need for the MNC to respond to the particular needs of local markets while integrating business activity at the global level in order to develop global-scale competitive efficiency. Recall also that the two requirements often conflict, because national responsiveness calls for differentiation while global integration calls for standardisation. When this paradox is applied to the human resource dimension of MNCs, it can be readily discerned that, on the one hand, the involvement of managers of different nationalities into the decision making process has the potential to produce fragmentation within the MNC, while, on the other hand, the identification of employees with the MNC as a whole offers the potential for cohesion.

Doz (1986) identifies two management processes which reflect these conflicting aspects of fragmentation and cohesion. One is building diversity of view into the management hierarchy, and can be considered to represent the human resource dimension of local responsiveness. It is referred to here as status equalisation. The other is organisational socialisation whereby the MNC's core values are disseminated throughout the global network. Socialisation can be considered to represent the human resource dimension of global integration. It is proposed that these two human resource management processes underlie the geocentric orientation. They are outlined below.

Status Equalisation

One way to deal with the complex operating environment faced by the MNC is thought to be the incorporation into the MNC's decision-making process of tensions in that environment (Doz 1986). By tension is meant the potentially conflicting views held by individuals

throughout the MNC's worldwide network of subsidiaries, views that are reflective of their respective environments. The idea is that by building diversity of opinion into the decision-making process the inherent tension between headquarters and subsidiary will be transformed from a negative to a positive force, leading to cooperation between the two groups and thus to effective competition in the increasingly complex global environment. In the words of Doz (1986:232), this process means that "individual managers--at headquarters and subsidiaries--hold strongly differentiated views and engage in a well-supported advocacy process in the making of key decisions" (Doz 1986:232). In other words, to be competitive, top management must make sure that the requisite level of variety is incorporated in decision-making processes to match the external variety (Doz 1986).

This process of building diversity of opinion into the decision-making process is referred to here as status equalisation, for the following reasons. Building diversity of opinion into the decision-making process involves granting access not only to the upper echelons of the local management hierarchy but to the MNC's global management hierarchy, to individuals throughout the worldwide network of subsidiaries. By granting such access there is a sharing of status that was formerly reserved for parent-country-nationals in the ethnocentric and polycentric orientations. In the ethnocentric orientation local employees do not have access to the top of the local management hierarchy. In the polycentric orientation, they have access to the top of the local management hierarchy but not to the global hierarchy. It is proposed that building diversity into the MNC's overall decision-making process serves to diffuse the negative tension between headquarters and subsidiaries regarding power and status relations.

Status equalisation through participation in the decision-making process by host-country-nationals reflects the human resource angle of local responsiveness. It answers calls from host governments, for instance, to elevate local staff to key positions in the subsidiary. It answers calls from employees for a 'more fair' relationship with the MNC as a whole. At the same time, the process of status equalisation may benefit the MNC. The MNC gains a myriad of perspectives on its business from all corners of the organisation, which is thought to give it a competitive edge over those MNCs with a parochial outlook due to a mono-cultural top management team (Bartlett and Ghoshal 1989; Ohmae 1990; Thurow 1993). Abegglen and Stalk (1991:284) note that for the MNC to succeed abroad, a good deal of management authority needs to be given to local management. But as local managements come to

comprise an important part of the MNC as a whole, they go on to say, local managers need a voice in corporate affairs.

By reflecting local responsiveness, status equalisation is one of the two human resource management processes that is proposed to underlie the geocentric orientation. We now turn our attention to the other proposed process, socialisation.

Socialisation

Socialisation, which was defined and discussed in chapter two, is a process that reflects the human resource management angle of the 'centrally planned' strategy of global integration. This process involves the dissemination of core values throughout the organisation. It takes account of the assumed need to weld the potentially fragmented perspectives of a multitude of individuals towards goals common to the organisation as a whole. While the new competitive environment encourages diversity of view, all the way to diversity of nationality in the board room, a centripetal force is thought to be required to bring the fragmented and disjointed decisions into a coherent whole. Socialisation can be considered to be "a process of convergence from diverse views to common choices" Doz (1986:232).

As noted in chapter two, socialisation is a process underlying values-based organisational identification. It will be recalled that organisational identification is a form of control in the organisation, and is considered to be particularly important for large organisations. It is considered important because the larger the organisation the more difficult it is to control and coordinate activities. The geocentric orientation which is a 'worldwide approach in both headquarters and subsidiaries' supports a global management strategy that is increasingly differentiated across businesses and organisational units. In order to provide unity at every level of the organisation, it is thought that each individual must understand and share the MNC's values and goals (Bartlett and Ghoshal 1989:70), that is, to identify with the MNC as a whole. An informal control mechanism such as organisational identification is considered to be especially important when management control is devolved from headquarters, as in the case of polycentrism and geocentrism.

Having looked at the framework for MNC typologies, we now consider a framework for MNC subsidiary typologies in the following section.

3.5 Subsidiary Typologies

While typologies for MNCs were developed quite early on (Perlmutter 1969), much less attention has been paid to MNC subsidiaries. That subsidiaries might have different roles to play within a MNC, and different relationships with the parent, is not part of the ethnocentric or polycentric orientations. If an MNC were classified as ethnocentric, for instance, all of its subsidiaries were assumed to be subordinate to the parent and have the role of implementing plans formulated at headquarters. Subsidiaries appears to have homogenous roles within the ethnocentric and polycentric orientations.

In Perlmutter's (1969) geocentric orientation, however, subsidiaries are not viewed as having either homogenous roles or homogenous relationships with the parent organisation. Each subsidiary in the MNC with a geocentric orientation is thought to make a unique contribution with unique competence. This suggests that each might have a different relationship with headquarters. A geocentric approach thus provides a rationale for considering differentiated rather than homogenous roles for subsidiaries.

Perlmutter's (1969) view of differentiated roles for subsidiaries within the geocentric MNC has been developed by Bartlett and Ghoshal (1989; 1995a) into a typology of roles and responsibilities of subsidiaries. In this typology, the roles of subsidiaries depend on both the importance of the subsidiaries' local market to the MNC's overall corporate strategy and the subsidiaries' internal capabilities. In general, markets that are considered important to a MNC are large markets, the home markets of competitors, and markets that are particularly sophisticated or technologically advanced. Internal capabilities of the subsidiaries include technology, production, and marketing (Bartlett and Ghoshal 1995a:570). For instance, one subsidiary might excel in marketing while another might excel in R&D.

As shown in Table 3.2, there are four role typologies for subsidiaries: the Strategic Leader, the Contributor, the Black Hole, and the Implementor. The Strategic Leader is shown to rate high on both internal capability and the strategic importance of its market to the MNC. For this reason its role is viewed as being not only "a sensor for detecting signals of change but also a help in analysing the threats and opportunities and developing appropriate responses"

(Bartlett and Ghoshal 1995a:570). The Contributor also rates high on internal capability; however its market is not considered to be as important as the market in which the Strategic Leader is located. This is either because the market is small or does not have the strategic importance to the parent. The Contributor may have a distinctive capability, but its contribution is limited to a relatively small sphere within the MNC's overall operations. The Black Hole is a subsidiary located in an important market, like Japan, for instance, but which does not have the capability to compete in that market. Its role is generally to monitor competition and to gradually increase market share. This type of subsidiary is usually a financial drain on the organisation, and is not considered an acceptable position. The objective is not to manage it but to manage one's way out of it, perhaps through a joint venture with a local partner (Bartlett and Ghoshal 1995a:572).

Table 3.2 Roles for national subsidiaries

Competence of Local Organisation	Strategic Importance of Local Environment	
	High	Low
High	Strategic Leader	Contributor
Low	Black Hole	Implementor

Source: Bartlett and Ghoshal 1995a:570

Each subsidiary with its different role is meant to complement one another, and each (except, perhaps, for the Black Hole) is considered to be, in its own way, a source of strength for the MNC as a whole. The Strategic Leader innovates and contributes to the formulation of the MNC's overall business strategy; the Contributor applies its distinctive capability to a particular business area; the Black Hole, if considered, monitors competition in an important market, and; the Implementor, while being a follower, has what is considered "the important task of generating the funds that keep the company going and underwrite its expansion" (Bartlett and Ghoshal 1995a:571). The complementarity between the subsidiaries suggests an interdependence between the units in the MNC, which was lacking in both the ethnocentric and polycentric orientations, but which is representative of the geocentric orientation.

Two of these subsidiary types, the Strategic Leader and the Implementor, are most relevant to the current research because the case-study organisations, introduced in the following section, have been classified into these types. They are therefore discussed in more detail.

3.5.1 'Strategic Leader' and 'Implementor'

The Strategic Leader and the Implementor, shown in boldface in Table 3.2, represent polar opposites. One is a leader, the other a follower. The Strategic Leader rates high on both internal capability and strategic importance of its market, whereas the Implementor rates low on both of these dimensions. They are also polar opposites in a numerical sense. As might be expected, Strategic Leaders are relatively few in number, while Implementors comprise the majority of the units in the MNC (Bartlett and Ghoshal 1995a:571).

The Strategic Leader, because of its high internal capability and location in a key market, is considered to be a partner of headquarters in developing and implementing strategy. An example of a Strategic Leader is a subsidiary with a sophisticated R&D capability, where innovations are shared with other units in the MNC and where managers of the subsidiary actively participate in formulating plans for the development and launching of new products in their own market and in other markets in which the MNC operates and competes. Because of the strategic role of these subsidiaries, it is advocated that their local managers be given access to and influence in the corporate decision-making process (Bartlett and Ghoshal 1995a:573). The implication is that local managers are given access to the corporate decision-making process not only at the level of the subsidiary but at the level of the global corporation.

The Implementor is a subsidiary located in a relatively unimportant market and has just enough internal capability to maintain its local operation. Examples might include subsidiaries in developing countries, and in the smaller European countries where the market potential is limited, and where internal capability may be limited due to scarce resources including an educated workforce. The Implementors lack the potential to contribute to the MNC's strategic planning. Nonetheless their "efficiency is as important as the creativity of the Strategic Leaders or Contributors--and perhaps more so, for it is this group that provides the largest leverage that affords MNCs their competitive advantage. The Implementors produce

the opportunity to capture economies of scale and scope that are crucial to most companies' global strategies" (Bartlett and Ghoshal 1995a:571-2).

Having outlined the frameworks of typologies for MNCs and for MNC subsidiaries, attention is now turned to the case-study organisation.

3.6 Case-Study Organisation

The main purpose of this section is to introduce the case-study MNC and subsidiaries, and locate them within the typologies which were introduced above. The typologies are then used to generate hypotheses about the relationship between managerial employees and their subsidiary and the MNC as a whole. The case-study MNC is Unilever, and the case-study subsidiaries are Unilever's subsidiaries in India and Pakistan, Hindustan Lever Limited and Lever Brothers Pakistan Limited, respectively.

3.6.1 Unilever: 'polycentric cum geocentric'

Unilever is a highly diversified Anglo-Dutch consumer products company which employs more than 300,000 people worldwide (Unilever 1995a). Its main business is in branded and packaged goods, primarily foods, detergents and personal products. Unilever companies worldwide market over 1,000 brands. The company's other major activity is in specialty chemicals, and other activities include plant science research. In 1994, turnover approached 30 million pounds sterling, of which foods comprised 52 per cent (Unilever 1995a). Its total sales puts Unilever among the top industrial companies in the world. Measured by net profit, Unilever ranked at number 15 in the 1994 Fortune list. About 53 per cent of Unilever's sales are in Europe, 20 per cent in North America, and 27 per cent in the rest of the world (Unilever 1995a). Unilever has about 500 operating companies in over 80 countries.

As pointed out in the previous section, MNCs do not fall neatly into any one typology. From the standpoint of Unilever's business, the organisation falls more into the polycentric typology. While some of Unilever's products cross national boundaries and lend themselves to global economies of scale, more than half of Unilever's business depends on catering to national markets. Moreover, the organisation is hoping to expand its food business in the future. According to information gained at an interview at Unilever's head office in London

in 1996, Unilever sees its future growth in the direction of foods, where it held only two per cent of the world market at the time of the interview. This is in contrast to other Unilever products which already enjoy high market shares around the world, and are not expected to grow much more. Because of diverse national tastes, foods are not able to follow the trend of other Unilever products over the past decade in brands that are accepted across national boundaries. This implies a continuation of polycentrism.

From the standpoint of Unilever's human resource management policies and practices, Unilever has the characteristics of a geocentric MNC. Unilever has, for instance, a system of job evaluation and basic remuneration policies that is applied internationally. In keeping with the geocentric orientation, promotion to any post, including positions on the main Board in London, is determined by merit and not by nationality considerations. According to a senior personnel officer at Unilever Plc, London, Unilever's best talent does not necessarily come from the United Kingdom or from the Netherlands. The litmus test of this assertion, of course, is the nationality composition of the main Board of Directors. At the time this research was conducted, a quarter of the main Board in London was comprised of individuals of nationalities other than British and Dutch, revealing that policy had been put into practice.

Unilever has not always been a geocentric organisation in terms of its international human resource management policies and practices. Unilever is one of the oldest MNCs in the world. Its history spans more than a century, if the founding companies are considered. During this period the organisation has moved through the three MNC typologies--ethnocentric, polycentric, geocentric--in terms of human resource management. The evolution from ethnocentric to geocentric has been primarily in response to dealing with the tension between national responsiveness and globalisation, which was discussed earlier in the chapter. A brief history of the organisation is given below in order to provide support for classifying Unilever and the two case-study subsidiaries into particular typologies.

Unilever's Founding Fathers

Unilever came into being on January 1, 1930, as a result of a merger between two small groups from the United Kingdom and the Netherlands, who represented Lever Brothers Limited and Margarine Union, respectively. The nuclei of Lever Brothers was the soap business, which had become one of the largest in the world by the end of the 19th century.

Lever Brothers is counted among the first generation of capitalist concerns to manufacture in a number of countries. Margarine Union began with the two rival butter merchants Van den Berghs and Jurgens in the 1870s, and later entered the margarine and meat business (Fieldhouse 1978:17). The merger, one of the largest of the day, was viewed as offering the two partners complementarity (Reader 1980:6). Margarine Union, which had a strong base on the Continent and in the United Kingdom but did not have major interests outside Europe, was the stronger of the two merging partners. This was attractive to the Lever Board, who was passing through a period of reconstruction (Reader 1980:5). Levers' wide geographical span--the British Empire, that is, the countries then known as the Dominions and India--was attractive to Margarine Union who was "broaching the limits of the European markets" (Reader 1980:5-6).

The two nationalities of the parent company made Unilever international in a way that other large companies of the time (for instance, ICI in the UK and IG Farben Industrie in Germany) were not (Reader 1980:6). This created a need for a form of organisation that would give due weight to both partners, as well as avoid the risk of double taxation. As a result, two holding companies were set up at the head of the new groups: one, Unilever Limited, was capitalised in sterling and based in London; the other, Unilever NV, was capitalised in guilders and based in Rotterdam.

The two companies had identical Boards, and an Equalisation Agreement between them provided that they should at all times pay dividends of equal value in sterling and in guilders. NV was to look after Unilever's interests on the Continent, while Limited those in the UK and overseas (outside Europe). The merger agreement provided that the Lever group should appoint half of the members of the holding-company Boards and the Jurgens, Van den Bergh and Schicht groups the other half. The idea did not have instant appeal, but Anton Jurgens, one of the senior members of the Jurgens group, pushed for it. Just before he retired, Jurgens proposed that vacancies should be filled according to ability irrespective of other considerations. His proposal was accepted and a decisive step was taken toward the multi-nationality Board of the late 1970's, and beyond (Reader 1980:22-23).

What followed from this form of organisation was that Unilever managers were to be offered careers based on talent, "unimpeded by considerations of family, former company

associations, or nationality” (Reader 1980:22-23). Though key positions in Europe and elsewhere were usually held by Dutchmen or Englishmen at the time of the merger (Wilson 1968:237), by the mid-1930's Unilever began a process of indigenisation, or localisation, of management. In this way, Unilever passed through an ethnocentric to a polycentric stage, and then on to a more geocentric one in terms of human resource management. These stages are described below.

From Ethnocentric to Polycentric

In its early history Lever Brothers, and later Unilever, typified an ethnocentric MNC regarding its relationship to its overseas subsidiaries, particularly those outside Europe. Products like Sunlight Soap were developed in Britain and marketed abroad, local operations were wholly owned by Lever, and expatriates were sent from Europe to run the local operations. Because of such centralised decision-making, Lever companies, like all British-owned companies in, say, India at the time, were virtually indistinguishable from the parent company in Britain (Hindustan Lever Limited 1992; Thomas 1993). This ethnocentric approach was typical of MNCs in the late 19th and early 20th century.

Two historical events served as a catalyst for moving Unilever from an ethnocentric to a polycentric MNC. One was World War II and the other was the movement toward political independence of former colonies.

The events of World War II served not only to cut the two head offices of Unilever off from one another, but to cut London off from its empire in the East (Reader 1980:44). A loss of communication coupled with a depletion of men and resources that could be channelled to the overseas subsidiaries resulted in a greater self-reliance imposed on the overseas operating units (Wilson 1970:24). In India, for example, it became impossible for Unilever-owned companies to import from Europe machinery needed for the production of soap, which was in high demand by the Indian military. It became necessary to resort to locally produced machinery, which sometimes entailed a modification of the production process itself (Hindustan Lever Limited 1992).

In essence, the centralised system of management by which Unilever had been run in the 1930's came to an end (Reader 1980:52). To exploit the self-reliance and knowledge

represented by the local managements was seen as the only road to recovery and expansion (Wilson 1970:24). The main Board kept control of major capital expenditure and of the appointment, pay and dismissal of senior executives. Otherwise it became a general policy that the initiative should come from the local operating level. Local managements were expected to frame their own business plans and convince corporate headquarters of their viability. Then they were given wide berth “to pursue their own interests and policies according to local circumstances, local knowledge and their own specialised business experience” (Reader 1980:52).

This pattern of decentralised control and local initiative was further reinforced with the rise of independence movements by former colonies in which Unilever had subsidiaries. During the two decades after 1945, and especially after about 1955, the tension between local autonomy and control from the centre, especially in terms of the importation of new techniques and capital, constitutes a major theme in the history of Unilever overseas (Fieldhouse 1978:48). The newly independent sovereign states in which many Unilever subsidiaries operated began to put pressure on foreign-owned firms to integrate themselves more closely into the host economy. Governments, chiefly in ex-colonial territories, insisted that Unilever take on local partners (Wilson 1968:15). Firms were asked to allow local participation in the equity, to use local raw materials, to sell at controlled or agreed prices, to make those things the government thought the country needed or could afford to consume (Fieldhouse 1978:48).

From Polycentric to Geocentric

The localisation of management which began with the events of World War II, was supported with an active policy known in Unilever as ‘isation’, which ultimately contributed to the development of the multi-nationality (or geocentric) management structure for which Unilever is known today. Isation is the generic abbreviation given by Unilever to its policy of the indigenisation of management, a concept which was considered radical for its time (Hindustan Lever Limited 1992). In its original usage isation describes the gradual process of the organisation handing over the reins of management to a country’s nationals (Hindustan Lever Limited 1992:62). It was considered by some in Unilever’s top management, notably Geoffrey Heyworth, that “without delegation to the ends of the limbs, Unilever’s sprawl over the globe would soon come apart under its own weight” (quoted in Hindustan Lever

1992:70). Such delegation, it was considered, would best be accomplished if the overseas operating units could carefully select, train and groom national managerial talent to replace the expatriates.

Unilever's isation policy had its roots in India. Stirrings of nationalism began in India in the 1920s, preceding the general wave of independence movements around the world by several decades. This prompted top management in Unilever to reconsider its international management structure. In 1931, sixteen years before Indian independence from Britain, Andrew Knox, a senior manager in Unilever, wrote:

The India of today is only a chrysalis for yet another India which will develop tomorrow. We must face the fact that an independent India, an 'Indianised' India is at hand and we must so adjust our policy as to bring it into line with the new conditions and the fundamental ideas and aspirations that underlie the awakening feeling of nationhood in India... The part of the goodwill that rested on prestige and not on intrinsic value will disappear (quoted in Hindustan Lever Limited 1992:69).

The isation of India called for the training of Indians to take over from Europeans not only the junior but the senior management positions. By 1944, 15 out of 57 people in the company's management were Indians, though most were at the assistant manager level (Hindustan Lever Limited 1992:32). This appeared to some that Indianisation was merely window dressing (Tandon 1988). Unilever took another decision at that time which has a bearing on its geocentric management structure of today. Top management decided that Indians who proved themselves qualified to take on management positions should enjoy privileges *equal* to those enjoyed by the Europeans they substituted, and in addition they should qualify for the same salary level (Hindustan Lever Limited 1992).

Meanwhile, in 1948 the Government of India formulated its Industrial Policy Resolution. One of the points listed in the Resolution was that "the training of suitable Indian personnel for the purpose of eventually replacing foreign experts will be insisted upon" (quoted in Dar 1979:2). In 1955 Andrew Knox, a senior Unilever manager, visited India expressly to study the problem of the further Indianisation of the business (Hindustan Lever Limited 1992). His goal was to see the building of an Indian business with some European assistance, rather than a European business with some Indian assistance (Hindustan Lever Limited 1992). Knox believed that without further reductions in European expatriates and a dilution of Unilever's 100 per cent equity, the business would not alter its British personality. To fully Indianise,

he believed that final responsibility and essential initiative for the business needed to rest with Indians (Hindustan Lever Limited 1992).

Positions of authority were progressively transferred to locally born managers, in India and in other areas of the world where Unilever had subsidiaries. British and Dutch expatriates were left more and more with only those positions requiring special knowledge or training not at the time locally available (Reader 1980:110). By the 1960s the isation policy was considered to have added rather than detracted from the efficiency of Unilever as a whole (Wilson 1968: 242). Also by the 1960s the term isation began to encompass more than the localisation of management; it began to encompass a more geocentric approach to human resource management.

It is telling that Perlmutter (1969) selected a statement made by a former Unilever Board member to illustrate his idea of geocentrism. The former Board member said, “We want to Unileverise our Indians and Indianise our Unileverans” (quoted in Perlmutter 1969:96). This statement encapsulates Unilever’s philosophy regarding the headquarters-subsidary relationship, and subsidiary-subsidary relationships. Unilever does not want its Indian managerial employees to be purely Indian in outlook, its British managerial employees to be purely British in outlook, and so on throughout its global network of subsidiaries. To ‘Unileverise our Indians’ suggests a call for the identification of local managers with Unilever as a global entity. To ‘Indianise our Unileverans’ suggests a call for an ‘internationalisation’ of the headquarter’s top management to encompass the viewpoints of local managers. Unilever approaches these calls through the processes of organisational socialisation and status equalisation which were introduced earlier in the chapter.

3.6.1.1 Unilever’s geocentric human resource policies

Socialisation in Unilever

It has been pointed out that socialisation is particularly important in the MNC because of its complex coordination needs. For one, managers in the MNC are separated by distance and time barriers. For another, the managers come from many national backgrounds, and it cannot be assumed that they will share the same values or adhere to common norms (Adler 1997). In the case of Unilever, which has operating units spread over 80 countries, the ratio

of employees who come from national backgrounds different from that of the parent organisations is growing. Over the past decade the percentage of European employees in Unilever has decreased from one-half to one-third of those employed worldwide. In 1984, Unilever employed 277,000 people worldwide, of which European employees numbered 146,000 (Unilever 1994a). By 1994, Unilever employed 304,000 people worldwide, of which European employees numbered 104,000 (Unilever 1994a). This suggests that socialisation, and by extension organisation identification with Unilever, is an ongoing concern within Unilever.

How does Unilever attempt to socialise, or 'Unileverise', its worldwide managerial employees? The following excerpt mentions some of the mechanisms of Unilever's socialisation.

Similarity of selection and experience sets up a process of indoctrination, not entirely deliberate, through which a Unilever manager, if his career is going well, finds himself after some years a member of an unacknowledged club for many nationalities and both sexes in which the sense of identity and the force of unspoken tradition, as in most good clubs is strong. It gives Unilever management throughout the world a character and style which is very marked though not easy to describe. Thoroughness and professional competence rather than entrepreneurial brilliance seem to be its leading characteristics joined to an outlook generally liberal and humane often self-questioning and an awareness not to say uneasiness about the social responsibility of multinational business (Reader 1980:112).

Indoctrination, the term Unilever uses to mean the inculcation of a common vision and shared values, begins with the management training programme. Unilever has what it calls the Unilever Companies Management Development Scheme which is the main gateway to joining Unilever's core management. The first stages of the scheme date from 1952; it was later modified in accordance with scientific advice from the Tavistock Institute of Human Relations (Wilson 1970:49-50).

Through this scheme Unilever organises international seminars for senior managers, prepared by a centralised management development unit at its headquarters. These seminars developed in line with the spread of Unilever's 'isation' policies described earlier; with the localisation of management there was a rapid development of schemes of education and training to increase the numbers of managers of local origin. Courses and seminars concentrate on fields

such as industrial relations, safety, economics, administration, computer skills, marketing and sales. Some emphasis is put on communication and language skills (ILO 1989).

Today Unilever spends about 100 million pounds a year on training. One third of that sum is spent on the managers, of whom there are about 20,000 (out of 318,000 employees in 1995) spread over 80 countries in roughly 500 companies. About 20 per cent of all managers receive some kind of formal training annually, which is not necessarily confined to the junior levels of the business or to the earliest career phases (Interview, Unilever Plc, 1995).

Unilever's management development scheme serves not only to train and develop managers but to socialise them into the organisation. As stated by a senior personnel manager at Unilever:

By bringing managers from different countries and businesses together at "Four Acres" [Unilever's International Management Training College] we build contacts and create bonds that we could never achieve by other means. The company spends as much on training as it does on R&D not only because of the direct effect it has on upgrading skills and knowledge, but also because such programs play a central role in indoctrinating managers into a Unilever fraternity or club where personal relationships and informal contacts are much more powerful than the formal systems and structures (quoted in Bartlett and Ghoshal 1989:188).

A good example of the socialising effect of training is provided by the personal account of an Indian employee who eventually became chairman of the Indian subsidiary and later sat on the main Board in London (Thomas 1993). He describes himself in his early years as being "totally homespun, and steeped in the attitudes of an Indian", and not feeling "genuinely familiar with Unilever or European culture" (Thomas 1993:152). He was sent on a Unilever-sponsored training programme at a university in the United States. Exposure to a group of international managers and to teachers and media of a free market economy made him question "some of the sacred cows of [his own] government's socialism", and aroused in him a desire to create a strategy for the Indian subsidiary by adopting what in India were considered somewhat unconventional routes (Thomas 1993:170). In this way, training programmes serve to expand employees' intellectual horizons in a direction chosen by, and encompassing the values of, the parent organisation. Unilever's corporate values are embedded in a code of business principles which are reproduced in Table 3.3.

Table 3.3 Unilever's corporate values

1) Standard of Conduct	Unilever conducts its business with honesty and integrity and with respect for the interests of those with whom it has relationships.
2) Obeying the Law	Unilever companies are required to comply with the laws and regulations of the countries in which they operate.
3) Employees	<p>Unilever companies are required to recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.</p> <p>Unilever is committed to providing safe and healthy working conditions for its employees worldwide.</p> <p>Unilever believes it is essential to maintain good communications with employees, normally through company based information and consultation procedures.</p>
4) Conflicts of Interest	Unilever expects its employees to avoid personal activities and financial interests which could conflict with their commitment to their jobs. Steps are taken to ensure that employees receive appropriate guidance in areas where such conflicts can arise.
5) Public Activities	<p>Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.</p> <p>Unilever companies are encouraged to promote and defend their legitimate business interests. In so doing they may either directly, or through bodies such as trade associations, raise questions and discuss particular government actions or decisions.</p> <p>Where their experience can be useful, they are encouraged to cooperate with governments, individuals, agencies and other organisations in the development of proposed legislation and other regulations which may affect such legitimate interests.</p> <p>Unilever companies are also encouraged to respond to requests from governments and other agencies for information, observations or opinions on issues relevant to business and the community in which they operate.</p>
6) Product Assurance	Unilever is committed to providing products which consistently offer value in terms of price and quality, and which are safe for their intended use.
7) Environmental Issues	Unilever is committed to running its business in an environmentally sound and sustainable manner. Accordingly its aim is to ensure that its processes and products have the minimum adverse environmental impact commensurate with the legitimate needs of the business.
8) Competition	Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Employees receive guidance to ensure that they understand such laws and do not transgress them.
9) Reliability of Financial Reporting	Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.
10) Bribery	Unilever does not give or receive bribes in order to retain or bestow business or financial advantages. Unilever employees are directed that any demand for or offer of such bribe must be immediately rejected.

Source: *Unilever Code of Business Principles*, Unilever, 1995b.

Unilever's code of principles applies to Unilever companies throughout the world, and is actively promoted in joint ventures in which Unilever companies participate. It is the responsibility of the Board of Unilever to ensure that the principles embodied in the Code are communicated to, understood and observed by all employees. An independent Internal Audit function supports the Board in monitoring compliance with the Code (Unilever 1995b). Table 3.4 gives Unilever's corporate goals.

Table 3.4 Unilever's corporate goals

Our purpose in Unilever is to meet the everyday needs of people everywhere -- to anticipate the aspirations of our consumers and customers and to respond creatively and competitively with branded products and services which raise the quality of life.

Our deep roots in local cultures and markets around the world are our unparalleled inheritance and the foundation for our future growth. We will bring our wealth of knowledge and international expertise to the service of local consumers -- a truly multi-local multinational.

Our long term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively and to a willingness to embrace new ideas and learn continuously.

We believe that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live.

This is Unilever's road to sustainable, profitable growth for our business and long term value creation for our shareholders and employees.

Source: *Unilever's Corporate Purpose*, Unilever, 1997.

For the sake of comparison, the company values and goals of Hindustan Lever Limited (HLL India) and Lever Brothers Pakistan Limited (LBPL Pakistan) are also given in Tables 3.5 to 3.8. As can be seen, the company values of the two subsidiaries are in line with those of Unilever. Both subsidiaries refer specifically to some of Unilever's core values, and mention Unilever by name. It is interesting to note that HLL India has adopted, almost to the letter, Unilever's statement of corporate goals. The foregoing shows that, at least on paper, there is not a discrepancy in the organisational values and goals between Unilever and its two subsidiaries.

Table 3.5 HLL India's company values

The traditions and values that abide in Hindustan Lever are fairness and a belief that even perfection can be improved upon.

The company believes that human resources are the source of innovation, excellence and growth. Aiming for excellence and a concern for its people are HLL's guiding principles. Unilever offers an ethical, competent, high-quality professional working environment that values integrity and the commitment to succeed.

The company accords the highest priority to productivity. Hindustan Lever derives advantage from its links with Unilever and its global activities, in continuously improving productivity.

Pollution control, industrial safety and energy conservation are key concerns, in keeping with Unilever's worldwide policy.

The company believes in developing technology that meets basic needs--technology that results in a better standard of living, technology that leads to the optimal use of scarce resources, technology that brings about both industrial and agricultural growth.

Source: Statements extracted from Hindustan Lever Limited 1995a, 1995b, 1995c, 1996a.

Table 3.6 HLL India's company goals

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Our long term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively and to a willingness to embrace new ideas and learn continuously.

We believe that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live.

This is Hindustan Lever's road to sustainable, profitable growth for our business and long term value creation for our shareholders and employees.

Source: *Hindustan Lever's Corporate Purpose*, Hindustan Lever Limited, 1997.

Table 3.7 LBPL Pakistan's company values

People	Our people are key to our strengths. The development of their potential is core to our business.
Customers	Our customers are the focus of everything we do and we will delight them with our products and our services. Our brands will always deliver the high quality we promise.
Suppliers	Our suppliers are partners and we maintain mutually beneficial relationships with them.
Integrity	Our integrity is never compromised. We adhere to high standards in all we do. We conduct ourselves in a socially responsible manner that commands respect.
Environmental Responsibility	We adhere to all national and Unilever standards to ensure health, safety and protection of the environment in which we live and work.
Profit	It is the ultimate measure of our performance and it is required to maintain and grow our business.

Source: Reproduced from *Mission Statement*, Lever Brothers Pakistan Limited, 1996.

Table 3.8 LBPL Pakistan's company goals

<p>Lever Brothers will be the foremost consumer products company in Pakistan. We will be competitive and innovative, with market leadership in the Unilever core businesses of Foods, Cleaning and Personal Care.</p> <p>Our strength comes from our people and from combining the best of our international as well as Pakistani origins. Our commitment is to continuously care for the need of our customers, consumers, employees, suppliers, shareholders and the community in which we live.</p>

Source: Reproduced from *Mission Statement*, Lever Brothers Pakistan Limited, 1996.

This may be the appropriate juncture to mention that Unilever's name, and selected values and goals are used in recruitment and orientation. Regarding the latter, entering employees at HLL India are given classes at HLL India's regional training centre about Unilever as a global corporation. Promoting Unilever as a global corporation actually begins in the recruitment stage. A good example is provided by one of the HLL India careers information brochures, for the Hindustan Lever Research Centre (Hindustan Lever Limited 1995b). The brochure refers to the research centre as a Unilever company. Product assurance and safety issues, key Unilever values, are highlighted. In addition to outlining the local operation, the

brochure stresses how the centre is a “distinguished member of a much larger global family” (Hindustan Lever Limited 1995b:21). It also mentions that one of its research scientists rose to become Chairman of HLL India, and moved further to the position of Research and Engineering Director of Unilever. This brochure communicates Unilever’s name, what Unilever stands for, and the fact that nationality is not a barrier to rising to the top echelons either at the local level or at corporate headquarters.

We have now seen how Unilever ‘Unileverises’ its managerial employees through the process of socialisation. We now turn to how Unilever ‘Indianises its Unileverans’ through the process of status equalisation.

Status Equalisation in Unilever

Unilever has a stated policy of promoting the right person for the job regardless of nationality in accordance with its International Job Evaluation Scheme. The pool from which Unilever selects and develops managers encompasses its operating units throughout the world. At the time of the present study, four of the fifteen Board members were non-British, non-Dutch. An American, a German, and an Indian figured among the directors. The Indian was director of Research and Engineering. In the case of India, two Indian managers have risen to the Unilever Board in London over the past 25 years. The International Job Evaluation Scheme is applied uniformly to managers at all Unilever companies. This scheme aims to provide good quality management, succession planning, etc. It also provides a means by which talent is identified worldwide.

It has already been mentioned that the Unilever Companies Management Development Scheme (UCMDS) is the main gateway to joining the core management. (Managers come from three routes: from the UCMDS, from direct recruitment at the operating company level, and up from the shop floor). The core management, or what Unilever refers to as The Common Interest Group, consists of all Unilever managers of a certain grade. The core consists of 20,000 people worldwide, of which three-and-a-half thousand are in the U.K. This is the only group in Unilever for whom maximum salary, holiday leave and other benefits are not determined at the operating company level. By contrast, the salary of non-managers is determined at the operating company level. Salary is determined by merit progression.

All 20,000 core managers are regarded as mobile within the country of their original hire, depending on the type of business and on an assessment of their promotability. Of this number, 1,800 are globally mobile on assignment in other parts of Unilever's worldwide organisation. This figure has risen from 1,000 such managers ten years ago (Bartlett and Ghoshal 1989). In 1996, 600 of the 1,800 managers were British, 400 were Dutch, and the remaining 1,000 were third-country nationals. Unilever has a policy of having seven per cent of managers of a subsidiary be on overseas assignment. (Transfers of managers is actually another socialisation mechanism, in addition to management training and development.) This group acts as the top managerial 'glue' within the Unilever network.

In sum, Unilever has in place the socialisation and status equalisation mechanisms discussed earlier in this chapter, through the Unilever Companies Management Development Scheme and the International Job Evaluation Scheme.

Having outlined the case-study MNC, the following presents the two case-study subsidiaries.

3.6.2 HLL India and LBPL Pakistan

This section introduces the two case-study subsidiaries. It begins with a brief historical account, and then places the subsidiaries in two of the typologies outlined earlier in the chapter, based on an assessment of local market characteristics and the internal capability of the two companies. Details of the management structure and size of the management groups of the two subsidiaries are given in chapter four.

Brief History

William Lever, the founder of Lever Brothers, began exporting soaps to India in 1875, and built up the business until Sunlight Soap became a household name (Tandon 1988). Agents were appointed in the Indian ports of Bombay, Calcutta, Madras and Karachi to handle the sales and distribution of the growing exports to India. In 1913 William Lever registered a subsidiary, Lever Brothers India Limited, as an English company (Fieldhouse 1978). This subsidiary grew into what is today Hindustan Lever Limited (HLL India) and Lever Brothers Pakistan Limited (LBPL Pakistan).

Lever Brother's, and subsequently Unilever's, main businesses in India prior to political independence from Britain were in the port cities of Calcutta and Bombay. The businesses around the port of Karachi in present-day Pakistan were small and peripheral to Unilever's main businesses in India (Fieldhouse 1978). There were no factories in Karachi as there were in Calcutta and Bombay; the businesses in Karachi were mainly engaged in the marketing of products manufactured in Calcutta and Bombay. With Indian independence and the creation of the state of Pakistan in 1947, came the cleavage of Unilever's Indian operations. The small, peripheral businesses around the port of Karachi were reincarnated, so to speak, into a couple of new organisational bodies which, together with a newly built factory, eventually formed LBPL Pakistan. Reflecting the pre-independence status of Unilever's businesses in India, those businesses on the Indian side of the border, which eventually merged to become HLL India in 1956, grew to be strong. Conversely, the businesses that came to be LBPL Pakistan maintained a relatively weak position. This heritage leaves its mark on both companies even today, as described below.

HLL India: Strategic Leader

HLL India has long been considered a leader (Fieldhouse 1978). It became the largest of all Unilever's subsidiaries outside Europe and North America, and one of the most autonomous, owing in part to Unilever's 'isation' policies described earlier in the chapter. For this reason HLL India has been considered a model for companies in developing countries (Fieldhouse 1978). HLL India is one of several Unilever companies in India, which include Lipton and Ponds. Soaps and detergents make up roughly 70 per cent of HLL India's business (Hindustan Lever Limited 1996b). Other products include cooking oils, ice cream and beauty aids. It has operations in over 50 locations (Hindustan Lever Limited 1995c), and directly employs about 12,000 people (Interview, Unilever Plc). It is one of the largest firms in India's private sector and by far the largest foreign affiliate in the country (ILO 1989). HLL India was ranked the number one company in India in 1996 (for at least the second year running) based on five attributes of leadership: quality of products and services, innovativeness in responding to customer needs, long-term management vision, financial soundness and being a company that others try to emulate (Far Eastern Economic Review 1997).

In accordance with the typologies introduced earlier, HLL India is classified as a Strategic Leader. This is based on the two criteria of a Strategic Leader: a large, important market and internal capability that matches not only the local market but extends beyond national borders. India, with a population of about 950 million, is a large and growing market, and slated to become one of the most important domestic markets in the world (Prahalad 1993:2). Two demand curves for HLL India's products are noteworthy. One is a steep demand for basic grooming products such as bar soap, as a growing segment of the population moves out of dire poverty. The second is a steep demand curve for luxury items such as ice cream, as a growing segment of the population moves into the middle classes. In the mid-1990s the overall market for goods produced by HLL India was expected to grow at an annual rate of 30 per cent, with turnover doubling every three years (Hindustan Lever Limited 1995a). With turnover (net proceeds of sale) at US\$ 1.7 billion in 1994, HLL India contributed nearly four per cent to Unilever's global turnover at US\$ 45 billion (Hindustan Lever Limited 1995a). By 1997, turnover was at US\$2.55 billion, comprising five per cent of Unilever's US\$ 50 billion. The forecast for 1998 is that HLL India will account for six per cent of Unilever's global turnover (Interview, Unilever Plc).

The internal capability of HLL India is exemplified by its competence in research and development and its management expertise. HLL India is home to one of Unilever's five R&D centres around the world, and the only one of these centres outside of Europe and North America. HLL India also has eight innovation centres around the country. The innovations emanating from HLL India's research centre, and the innovation centres, are not only applied locally; they are shared within Unilever's global network. One example is the development of a 'fairness' cream for lightening the skin, which has become a leading skin cream in the Indian market (Hindustan Lever 1995b) and is now exported to a number of Asian markets (Far Eastern Economic Review 1997). In this way, HLL India's internal competence is parlayed beyond its national market, in keeping with the characteristics of a Strategic Leader.

The internal competence of HLL India is also reflected in the capability of its managers. The top management layer at HLL India, including the chairman, is comprised almost exclusively of Indians. In 1996, at the time this research was conducted, there was only one expatriate out of 13 board members. HLL India's management capability is also tapped for use within

Unilever as a whole. In 1996, 10 Indians were working outside India at the board level, including chairman, of other Unilever companies. Of Unilever's 1,745 expatriate managers around the world in mid-1998, 60 are Indian, at least three of whom are at the chairman level. Indians rank third after the British and the Dutch in terms of numbers sent on a worldwide, as opposed to regional, basis. Moreover, two Indian managers from HLL India have, over the years, been promoted to members of the main Board in London (Thomas 1993; Unilever 1994b). Thus HLL India, in keeping with the characteristics of the Strategic Leader, contributes to the formation of Unilever's global strategy through offering management expertise at high levels within the organisation's global management hierarchy.

LBPL Pakistan: Implementor

As noted above, LBPL Pakistan began its existence as a small network of sales outlets that were peripheral to Unilever's business in India. Following 1947 Unilever decided to build a factory in Pakistan. This was to address the growing political tensions between India and Pakistan that made it difficult for Unilever to continue servicing the sales networks in the latter from products manufactured in the former. However, the initial choice of a remote, rural location (Rahim Yar Khan in Bahawalpur State) for the factory and for the centre of the Pakistan business has been cited as one of the main reasons for LBPL Pakistan's long term lack of success (Fieldhouse 1978). The remote location, without locally available resources and without the conveniences offered by a city, resulted in a high overhead due to transport costs and in the difficulty of recruiting talented people. Government restrictions on the type of goods that could be manufactured, and on the import of inputs for production, also contributed to the stagnation of business (Fieldhouse 1978).

In the 1990s performance continues to be relatively weak, though the centre of business has long since moved to the major city of Karachi. A number of reasons have been cited for the continued weak performance. These include government regulations, devaluation of the national currency, and smuggling. In the mid-1990s the government tightened controls on the production and price of cooking oil, one of LBPL Pakistan's key products. This has led to a shrinkage of volume and a steep fall in margins (Lever Brothers Pakistan Limited 1996a). A major devaluation of the currency in October 1995 and the imposition of regulatory duty on a wide range of imports also had a "destabilising impact" on the business (Lever Brothers Pakistan Limited 1996a).

The main reason for LBPL Pakistan's poor performance is said to be smuggling. In one instance LBPL Pakistan fell victim to misuse of the Afghan Transit Trade facility. A ship container of Unilever soaps and shampoos, manufactured at a Unilever operation elsewhere in Asia, was fraudulently ordered by a party in Afghanistan. The goods were unloaded in Karachi port as per existing government agreements between Pakistan and the land-locked Afghanistan (Afghan Transit Trade facility). Ostensibly en route to Kabul, the goods found their way into the black market in Pakistan where they sold for roughly half the retail price. This had the effect of 'displacing' the company's personal products operation (Lever Brothers Pakistan Limited 1994). In the same year the company's business was damaged by tea smuggling, which was encouraged by a 72.5 per cent tax and duty on the import of loose tea. The company's tea factory--the largest of its kind in the world-- imports about 60,000 tonnes of loose tea annually, where it is blended, packaged and marketed. An estimated illegal import of 30,000 tonnes, sold at 'duty-free prices', served to considerably reduce the company's sales volume. As a result of these two smuggling instances, annual profit after tax plummeted 52 per cent compared to the previous year's figure (Lever Brothers Pakistan Limited 1995).

Unfortunately, these smuggling incidents were not isolated events in a given year. Such incidents have taken place before and since. In 1997, for instance, 37,000 tonnes of tea were smuggled, according to information received at the London head office. Responses to a question asked in the course of exploratory interviewing prior to the fieldwork sum up the immensity of the problem. When asked to name the company's main competitor, the consistent response was, "The black market".

In accordance with the typologies introduced earlier in the chapter, LBPL Pakistan is classified as an Implementor. This classification is based mainly on the criteria that the market is relatively non-strategic for Unilever. The 1998 forecast for sales turnover at LBPL Pakistan is US\$ 390 million, accounting for only about 0.78 per cent of Unilever's global turnover (Interview, Unilever Plc). LBPL Pakistan's business is roughly 60 per cent in food and beverages and 40 per cent in detergents and personal products (Lever Brothers Pakistan Limited 1995). Though the country has an estimated population of 132 million, penetration of the market (calculated by Unilever as a turnover-country GDP ratio) continues to be

relatively low, due primarily to the smuggling mentioned above. There is a high expectation, however, that the launch of Wall's ice cream in 1995 will boost the overall profits of LBPL Pakistan (Lever Brothers Pakistan Limited 1996).

The second criteria of the Implementor is that it has internal capability that matches only the local market. In 1996 there were only two Pakistanis on the LBPL Pakistan board of seven persons. One reason cited for the preponderance of expatriates was that there was not the internal management capability to set up the new ice cream factory (Interview, LBPL Pakistan). The implication is that the internal competence of LBPL Pakistan may be viewed by Unilever as below par even for the local market, at least at the time the research was conducted. However, the management capability of those in LBPL Pakistan is considered to be good by those in London (Interview, Unilever Plc). There has been a Pakistani chairman in the past, and the next chairman is slated to be Pakistani. This suggests that Unilever has confidence in LBPL Pakistan's internal capability. In mid-1998 there were 14 Pakistani managers posted to third countries, and one or two posted at the London head office. To date there have been no Pakistanis on the main Board in London.

Although local management capability is rated as good, those at the Unilever head office believe that LBPL Pakistan is not playing the role it could play within Unilever as a whole. They believe that the company should have a 'strategic nuclei', some aspect of Unilever's business in which it excels and leads, at least on a regional basis. It is the recurrence of smuggling that has held the company back in recent years (Interview, Unilever Plc), and the mediocre leadership (Fieldhouse 1978).

3.7 The Challenge of Organisational Identification in the MNC

Organisational identification appears to be a potential challenge for any organisation. This is evident from the results of studies on dual identification and commitment in companies operating in a single-country context. Recall from the discussion in chapter two that the studies done on commitment to the work group and commitment to the organisation as a whole revealed that employees drew a distinction between the two levels of the organisation (Zaccaro and Dobbins 1989; Becker 1992; Yoon et al. 1994). These studies suggest that identification with the organisation is not necessarily all-embracing. Lawler (1992:334)

makes the interesting conjecture that individuals “are likely to be biased in favour of one group or another in part because emotional resources are scarce enough to require allocation”.

It is also suggested in the literature that group identification is more difficult to achieve the larger the group (Ashforth and Mael 1989). Brewer and Schneider (1990: 171-2), for instance, note that while there appears to be a fundamental tension between the need for differentiation into small groups and the need for inclusion in larger groups, there appears to be a preference for identification with relatively small, distinctive social groups. This is because “identification with larger, more inclusive social categories is constrained by the difficulty of invoking a distinctive basis for common identification and the availability of salient bases for sub-group differentiation” (Brewer and Schneider 1990: 171-2). In Lawler’s (1992:334) view, individuals tend to identify with groups that confer economic and political opportunity, and this usually means a ‘proximal’ rather than ‘distal’ group.

The MNC, besides being a large organisation, operates in a multitude of socio-cultural, legal, political, and economic environments (Gronhaug and Nordhaug 1992:3; Schuler et al. 1993; Bartlett and Ghoshal 1995a) which may render identification a greater challenge than in companies operating in a single-country context. There are two main features of this multifaceted operating environment which may have a bearing on identification with the MNC as a global entity. One is the vast geographical dispersion of the MNC’s operating units. Advances in communications technology may bring the units into closer contact, but this may not override a possible sense of separation felt by employees toward other units in the MNC due to geographical and time barriers. The other feature of the MNC’s operating environment is that employees come from a variety of national, or cultural, backgrounds. It cannot be assumed that all will share common values and adhere to common norms (Bartlett and Ghoshal 1989). Indeed, as will be discussed in further detail below, different cultural values held by employees worldwide may constitute the biggest challenge to identification with the MNC as a global entity.

Some may point out that a domestic company can also be subject to both geographical dispersion between units and a multicultural workforce. The company might have operating units dispersed throughout the nation, where regional differences may hinder identification

with the company as a whole. The company might also have a multicultural workforce where employees bring different sets of values to the workplace (eg. Adler 1997). While these parallels between the domestic company and the MNC obviously exist, it is the *degree* of difference in organisational size, geographical dispersion between units, and cultural values that may render identification with the whole organisation more of a challenge in the case of the MNC. MNCs tend to be larger than domestic companies (Vernon and Wells 1981), and they are more geographically disperse. Regarding cultural values, worldwide employees of a MNC have had, on the whole, little direct exposure to the parent-country culture. In a domestic company, employees who belong to ethnic subgroups have daily exposure to the dominant culture, which may arguably narrow the gap in any perceived 'foreignness' of the dominant culture. In short, differences tend to be greater between than within nations (Gronhaug and Nordhaug 1992).

3.7.1 The challenge of values-based identification

One of the forms of organisational identification examined in the present research is measured in terms of shared values and goals between managerial employees of subsidiaries and the organisation. While there is no specific theory on shared values-based identification that is being applied cross-nationally, there is an assumption held among some management theorists that it is possible, not to mention critical, for managerial employees of MNCs to share the values of the parent organisation (eg. Ohmae 1990; Thurow 1994; Bartlett and Ghoshal 1994). This assumption seems to derive from the so-called convergence thesis which holds that developments in science, technology and economics are creating a world which is less differentiated (Levitt 1983; Brewster and Tyson 1991; Fukuyama 1992). Ideas are shared globally through mass media and mass communications, and goods such as automobiles, watches, radios and televisions are increasing around the world through mass consumption. The mass media, mass communications and mass commerce are viewed as forces which have created and continue to create a world culture of global norms and values (Ajami 1996).

The convergence thesis has been challenged by those who argue that differences in culture, of which values are considered a part, are deep-rooted and not susceptible to the rapid changes and homogenisation associated with the globalisation of technology (Hofstede 1980a;

Hampden-Turner and Trompenaars 1994; Trompenaars 1995; Adler 1997). Empirical evidence has been provided to show that various national cultures give priority to different sets of values (Hofstede 1980; Hampden-Turner and Trompenaars 1994; Trompenaars 1995). National values are thought to penetrate individuals and institutions, including work organisations, within the national framework (Schein 1992; Hofstede 1980a; Hampden-Turner and Trompenaars 1994; Trompenaars 1995; Adler 1997). Thus the values held by employees of MNC subsidiaries, and the values embedded in the subsidiaries themselves, are thought to differ from those of the parent organisation (Hofstede 1980a; Hampden-Turner and Trompenaars 1994; Trompenaars 1993; Brewster and Tyson 1991; Adler 1997). A study by Trompenaars (1993), for instance, revealed that employees showed greater similarity of value prioritisation with their compatriots than with other employees of different nationalities in the same MNC.

The foregoing discussion leads to the question of how possible it is for parent company values to be espoused by employees in subsidiaries around the world. It is proposed here that shared values between the employee and the MNC as a global entity are not reliant on the specific content of cultural value sets or even the priorities accorded to particular values within organisational settings. The crux of values-based identification is whether the employee perceives that he or she shares the values of the organisation, regardless of their content. Bartlett and Ghoshal (1994) note that employees will attach their own meanings to the stated values of the organisation. It is the perceived sharing of values, or perceived oneness with the organisation, that is of interest in the current research. The following provides some rationale as to how shared values with the organisation may be possible even in the face of cultural differences.

Abegglen and Stalk (1991) point out that when one focuses on differences in cultural values, they can appear striking. They can appear to be polar opposites on some of the dimensions that Hofstede (1980a) has identified, such as nations with an underlying value system supporting collectivism as versus individualism. Yet there are 'universals' which exist at a level beyond cultural differences that are recognised even by some of the writers that focus on cultural differences. Trompenaars (1993), for instance, concludes that while nations and organisations differ markedly in how they approach the universal dilemmas of relationships with people, the relationship with time, and relations between people and the environment,

they do not differ in needing to deal with these relationships. Hampden-Turner and Trompenaars (1994:377) also conclude that while “all cultures are different in the values to which they give priority, they are all addressing the same human condition”. They were referring to the universal dilemma of the creation of wealth, or as Porter (1995) puts it, raising the standard of living and alleviating poverty. In sum, “people everywhere are as one in having to face up to the same challenges of existence” (Trompenaars 1993:164).

The concept of people everywhere as *one*, pursuing common objectives, brings us back to organisational identification and its proposed importance in an entity as large and diverse as a MNC. In this regard, Hofstede (1980a:391-394) notes the importance of creating a strong organisational culture, where culture is referred to as shared value patterns, to counter the potentially divisive effects of national culture. Organisations are thought to function “only if their members share some kind of culture--if together they can take certain things for granted” (Hofstede 1980a:393). The culture of an organisation, once established, tends to be very stable, like national cultures (Hofstede 1980a:394). The implication is that a strong sense of shared values between the employee and the organisation has the potential to override, or at least minimise, differences in national values. The culture of a MNC may be perpetuated by such mechanisms as employee selection, that is, hiring individuals who are more open to foreign values and people. These may tend to be among the individuals of a culture who do not necessarily share the characteristics assigned to that culture (Hofstede 1980a). As Benkhoff (1996:736) notes, “every firm has its unique history which unites its members in terms of shared values and meanings”.

Other mechanisms for perpetuating an organisational culture that has the potential to override cultural value differences are the socialisation and status equalisation processes referred to earlier in connection with the geocentric organisation. It is proposed that these processes interact and reinforce each other to enhance the likelihood of identification with the MNC as a global entity. Initially corporate values disseminated from headquarters through the socialisation process reflect the societal values of the country in which the parent organisation is located. However, the process of status equalisation captures and institutionalises diversity of view which has its roots in a multitude of cultural and value systems, which are fed to the parent organisation. Over time, corporate values which no longer reflect only the home country values are disseminated from headquarters to the subsidiaries. It is proposed that

over time corporate values take on a transnational hue through the processes of socialisation and status equalisation, and that identification with the MNC as a global entity is rendered more possible. This reflects a geocentric orientation, where individuals, including those at headquarters, identify with the organisation as a global entity, in addition to their specific organisational unit.

3.7.2 The challenge of SIT-based identification

As discussed in chapter two, identification based on social identity theory represents a psychological attachment to the organisation which arises in part through categorisation or differentiation of one's group from other groups (Tajfel 1978; Tajfel and Turner 1979). The greater one perceives a group distinction, the greater the identification with the group. Built into this theory is the central assumption that groups stand in status and power relations to one another.

The MNC is composed of a multitude of groups which differ in status relations with the head office of the parent organisation (Banai 1992). For instance, the nature of headquarters-subsidary relations, as discussed earlier in the chapter revolves around who has decision-making authority, the subsidiary or the headquarters. The status relations between the MNC subsidiaries and the head office may reflect the relations between the countries involved. Bearing on this relationship may be a colonial history, historical antagonisms, and economic dependence (Bartlett and Ghoshal 1989; Ohmae 1990; Mamman 1995; Smith and Noakes 1996).

Each of the two forms of identification examined in this research has its own type of challenge. As noted above, the challenge of values-based identification is to create cohesion around parent-company values and goals, thought to be required for holding the organisation together, in the face of geographically-spread subsidiaries operating in a multitude of value systems. For SIT-based identification the challenge is to foster a positive attitude toward the parent organisation in the face of the often reported tension between head office and subsidiary over status and power issues. More specifically, the SIT-based identification challenge is to get employees to expand their concept of the ingroup to include the MNC as a whole.

3.7.2.1 Cross-cultural applicability of social identity theory

The applicability of Western theories across cultures has been discussed by a number of writers (Hofstede 1980b; Brewster and Tyson 1991; Trompenaars 1993; Welsh et al. 1993). Hofstede (1980b), for instance, cautions against the use of American-generated theories in other cultural contexts because the underlying value systems in other countries may render invalid the assumptions on which the theories were developed. An example is provided by the motivation theories developed in the United States. These are viewed by Hofstede (1980b) as being particularly relevant to the American culture which reveres individuality, equality between peoples, and aggressiveness; they are perhaps not relevant to cultures which are more collectivist, passive, and more accepting of inequalities in society. The assumptions underlying the theories stem from those factors seen to motivate individuals in that particular culture. The question now arises as to the applicability of SIT, a Western theory, to an Asian cultural context.

In general, social identity theory is considered applicable to large-scale social categories, like nations, and has been applied to the field of international relations as well as to ethnic relations research (eg. Miller and Brewer 1984). It will be recalled that one of the central assumptions underlying social identity theory is that groups stand in power and status relations to one another; accordingly, the stronger the delineation between the ingroup and outgroups, the greater the sense of pride in, and hence identification with, one's ingroup. India and Pakistan, the two countries in which the case-study organisations are located, have both been classified by Hofstede (1980a) as collectivist and hierarchy-oriented. Individuals in countries which are collectivist are thought to make a strong delineation between the ingroup and outgroups, for instance, and to have different value standards for ingroups and outgroups. Individuals in countries which are hierarchy-oriented (large power distance in Hofstede's terminology) are thought to have an innate belief in the logic of protecting individuals by ordering the world by power differentials. Taken together, these characteristics, if true, provide a reasonable rationale for the applicability of social identity theory to organisations located in India and Pakistan.

At a level more basic than culture, one of the processes behind SIT, categorisation, is considered to be “a fundamental and universal process precisely because it satisfies a basic human need for cognitive parsimony” (Hogg and Abrams 1988:72). From this standpoint, SIT may have a universal application across cultures.

Having introduced the MNC and the case-study organisation, and having discussed the challenge of organisational identification in the MNC, the following section presents the core research questions and basic research model.

3.8 Research Questions and Model

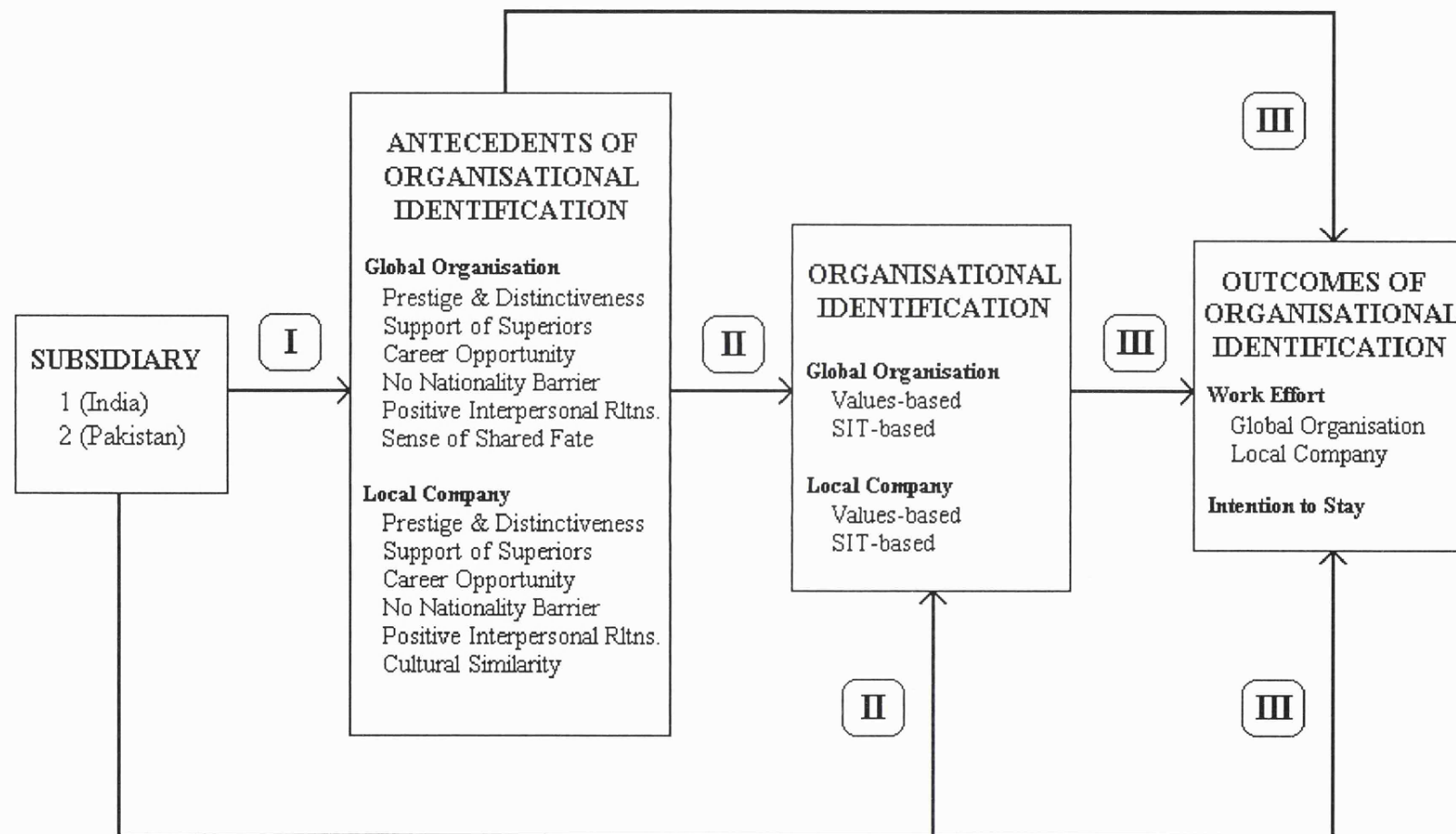
This section pulls together the strands of discussions from this chapter and from chapter two. In chapter two, two forms of organisational identification were presented, values-based identification and SIT-based identification. Also, two levels of the organisation were introduced as foci for identification, the organisational subunit and the wider organisation. The present chapter introduced the organisational context within which identification will be examined. The organisational levels to be examined are the MNC as a global entity (wider organisation) and the MNC subsidiary (organisational subunit). The foregoing constitutes the building blocks for the core research questions and for the basic research model used for addressing those questions. The basic research model is presented in Figure 3.1 on page 113.

3.8.1 Core research questions

A Local/Global Distinction?

The first core question is whether managerial employees of a MNC perceive a difference between their local subsidiary and the MNC as a global entity, and to what extent such a split can be expected in the case-study organisation. It will be recalled from chapter two that there is evidence in the literature to support identification with different levels of the organisation in a single-country context, for instance the work group and the organisation as a whole (Zaccaro and Dobbins 1989; Becker 1992; Yoon et al. 1994). There is also evidence that

Figure 3.1 Basic research model



employees in a MNC draw a similar distinction between the subsidiary level of the organisation and headquarters (Gregersen and Black 1992).

In connection with Gregersen and Black's (1992) findings, it is proposed that the type of MNC will affect the degree of distinction employees make between the subsidiary level and the global level of the organisation. The case-study MNC has been classified as 'polycentric-cum-geocentric'. Unilever has a long tradition of following a business strategy of national responsiveness and giving autonomy to local management. It is therefore classified as a polycentric MNC as far as a business strategy is concerned. For this reason managerial employees at Unilever subsidiaries around the world may draw a distinction between their subsidiary and the organisation as a whole. However, Unilever has in place human resource management policies that place it as a geocentric MNC. Management evaluation and promotion are standardised throughout Unilever's worldwide system, and people are promoted based on merit, without regard to nationality. Unilever actively communicates its core values around the world. It is therefore proposed that if employees draw a distinction between the two levels of the organisation due to the polycentric nature of the firm's business, the distinction would be less marked when identification with Unilever as a global entity is measured in terms of shared values.

Figure 3.1 shows that both forms of organisational identification are split into local and global dimensions. It is proposed that a local/global split, if it occurs, would also occur with the hypothesised antecedents and relevant outcomes of organisational identification. It will be remembered from discussions in chapter two that empirical evidence exists in the literature to support such a proposition. The bifurcated design as shown in Figure 3.1 illustrates the local/global split among the hypothesised causal variables in the model.

The antecedents of organisational identification, which were introduced in chapter two, are split into 'local' antecedents and 'global' antecedents. The local antecedents refer to the local company context, such as the prestige and distinctiveness of the local company. Conversely, the global antecedents refer to the context of the global organisation, such as the prestige and distinctiveness of the MNC as a global entity. Gregersen and Black (1992) found that different sets of antecedents were related to commitment to different levels of the MNC.

Therefore the bifurcated design is repeated for the hypothesised antecedents of organisational identification.

The bifurcated design is also applied to work effort exerted on behalf of the organisation. It will be recalled from the discussion in chapter two that there is evidence in the literature to support the proposed split (Becker and Billings 1993). It is hypothesised that managerial employees are likely to draw a distinction between what they are willing to do for their local subsidiary and what they are willing to do for the MNC as a global entity.

Complementarity of Causal Variables?

Assuming there is a local/global split as discussed above, a further core question is whether identification with one level of the organisation is fostered primarily by antecedents which pertain to that level, and whether identification leads to a willingness to exert effort primarily for that level.

An empirical study by Becker and Billings (1993) showed that the outcomes of commitment to two levels of the organisation were compatible with the level of the organisation. For instance, they examined commitment to the work group and commitment to the organisation as a whole, and found that those committed primarily to the workgroup reported a greater propensity to engage in prosocial behaviours toward the workgroup than those who were committed primarily to the organisation as a whole. It is hypothesised that a compatibility also exists in the case of the MNC.

Figure 3.1 shows that the antecedents of organisational identification are also predicted to be compatible with organisational level. This prediction is in line with the results of studies which have found this to be the case (Zaccaro and Dobbins 1989; Gregersen and Black 1992). In their study on antecedents of multilevel attachments, Zaccaro and Dobbins (1989) found that antecedents depicting characteristics at the subunit level were significantly correlated with attachment to the subunit but not to the wider organisation, and vice versa. The results of studies on antecedents to multilevel attachments and on the outcomes of multilevel attachments indicate that “the principle of compatibility” may be in operation, suggesting that “a given attitude should be related to other attitudes and behaviours only to the extent that the targets (foci) of the attitudes and behaviours are similar” (Becker and Billings 1993:183).

Based on these findings in the single-country context, it is proposed that identification with the local company is fostered primarily by antecedents which pertain to the local company context, and that identification with the MNC as a global entity is fostered mainly by antecedents which pertain to the parent and other units within the MNCs global network. By extension, it is proposed that identification with the local company primarily fosters a willingness to exert effort for the local company, while identification with the global organisation primarily fosters a willingness to exert effort for the MNC as a whole.

Does Subsidiary Type Matter?

Another core question is whether the nature of the subsidiary has an impact on the variables in the model. The two case-study subsidiaries appear to have very different roles within Unilever, and may therefore have different relationships with the London head office which might affect identification as well as other variables in the model. HLL India has a relatively high status position within Unilever, while LBPL Pakistan has a relatively low status position.

It will be remembered from discussions on identification foci in chapter two that the type of group is thought to have a bearing on organisational identification. Moscovici and Paicheler (1978) hypothesised that a successful minority or subordinate group would tend to have a strong ingroup bias while a not-so-successful minority or subordinate group would tend to have a strong outgroup bias. It is proposed that the Strategic Leader subsidiary type corresponds with Moscovici and Paicheler's 'successful' subordinate group, and that the Implementor subsidiary type corresponds with their 'not-so-successful' subordinate group. The coupling of Bartlett and Ghoshal's (1989) typology with Moscovici and Paicheler's (1978) framework is deemed relevant in view of the historical MNC-subsidiary relationship described earlier in the chapter.

The Strategic Leader is therefore hypothesised to be a group characterised by relative independence and success, and therefore a high level of pride in, or identification with, the local subsidiary. The Implementor is hypothesised to be a group characterised by relative dependence on the parent, relatively unsuccessful, and therefore fewer grounds for ingroup pride or bias. Social identity theory would predict that those in an inferior status position might try to remedy a feeling of low self esteem by identifying with the group that is perceived

to have more status. Accordingly, managerial employees in Pakistan may have a weaker identification with their local company, and a stronger identification with Unilever, than their Indian counterparts. Social identity theory would predict that those in a relatively high status group will have high self esteem and try to maintain their position. Accordingly, managerial employees in India may have a stronger identification with their local company than their Pakistani counterparts.

Figure 3.1 shows that the model takes into account the possible impact of the subsidiary type on the antecedents of organisational identification, on organisational identification itself, and on the outcomes of organisational identification.

3.8.2 Structure of the basic research model

The basic research model is tested in chapters five, six and seven. Since this model will be referred to in those chapters, it is worth giving a brief description of the structure of the model for reference purposes. The model will be tested in three parts, which correspond to the boldface roman numerals in Figure 3.1.

Part I of the model tests the impact of the subsidiary type on the hypothesised antecedents of organisational identification. Part II of the model tests the impact of the hypothesised antecedents on organisational identification. The impact of subsidiary type is also included in the testing of this part of the model. Part III of the model represents a culmination. The primary relationship of interest in this part of the model is between organisational identification and work effort and intention to stay. As can be seen, however, Part I variables and Part II variables are also included. This is to test the impact of organisational identification on the outcomes variables, controlling for all variables in the model.

From this point forward the model will be referred to as the three-part model of organisational identification in the MNC. Each of these three parts of the research model will be explained in full detail in subsequent chapters.

3.9 Summary

This chapter introduced the multinational corporation, which is the organisational context in which organisational identification will be examined in the present study. The unit of analysis is the managerial employee at overseas subsidiaries of the MNC. Organisational identification of these managers is examined at two levels of the organisation, the local subsidiary level and the level of the MNC as a global entity. Therefore a description of the historical relationship between MNC headquarters and subsidiaries was given. A typology of MNCs and of MNC subsidiaries was given in order to prepare the foundation for the research questions and basic research model. The case-study multinational corporation and the case-study subsidiaries were introduced. Finally, the basic research model was outlined.

4.1 Introduction

The previous three chapters have introduced the theoretical foundation of this research, the research questions and hypotheses, and the model to be tested in the research. This chapter builds on the previous three by setting forth the methodology for collecting the data necessary to empirically test the research model. The research model, the three-part model of organisational identification in the multinational corporation (MNC), was presented in Figure 3.1 at the end of chapter three.

The model has three main features. First, it is essentially a multi-causal model. It provides a vehicle for testing the impact of the subsidiary type on a number of hypothesised antecedents of organisational identification, the impact of these antecedents on organisational identification, and the impact of organisational identification on the willingness to exert effort for, and remain a member of, the organisation. Second, the model has embedded within it a paired-variables design, where the paired variables refer to the local and global counterpart variables of organisational identification and its relevant antecedents and outcomes. This design reflects a core hypothesis in the research which states that managerial employees at the subsidiary level of MNCs are likely to differentiate their local company from the MNC as a global entity. Third, the model incorporates a comparative approach. Managers of subsidiaries, even of one MNC, are hypothesised to differ according to subsidiary type on many of the variables in the model.

Data was collected cross-sectionally from two subsidiaries of one MNC in order to address the research hypotheses. While it is acknowledged that a longitudinal study might provide a better basis for judging causality between organisational identification, its antecedents and workplace outcomes, a cross-sectional approach can still be of use for initial exploration of the relationship between the variables of interest. The data was collected at the individual level primarily by use of a structured questionnaire. The analysis is based on the responses from the questionnaire, though qualitative data was also collected from individuals through

semi-structured interviews to aid in interpretation of the results of the questionnaire. These research instruments are outlined in section 4.2.

The case-study subsidiaries, HLL India and LBPL Pakistan, were introduced in chapter three. A brief description of the size and management structure of the two subsidiaries is as follows. Like other Unilever companies, HLL India and LBPL Pakistan each has a chairman who reports directly to one of the directors on the main Board of the London headquarters of Unilever. In turn each company has its own board with five or six directors. These directors are in charge of functional services (such as marketing, accounting and finance, research and engineering, and personnel), and management groups (such as foods, detergents, personal products, and special chemicals). At HLL India there is a total population of 800 managers spread throughout India who are recognised by Unilever as managers in accordance with its worldwide job classification system. At LBPL Pakistan there are a total of 600 managers, only 130 of whom are recognised by Unilever as managers according to its worldwide job classification system. This latter point has a bearing on the comparability of the two subsamples and will be explicated in detail later in the chapter.

This study covered the following managers. At HLL India, out of 800 managers nationwide, access was given to all of the Unilever-recognised managers in the greater Mumbai metropolitan area (294), plus 26 others. The 26 included the management trainees and a few of the so-called junior managers who are considered to have promotion potential but who are not currently recognised by Unilever as managers. At LBPL Pakistan, out of the 600 managers nationwide, access was given to all of the 130 managers recognised by Unilever, plus an additional 55 managers who LBPL Pakistan considers to have promotion potential, but who are not currently recognised by Unilever as managers. The total sample frame is therefore 505 managers, 320 from HLL India and 185 from LBPL Pakistan. The sample frame is presented in further detail in section 4.3.

The fieldwork strategy is described in section 4.4. Section 4.5 provides descriptive statistics on the achieved sample. The main statistical techniques selected for the research are given in section 4.6, along with a brief overview of the research model which will be tested in chapters five, six and seven.

4.2 Research Instruments

4.2.1 Questionnaire

The primary research instrument used in this research was a structured questionnaire. It was used to collect the relevant data on all the key variables in the research model. As mentioned above, the research model is essentially a multi-causal model, with components requiring a comparison of subsidiary types and of perceptions towards two levels of the organisation. A structured questionnaire provides the means to quantify responses so that the variables in the model can be measured, and the statistical significance of variables in relationship to one another can be estimated. The variables in the model are tapped by sets of attitude statements, or items, which are measured on a five-point Likert scale. The full text of the questionnaire can be found in Appendix I.

The questionnaire is structured into modules each of which pertains to one or more variables in the model. For instance, the first two modules contain the items which measure the two forms of organisational identification, respectively. Section I, entitled 'general views', contains the items which measure organisational identification based on social identity theory (as well as items which measure one of the hypothesised antecedents of organisational identification). Section II, entitled 'organisational values and goals', contains the items which measure organisational identification based on shared values and goals. The remaining modules contain items which measure the hypothesised antecedents and workplace outcomes of organisational identification. Also included are items which measure the variables representing instrumental motivation for work effort and for intention to stay, which are introduced into the model at a later stage. Personal data is collected in the final module of the questionnaire.

The modules in the questionnaire are, where relevant, subdivided into two parts in accordance with the paired local/global variables referred to in section 4.1. Part 1 of the module contains a set of items relating to 'this company' while Part 2 of the module contains a set of items relating to 'Unilever'. In the questionnaire respondents are instructed that 'this company' refers to the company where they now work, and that 'Unilever' refers to Unilever as a global corporation. The name of the particular subsidiary was not used because the same questionnaire was distributed to two subsidiaries with different names. The items used in

these subdivided modules were originally comprised of matched sets, where the name of the organisation ('this company' and 'Unilever') constituted the only difference in the wording. Matched wording for each item in the local/global pair was intended as a control on the meaning of the item. However, the piloting of the questionnaire revealed that altered wording of one set of the paired items was preferable for reasons discussed below.

4.2.1.1 Potential biases

The wording in the questionnaire has already been mentioned as a possible bias, and will be further addressed in the section below on piloting of the questionnaire. Another possible bias is the use of a language which is not the native language of the people to which the questionnaire is being administered. English was selected as the language used in the questionnaire although the questionnaire was administered in India and Pakistan. The reasons for selecting English are as follows. While Hindi is the official language of India and Urdu is the official language of Pakistan, it can be said that English is the language of MNCs, especially among the managerial ranks. English is a language commonly studied and spoken throughout the world (Ajami 1996; Bartley 1996), and has come to be considered the world's primary language of business and technology (Barber 1992). Regardless of the nationality of the MNC's parent organisation, the English language provides a means of cross-border communication (Ohmae 1989).

In the case-study context, the MNC is Anglo-Dutch and it is the British side that takes responsibility for overseas operations outside of Europe. Managers at Unilever subsidiaries in India and Pakistan thus have their primary link with the parent organisation through the London head office of Unilever, and communications are made in English. Moreover, India and Pakistan have long historical links with Britain. English is widely spoken among those who have been well educated in these two Commonwealth nations. While an argument has been made that the use of English is waning among the middle classes of even current and former Commonwealth nations due to a rise in religious fundamentalism (eg. Huntington 1996b), the use of English was made clear to the author during a six-month stay in India and a three-year stay in Pakistan prior to the current research project. It is from the well-educated, English-speaking strata of Indian and Pakistani societies that managerial employees are recruited for Unilever companies in India and Pakistan.

Two further potential biases arise from the same-source, self-report methodology employed in the questionnaire design. One is a social desirability bias (Stahlberg and Frey 1988). It is generally thought that people prefer to present themselves in a good light (Podsakoff and Organ 1986; Oppenheim 1992). A potential problem that this poses for research is an “upward shift in the distribution of responses”, especially on items that are ego-flattering (Podsakoff and Organ 1986:535). This is thought to be especially the case when the mode of questioning respondents is face-to-face, and when the questions pertain to factual issues about the respondents (Oppenheim 1992). Oppenheim (1992) maintains that there is less of a chance of a social desirability bias when the mode of questioning is an anonymous self-completion questionnaire, like the one used in this research. While there are no simple answers to address a potential social desirability bias, one way to minimise it is to impress upon the respondents that accuracy is the prime requirement, and that there are no right answers (Oppenheim 1992). This technique was utilised in the introductory paragraph to the questionnaire used in the present research.

A second potential bias with a same-source, self-report questionnaire is common method variance. This bias rests on the assumption that people have an urge to be consistent in the way they present themselves (Podsakoff and Organ 1986). As a result, respondents tend to answer all questionnaire items in the same way. A potential problem that this poses for research is that the uniformity in responses may produce a correlation between variables that may not otherwise exist or is stronger than it might otherwise be. This is considered to be particularly problematic when respondents report answers corresponding to both the dependent and independent variables used in the research model. In the current research, for instance, the respondent reports answers corresponding to organisational identification (independent variable) and to willingness to exert effort for the organisation (dependent variable).

Obtaining an external criterion with which to correlate the dependent variable is thought to be a way to remedy the problems associated with common method variance. For instance, combining the respondent’s self-reported score on willingness to exert effort for the organisation with a supervisor’s rating of the respondent’s level of effort may produce a more accurate reading of the respondent’s actual level of effort. Such external criterion was not

available in the current research. While it is recognised that common method variance may be present, it does not appear to be an insurmountable problem in the current data set. As the reader will discover in subsequent chapters, the correlation between the above-mentioned dependent and independent variables was not as high as expected.

4.2.1.2 Piloting

The questionnaire was piloted in Pakistan among six Pakistani managers employed at various US- and UK-owned multinational organisations in the profit and nonprofit sectors. These individuals were chosen because of their similarity to those in the target sample. They shared the same cultural, social and educational background as those in the target subsample in Pakistan, and they were managers at subsidiaries of organisations similar to the case-study MNC. One pilot respondent, in fact, had previously completed a traineeship at Unilever's Pakistan subsidiary before moving to a US organisation. The individuals selected were thus considered to meet the criteria of an appropriate pilot sample, in that they were comparable to the target sample group "in their knowledge and ways of thinking" (Oppenheim 1992:62).

Following completion of the pilot questionnaire, the respondents met in a group to discuss the questionnaire with the author. The respondents had been told previously that they were taking part in a try-out study. At the meeting they were asked to be critical, to mention anything that was not clear in the questionnaire, and to give suggestions for improvement. Based on the three-hour discussion with the pilot respondents, a number of changes were made to the questionnaire. These included the layout of the questionnaire, the instructions given to respondents on the questionnaire, the colour of the paper used for the questionnaire, and the wording of items in the questionnaire.

The most pronounced change to follow from the piloting was the wording of items. Several of the pilot respondents confided that they had become confused with the matched-pair statements. One person reported going back repeatedly in the questionnaire to find the duplicate question, sure that it had been answered previously. Another person thought that the duplicate questions were devised to trick the respondents. They all agreed that altered wording in one set of the paired items would dispel confusion and suspicion. Based on this discussion, the wording was altered in one set of the paired items despite the original aim of

having a rigorously matched set of items. It was reasoned that altered wording in one set of items may produce less of a bias than that produced if the respondents elected not to respond at all to the second set of items, owing to confusion or suspicion. It was also reasoned that, because the items are part of scales, an item-by-item match may not be as critical as in the case where data analysis results rest on variables comprised of one item (Oppenheim 1992).

4.2.2 Interviews

While the data analysis in this research is based on the responses to the structured questionnaire, a short interview topic guide was also developed in order to conduct semi-structured interviews. Interviews were intended to capture a qualitative picture of individual views which could aid in the interpretation of the questionnaire results. The topic guide was based mainly on exploratory interviews held the previous year in Pakistan with ten Pakistani managerial employees of UK and US multinational organisations, representing the finance, consumer products, and nonprofit sectors.

The interview questions progressed from personal demographics like educational level and name of university attended, to reasons for joining the company, to achieved career path and career expectations, to company policies and practices. Within that broad framework of questions, informants were asked for their views on issues directly relevant to the basic research model. For instance, a number of questions pertained to the hypothesised antecedents of organisational identification. Informants were asked whether they considered their company (and Unilever) to be prestigious, whether they felt that their nationality was a barrier to promotion within the local company (and within Unilever), and so on.

4.3 The Sample Frame

Two subsidiaries of one MNC, each located in a different country, were chosen as the case-study companies for this research. These subsidiaries are classified into two types, each type representing a different relationship to the parent organisation. The subsidiaries were selected in order to address the hypothesis that subsidiaries are likely to differ by type on many of the variables in the model. As discussed in the previous chapter, the case-study MNC is Unilever, and the case-study subsidiaries of Unilever are Hindustan Lever Limited (HLL India) in India and Lever Brothers Pakistan Limited (LBPL Pakistan) in Pakistan.

Access to HLL India and LBPL Pakistan was granted by their respective chairmen following an introduction by a senior manager at the London head office of Unilever, and following approval by the chairmen of the research proposal and content of the questionnaire. At both HLL India and LBPL Pakistan access was given to the entire pool of managers within certain geographical bounds and within the managerial ranks of interest. These are explained in further detail below.

4.3.1 Selection of in-country operating units

Access to in-country operating units was as follows. At HLL India access was granted for the seven operating units in the greater Mumbai (Bombay) metropolitan area and environs. The units include the Mumbai head office of HLL India, the Mumbai (sales) branch office in Vashi, the Hindustan Lever Research Centre, the Andheri chemical plant, the Taloja plant, the Mumbai factory, and Stepan Chemicals in Vashi. At LBPL Pakistan access was granted to the three Karachi operating units plus three other units throughout the country. These include the Karachi head office of LBPL Pakistan, the Karachi edible oils factory, the Karachi tea factory, the Rahim Yar Khan multi-product factory, the Lahore ice cream factory, and the Lahore (sales) branch office.

The two subsamples contain a similar mix of a head office, factories, and a sales office. Therefore, the types of operating units are comparable across the two subsamples. The India subsample additionally includes one of Unilever's five worldwide research and development centres. This operating unit has a greater concentration of managers with higher degrees (including PhD degrees) and foreign-earned degrees than any other operating unit across the entire sample frame. To address a potential bias in comparability posed by this operating unit the sample frame was stratified by level of education, and by whether any formal education was received abroad.

The numbers of operating units are also comparable across the two subsamples. Seven operating units are represented in the India subsample and six operating units are represented in the Pakistan subsample. While the numbers of units are roughly the same, the operating units were limited to one metropolitan centre in the case of India, while the main operating

units throughout the entire country were included in the Pakistan subsample. The primary reason why the India subsample is limited to one metropolitan centre is because an ongoing merger between HLL India and the Calcutta-based Brooke Bond was, at the time, apparently producing a climate of low morale among HLL India managers outside the Mumbai area. It was thus determined that the managers outside of the Mumbai area, who were reportedly more directly affected by the merger, may bias the study, and they were not included. This difference between the two subsamples is not considered to greatly bias comparability since the majority of individuals in the both subsamples are located at the head offices.

4.3.2 Selection of managers

The managers included in the study work in environments ranging from the head office to factories to sales offices to research laboratories. As pointed out above, the majority of individuals in the HLL India and LBPL Pakistan subsamples are located at the respective head offices. This can readily be seen in Table 4.1 on page 128 which gives a breakdown of the managers in the sample frame by operating unit at both HLL India and LBPL Pakistan. At HLL India, 53 per cent of the managers in the sample work at the head office, while the corresponding figure for LBPL Pakistan is 64 per cent. Managers in these diverse environments are not expected to yield greatly varied responses. This is because managers at Unilever companies worldwide are not ordinarily confined to one work environment for their entire career. The longer-tenured managers, though working in a variety of environments at the time of this study, are likely to share similar career backgrounds in terms of having been rotated through a number of different work environments. It is therefore expected that varied work environments will not bias the results.

All managers within the two subsamples are grouped by Unilever's worldwide job classification (JC) system. The following details of the JC system were obtained from senior personnel managers at HLL India and LBPL Pakistan. Within Unilever's worldwide JC system, JC20 represents the first rung of managers in the managerial hierarchy recognised by Unilever, while JC27 is representative of the upper echelons of senior management. There is, however, a group of managers in the lower JC13-15 category, some of whom have come up from the shop floor. A small percentage of this group performs work similar to those with JC20 status and are expected to be promoted to the JC20 level. Those with JC13-15 employment status are referred to as managers or assistant managers in the local context, but

Table 4.1 **Number of managers in sample frame by management level and operating unit**

India

(HLL)	Mgt. Level 1		Mgt. Level 2		Mgt. Level 3			Unit Total	% of Total
Operating Unit	Trainees	JC14-15 (G-4)	JC20-21 (G-3)	JC22-23 (G-2)	JC24-25 (G-1)	JC 26 (G- 1A)	JC27+ (Sr. G1)		
Mumbai H.O.	10*	2	63	33	21	20	22	171	53
Mumbai Branch	--	1	10	3	--	1	--	15	5
Research Centre	--	7	25	15	11	2	3	63	20
Andheri Chems.	2+	1	12	5	4	3	1	28	9
Taloja Factory	2+	--	5	2	1	--	--	10	3
Mumbai Factory	--	--	5	12	--	3	--	20	6
Stepan Chems.	--	1	5	2	1	3	1	13	4
Mgt. Level Subtotals	14	12	125	72	38	32	27	320	100
Totals	26 (8%)		197 (62%)		97 (30%)				

Note. *= management trainees; += executive trainees)

Pakistan

(LBPL)	Mgt. Level 1	Mgt. Level 2	Mgt. Level 3	Unit Total	% of Total
Operating Unit	JC13-15	JC20-23	JC 24+		
Karachi Head Office	30	60	28	118	64
Karachi Tea Factory	5	5	2	12	6
Karachi Oils Factory	3	9	1	13	7
Rahim Yar Khan	10	12	1	23	12
Lahore Ice Cream	5	9	2	16	9
Lahore Branch	2	1	--	3	2
Mgt. Level Totals	55 (30%)	96 (52%)	34 (18%)	185	100

are not considered managers from the standpoint of Unilever's worldwide JC system. At HLL India these job classifications are grouped into a local system of grades. The grades range as follows: Grade 4 (JC14-15), Grade 3 (JC20-21), Grade 2 (JC22-23), Grade 1 (JC24-25), Grade 1-A (JC26), Senior Grade 1 (JC27+). Grade 1-A is referred to locally as the 'mezzanine' grade, or the grade between middle and senior management.

A main difference between the India and Pakistan subsamples is the distribution of job classifications. In general, the range of job classifications seems to be in a lower band at LBPL Pakistan. For instance, the senior managers at LBPL Pakistan typically have lower job classifications than their counterparts at HLL India. At LBPL Pakistan, department heads are at the JC24 level, whereas they tend to be JC26 or higher at HLL India. In other words, upper middle or senior management is considered to begin with JC24 at LBPL Pakistan, whereas it is considered to begin at JC26 at HLL India. The size differential between the business operations of, and hence numbers of managers at, HLL India and LBPL Pakistan has been cited as the primary reason for the differences in the distribution of job classifications. HLL India has about 800 managers who are recognised by Unilever, whereas LBPL Pakistan has only 130 managers recognised by Unilever. As mentioned earlier, the total population of managers is 800 at HLL India, all of whom are recognised by Unilever. The total population of managers is 600 at LBPL Pakistan, only 130 of whom are recognised by Unilever. The implication is that a larger organisation which has as one of its roles a sophisticated R&D function is likely to require a higher (or wider) band of job classifications than a smaller organisation with a less sophisticated function. By extension it might be said that the differences between the two subsidiaries reflect the characteristics of the relatively sophisticated or innovative Strategic Leader, on the one hand, and the relatively unsophisticated Implementor, on the other.

At the other end of the managerial spectrum, the JC13-15 category figures prominently in the LBPL Pakistan management hierarchy whereas it does not at HLL India. At LBPL Pakistan many in the JC13-15 category reportedly perform the same work as those in the JC20 category, and have expectations of being promoted to the JC20 level. At HLL India there are fewer in this category who are expected to be promoted to JC20. According to an informant at HLL India, many of those now in the JC13-15 category in India are secretaries to senior managers who work long hours. They have been given managerial status (in the local

context) in order to provide senior managers with a pool of non-unionized secretaries who would ordinarily be protected against working overtime by the union. At LBPL Pakistan it is union pressure that has reportedly inflated the managerial ranks with those below the JC20 level. As a result, there are about 600 'managers' at LBPL Pakistan, 130 of which are recognised by Unilever as managers. The other 470 managers are divided between those below JC13 and those in the JC13-15 range. Those individuals below JC13 are not considered to have promotion potential; at HLL India this group is considered to be far enough removed from the managerial ranks as to not allow them to eat in the managers' dining room. In sum, the lower end of the managerial hierarchy at LBPL Pakistan is comprised of individuals in a lower JC band than at HLL India.

A minor difference between the subsamples is the presence of a small number of managerial trainees at HLL India. There were no management trainees in the Pakistan operating units at the time the fieldwork was conducted because there had been no recruitment at LBPL Pakistan in the previous year and only spotty recruitment the year before. The trainees at HLL India are composed of two types, management trainees and executive trainees. The management trainees go through an 18-month training programme, during which time they are rotated through various departments at the head office, a factory, a sales office, and a company-sponsored rural development project in northern India. They are confirmed into JC20 (Grade 3), or the entry rung of Unilever's management ladder, upon completion of a six-month probation period. The executive trainees, all with engineering degrees but from what are considered to be second-tier schools, are confirmed into JC15 (Grade 4) upon completion of a 15-month training programme, focussed mainly at the factories, and a period of probation. The door to JC20 is reportedly open to those in the latter group if they exhibit potential.

At HLL India blanket access was given to all managers of JC20 and above who were located in the Mumbai operating units, excluding those on the Board of Directors. Access was also given to a small group of JC14-15 managers who were carefully selected by the head of the personnel department. These included the managers who were expected to be promoted to JC20 status, and did not include any of the secretaries mentioned above. All of the Mumbai-based management trainees were also included. At LBPL Pakistan access was given to all managers of JC20 and above, including those on the Board of Directors. Access was also

given to those JC13-15 managers who were deemed by the head of personnel to have the potential to be promoted to JC20.

Based on the above distinctions and similarities in the two subsamples, three management levels were selected for stratification in an attempt to render the two subsamples comparable. These are shown in Table 4.1. Management level one includes those individuals who are considered to have the potential to move into the JC20 classification. These include a selection of JC13-15 managers, plus the management trainees in the case of HLL India. The trainees were added to this category because, like their JC13-15 peers included in the sample, they are waiting to gain, either in the shorter or longer term, the rank of JC20. This management level is referred to as junior management in subsequent chapters. For reasons noted above, those that fall into this category comprise only eight per cent of the total in the case of HLL India, while the corresponding figure for LBPL Pakistan is 30 per cent. In the data analyses chapters that follow, this management level is used as a dummy variable reference category vis-a-vis the other two management levels. This is done because of the unevenness of this category both in terms of comparability between the two subsamples and in the selection of those included in the category. Moreover, this level includes those who are not yet considered managers by Unilever. Thus it is the following two management levels that are of greater interest.

Management level two embraces those individuals in the JC20-23 group. This management category is referred to as middle management in subsequent chapters. As shown in Table 4.1, this category constitutes the bulk of managers in each subsample. Sixty-two percent of the total managers at HLL India fall into this category, while the corresponding figure for LBPL Pakistan is fifty-two per cent. Management level three includes managers with JC24 status and above. In subsequent chapters this management level is referred to as senior management. Thirty per cent of the managers at HLL India fall into this category, while 18 per cent are classified as senior managers at LBPL Pakistan.

The higher JC band at HLL India must be kept in mind when comparing management levels across the subsamples. Management level two contains JCs which are considered mainly middle management to LBPL Pakistan but which are considered to be lower or lower middle management at HLL India. Similarly, in management level three, JC24 is considered to be

upper middle or senior management at LBPL Pakistan while it is considered to be middle management at HLL India. The JCs at the upper end of the spectrum in management level three are considered to be senior management at both subsidiaries.

4.4 Fieldwork Strategy

The fieldwork for this research took place during July and August 1996 at HLL India and LBPL Pakistan. It mainly involved the distribution and collection of the questionnaire while based in the personnel departments of the HLL India and LBPL Pakistan head offices. It also involved conducting a number of interviews at the two head offices as well as at other operating units in HLL India and LBPL Pakistan.

The general schedule of the fieldwork trip was as follows. The first several days of the trip were spent at the head office of LBPL Pakistan in Karachi. On the first day the author was introduced to the chairman, the director of personnel, the head of the personnel department and other senior personnel officers. A concrete plan for distributing the questionnaire was discussed with the head of personnel and other senior personnel officers. The questionnaire was dispatched on the third day, following a day of preparations for the dispatch which included introductions to key people in each department of the head office. The author then flew to Mumbai and proceeded with the same process at HLL India. During the next several weeks at HLL India the author was based in the personnel department where she was given desk space and access to computer, telephone, fax and e-mail. Interviews were conducted at HLL India while waiting for the return of the questionnaires. The fieldwork trip ended back at the head office of LBPL Pakistan where the author spent two weeks based in the personnel department collecting questionnaires and conducting interviews which had been arranged ahead of her arrival.

Following are the details of the dispatch of the questionnaire. At both HLL India and LBPL Pakistan a list of employees was made available by the head of the personnel department. The list was generated from the personnel department's data base, and included the names, job classifications, departments and sections of all managers in the JC20 classification and above (except the names of the directors of the Board and of managers outside the Mumbai area in the case of HLL India). As mentioned earlier, access was given to 320 managers out of a

total population of 800 at HLL India, and access was given to 185 out of a total population of 600 at LBPL Pakistan. Every effort was made to approach the individuals on these lists in ways that have been found by researchers in the past to increase the response rate of questionnaires. Oppenheim (1992:103-106) lists a number of key themes in this regard: advance warning, explanation of selection, sponsorship, envelopes, confidentiality, anonymity, rapport, and reminders. These themes are taken up in the account that follows.

Before the questionnaires were dispatched an in-house e-mail message was sent to all employees on the lists by senior personnel officers at LBPL Pakistan and at HLL India. The message stated that a researcher was visiting the company and that they would soon be receiving a questionnaire from the researcher. The message confirmed that the study had the complete support of the personnel department, and asked employees to take the time to fill out the questionnaire and to return it to the researcher by a certain date.

Following this advance warning, the author sent to each person on the list through the in-house mail system an addressed, sealed envelope containing the questionnaire, a cover letter, and an empty self-addressed envelope. In the cover letter the author identified herself as a PhD student from the London School of Economics doing research on managers of multinational corporations. In this way, individuals were made aware of how they were selected and of the organisation with which the author was affiliated. The self-addressed return envelope was furnished in hopes that it would encourage a speedy response.

Employees were assured confidentiality and anonymity. At the top of the questionnaire in large bold print employees were assured that no one in their company or in Unilever would see any of their responses. Confidentiality was promoted by the fact that all questionnaires were returned on an anonymous basis through the in-house mail system. Only questionnaires sent outside of the head office were marked with the name of the operating unit (clear enough for respondents to see), so that the particular operating unit of a returned questionnaire could be determined. In those cases the operating unit was known but not the individual respondent.

The author took advantage of her on-site presence to establish rapport with company employees. This was done on a number of levels: through socialising with employees at the

company and outside of the company, and through interviews of employees at the company. At both HLL India and LBPL Pakistan every effort was made to mix with the employees and engage in workplace activities in order to gain a better understanding of their work environment. At LBPL Pakistan this included tea tasting and using a spittoon in the quality control laboratory at the Karachi Tea Factory. At HLL India it included eating lunch in the managers dining room every day and socialising at different tables. It also included chewing betel nut with employees at a street vendor during the lunch break, a common way to relax for a short while before heading back to the desk. Outside of the company the author was invited to private homes for dinner and to the Mumbai Yacht Club with a number of employees.

Interviews also provided a means to develop a rapport with employees. While the interviews were conducted to gather views on a range of topics described earlier, the author made every effort to show an interest in the informant and to put the informants at ease. At LBPL Pakistan the interviews were arranged by the personnel department according to the author's request for a cross-section of managerial job classifications and departments. The arrangements were made by a senior officer in the personnel department ahead of the arrival of the author for the second and longer stay at LBPL Pakistan. Most of the interviews at LBPL Pakistan were conducted at the head office, though several were held at the Karachi Tea Factory and at the Karachi Edible Oils Factory. At HLL India the author was free to choose the head office interviewees from the same list of employees to whom the questionnaires were sent. The interviews were arranged by the author, and most were held at the head office. Others held at the Hindustan Lever Research Centre and at the regional training centre in Gulita were set up by the head of the personnel department because of the necessity of arranging transportation to and from these sites. In all, thirty 30-minute interviews were held, fifteen at each subsidiary.

The interviews and socialising provided an opportunity to promote the research project and to remind people to fill out the questionnaire if they had not already done so. Additionally, a reminder e-mail message was sent out to all managers on the list two weeks after the dispatch of the questionnaire. This was done by a senior personnel officer in the case of LBPL Pakistan, and was done by the author in the case of HLL India.

The personnel departments of both HLL India and LBPL Pakistan were involved to some extent in the entire fieldwork process, including the dispatch of the questionnaires, the making of interview appointments, and the follow-through with e-mail reminders. It could be said that this involvement might signal to employees that the personnel department is behind the research project, and therefore bias the respondents to score their answers to read more positively than they might otherwise do without such involvement by the personnel department. However, the strong impression was that the active presence of the author, combined with the anonymity of the questionnaire, signalled to employees that the questionnaire belonged to the author and not to the personnel department.

4.5 Descriptive Statistics on Achieved Sample

Referring back to Table 4.1 it can be seen that the total sample frame was comprised of 505 managers, 320 from HLL India and 185 from LBPL Pakistan. Of this total, 317 managers returned questionnaires: 195 from HLL India and 122 from LBPL Pakistan. This constitutes an overall response rate of 63 per cent. The response rate for HLL India was 61 per cent, and the response rate for LBPL Pakistan was 66 per cent. All returned questionnaires were deemed usable, yielding a total achieved sample of 317 cases. HLL India accounts for 63 per cent and LBPL Pakistan accounts for 37 per cent of the total sample.

Table 4.2 paints a general picture of the achieved sample. The bulk of managers in the total sample are males between 26 and 45 years of age. Most are middle managers, and most have been with the organisation between four and 20 years. Nearly 70 per cent of the total holds Master's degrees. (Though not shown in Table 4.2, 90 per cent of the total sample holds a university first degree.) A relatively small percentage of the managers have been posted abroad, though nearly half have been on job training abroad, and nearly a quarter have received some formal education abroad. In short, those in the total sample are highly educated with a fair amount of international exposure, and well along in their careers.

There are several notable differences between the subsamples. Some of these have been mentioned earlier in the chapter, and are given here for the purpose of review. The greatest contrast is the distribution of job classifications. Nearly 30 per cent of the Pakistan subsample fall into the junior management level, whereas only four per cent of the India subsample fall

into this category. As noted earlier, this difference may be accounted for to some extent by size and role differentials between the two subsidiaries.

Table 4.2 Demographic variables
(Figures in table are percentages)

	Total	India	Pakistan
Age			
1) 25 or under	4.1	5.6	1.6
2) 26-35	36.0	36.4	35.2
3) 36-45	32.5	30.8	35.2
4) over 45	26.8	26.7	27.0
Gender			
1) Male	87.1	87.7	86.1
2) Female	10.4	10.8	9.8
Tenure			
1) 3 yrs or less	24.9	29.2	18.0
2) 4-10 yrs	32.5	28.7	38.5
3) 11-20 yrs	26.8	26.7	27.0
4) 21+ yrs	14.5	14.4	14.8
Management Level			
1) Junior (JC 13-15 + Trainees)	13.9	4.1	29.5
2) Middle (JC 20-23)	54.3	58.5	47.5
3) Senior (JC 24+)	30.6	36.9	20.5
Master's Degree			
1) Yes	69.4	74.9	60.7
2) No	28.4	24.1	35.2
Formal Education Abroad			
1) Yes	21.5	14.4	32.8
2) No	76.0	84.6	62.3
Job Training Abroad			
1) Yes	43.5	36.4	54.9
2) No	55.2	63.1	42.6
Job Posting Abroad			
1) Yes	15.5	12.3	20.5
2) No	81.4	84.6	76.2

Another difference between the subsamples is that 18 per cent of the Pakistan subsample have been with the company for three years or less, whereas the corresponding figure for India is 29 per cent. This difference is attributed to spotty recruitment in Pakistan in the several years

preceding the fieldwork, owing to poor business results. India's larger percentage of those with a Master's degree may reflect the high number of respondents from the Hindustan Lever Research Centre (see Table 4.1), many of whom have higher degrees.

Managers in Pakistan have had a relatively high international exposure compared to their Indian counterparts. Nearly 55 per cent of the Pakistani managers have gone on job training abroad while the corresponding figure for Indian managers is 36 per cent. One contributing factor may be that the Indian managers do not need to travel abroad for training. One of Unilever's several regional training centres is located in India. This regional training centre caters mainly to Unilever companies in South Asia, but also hosts individuals from other Unilever companies around the world. Pakistani managers are sent to the regional training centre in India if they can get a visa, or to the regional training centre in Dubai. In terms of education abroad, a smaller percentage of Indians go abroad for formal education compared to their Pakistani counterparts. This may be a reflection of the high reputation accorded to Indian academic institutions (Far Eastern Economic Review 1997).

4.6 Selection of Statistical Methods

The responses to the questionnaire described above have provided the raw data necessary for testing the three-part model of organisational identification in the multinational corporation. The model, as detailed in Figure 3.1 in chapter three, comprises several sets of dependent and independent variables which are hypothesised to have causal relationships. The main statistical method selected for testing the model is multiple regression analysis.

Multiple regression analysis is a statistical technique for examining the relationship between a dependent variable and two or more independent, or predictor, variables. The value of the multiple regression approach is that it has the capacity to estimate the relative importance of several hypothesised predictors of the dependent variable of interest (Knoke and Bohrnstedt 1994; Healey 1990; Berry and Feldman 1985). This method is considered to be particularly appropriate for testing the current research model because the model contains a large number of independent variables. The model is designed such that the independent and dependent variables of one part of the model are successively added to subsequent parts of the model

as independent variables. The final part of the model therefore includes a substantial number of independent variables. The following gives a brief overview of each part of the model.

Part I of the model tests whether the case-study subsidiaries, which have been classified into two subsidiary types, differ with respect to the hypothesised antecedents of organisational identification. In the multiple regression analysis, the hypothesised antecedents are the dependent variables and the subsidiary is the independent variable. Demographic, or control, variables are also included as independent variables. They are comprised of the variables in Table 4.2 above.

Part II of the model primarily tests the impact of the hypothesised antecedents on organisational identification. The hypothesised constructs of organisational identification are the dependent variables and the antecedents are the independent variables. Additionally, the subsidiary and the standard set of demographic variables are carried over from Part I and included as independent variables.

Part III of the model tests the impact of organisational identification on the willingness to exert effort on behalf of, and to remain a member of, the organisation. The dependent variables are work effort and intention to stay. The primary independent variables are the hypothesised constructs of organisational identification. Also included as independent variables are the subsidiary and the standard set of demographic variables carried over from Part I, and the antecedents of organisational identification carried over from Part II. Part III thus represents a culmination of the model; it tests the impact of organisational identification on work effort and intention to stay by controlling for all variables presented in the model, and by controlling for an instrumental motivation for work effort and desire to stay.

Parts I, II, and III of the model are tested in chapters five, six, and seven, respectively. The statistical package used throughout is SPSS 6.1 for Windows. Each of the data analysis chapters follows a similar format. The items used to measure the hypothesised variables in the relevant part of the model are introduced. This is followed by a validation of the measures through factor analysis (principal components with varimax rotation unless otherwise noted), correlation analysis, and reliability analysis. Descriptive statistics, such as t-test results, are given where appropriate. A multiple regression analysis is then performed for the relevant

part of the model using the validated measures. Finally, the results of the multiple regression analysis are presented and discussed.

RESULTS OF DATA ANALYSIS

Part I of the Model

impact of the subsidiary on antecedents

5.1 Introduction

The previous four chapters have provided the background of this research. Chapter one outlined the aims of the research. Organisational identification and its hypothesised antecedents and outcomes were introduced in chapter two. In chapter three, the multinational corporation (MNC) was presented along with MNC and subsidiary typologies, the case-study organisation, and the three-part model of organisational identification in the MNC. Details of the research methodology were given in chapter four.

This chapter constitutes the foundation stone of the data analysis chapters. It presents the results of testing Part I of the three-part model of organisational identification in the MNC (refer to Figure 3.1 on page 113). As discussed in chapter three, the case-study subsidiaries have been classified into two subsidiary types. The aim of this chapter is to empirically test whether the case-study subsidiaries differ with respect to the hypothesised antecedents of organisational identification.

It will be recalled from the theoretical discussion in chapters two and three that there are seven constructs which form the basis for the hypothesised antecedents of organisational identification in the MNC. These are 1) the prestige and distinctiveness of the organisation; 2) the support and appreciation of superiors; 3) no nationality barrier to the managerial hierarchy; 4) opportunity for career advancement and fulfilment; 5) positive interpersonal relations; 6) cultural similarity, and; 7) sense of shared fate with the organisation. The hypothesised antecedents of organisational identification in the MNC are mainly comprised of local and global counterpart variables within the relevant constructs. The local variables are hypothesised to be antecedents of identification with the local company while the global variables are hypothesised to be antecedents of identification with the organisation as a global entity.

The items comprising the hypothesised antecedents are introduced in section 5.2, while the results of their validation are given in section 5.3. The results of testing Part I of the model are presented in section 5.4.

5.2 Measures of the Antecedents of Organisational Identification

One of the central propositions in this research is that managerial employees of a polycentric-type MNC are likely to perceive clear boundaries between their local company and the organisation as a global entity. In order to test this, the measures for all relevant variables in the three-part model, including the hypothesised antecedents of organisational identification, are comprised of mirrored 'local' and 'global' variables. The local variables are comprised of one or more items which refer to the local company and the global variables are comprised of one or more items which refer to the organisation as a global entity.

All items are referenced with a number in the right margin corresponding to their placement in the questionnaire. The corresponding reference numbers can be found in the right margin of the questionnaire in Appendix I. Unless otherwise specified, the items are measured on a five-point Likert scale ranging from 5=strongly agree; 4=agree; 3=neither agree nor disagree; 2=disagree; 1=strongly disagree.

5.2.1 Prestige and distinctiveness of the organisation

According to social identity theory individuals aspire to belong to groups which are prestigious and distinctive because such groups raise an individual's self-esteem. Applied to work organisations, it has been proposed that the prestige and distinctiveness of the organisation enhances an individual's self-esteem and leads to identification with the organisation (Ashforth and Mael 1989). The items used to tap the prestige and distinctiveness of the organisation are adapted from Schneider, Hall and Nygren (1971). Schneider et al's (1971) 'organisation has a fine tradition' item was originally intended to measure the amount of organisational identification, while their 'organisation is a recognised leader' item was intended to measure the value of organisational identification. An organisation with a good reputation can be considered prestigious, while an organisation that stands out as a leader can be considered distinctive.

Local

- | | | |
|----|------------------------------------------------------------------------|----|
| 1) | This company has a reputation for providing excellent products. | A1 |
| 2) | This company stands out as a leader in the consumer products industry. | A4 |

Global

- | | | |
|----|-------------------------------------------------------------------------|-----|
| 1) | Unilever products enjoy a good reputation worldwide. | A17 |
| 2) | Unilever is a worldwide leader in the manufacture of consumer products. | A13 |

5.2.2 Support and appreciation of superiors

According to social identity theory, an individual needs to feel part of the group in order to identify with it. It has been proposed that support and appreciation from superiors fosters a sense of belongingness in the organisation and is thus an antecedent of organisational identification (Lee 1971; Benkhoff 1997a). Support and appreciation is measured in terms of recognition, trust, guidance, and encouragement to voice opinions. The items measuring support and appreciation were adapted from Benkhoff (1997a), though they originate in Cook and Wall's (1980) 'interpersonal trust at work' scale (Cook et al. 1989:260-261). One item--supervisor encourages people to speak up-- comes from the 'participation' component of the 'supervision' module of the Michigan Organisational Assessment Questionnaire. The items in the latter are attributed to Cammann et al. (1979) and Seashore et al. (1982) (Cook et al. 1989:245-247).

Local

- | | | |
|----|------------------------------------------------------------------------------|-----|
| 1) | If I have problems at work, I know my immediate boss would try and help. | A67 |
| 2) | My immediate boss praises me when I do a good job. | A68 |
| 3) | I feel that I am trusted by my immediate boss to do a good job. | A69 |
| 4) | My immediate boss encourages me to speak up when I disagree with a decision. | A70 |

Global

- | | | |
|----|---------------------------------------------------------------------------------------------------------|-----|
| 1) | I can expect to be recognised by the Unilever head office when I make an outstanding contribution. | A72 |
| 2) | I feel that the Unilever head office trusts employees here to make the right decisions. | A73 |
| 3) | I feel respected by top management in the Unilever head office for my contributions to company success. | A74 |

5.2.3 Opportunity for career advancement and fulfilment

Individual development is thought to be linked to organisational identification (Schneider et al. 1971:399). Individual development is construed here to mean the development of one's career, both in terms of opportunity to fulfill one's career potential and opportunity for career advancement through promotion. These aspects of career development reflect work-related achievement satisfactions, which are thought to help link the individual to the organisation through identification (Brown 1969). Perceived opportunity for achievement, a form of intrinsic reward (Lincoln and Kalleberg 1989), has been found to be an important antecedent of organisational identification (Brown 1969; Lee 1971). Promotions, a form of extrinsic reward (Lincoln and Kalleberg 1989), provide individuals with further scope for achievement, since promotions usually involve taking on increased responsibility (Brown 1969). Perceived chances for promotion have been found to be associated with psychological attachment to the organisation (Zaccaro and Dobbins 1989). Two items, one tapping perceived chances of promotion and the other tapping perceived opportunities for career fulfilment, were generated by the author.

Local

- | | | |
|----|--------------------------------------------------------------------------------------------------------|------|
| 1) | I am confident that I will always be assessed fairly for promotion by this company. | A150 |
| 2) | I believe that I have the opportunity to achieve my full career potential by working for this company. | A153 |

Global

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------|------|
| 1) | Unilever employees worldwide are promoted to international management positions based on merit. | A155 |
| 2) | I believe that Unilever as a global corporation provides me with the opportunity to achieve my full career potential. | A158 |

5.2.4 No nationality barrier to the managerial hierarchy

Access to full membership in a group can also be considered to foster a sense of belongingness and hence to foster identification with the group. Brown (1969:351) hypothesised that "identification with the organisation is related to the degree to which the organisation is seen as permitting access to full membership (the possibility of participation) rather than simply relegating work to members." Full membership in this sense relates to inclusion in the decision-making process. Brown (1969:351) measured 'anticipated access'

in terms of the degree to which the individual hears what goes on in meetings where decisions are made, and the degree to which he/she believes his/her suggestions at the meeting would be taken seriously. In the context of a MNC, access to full membership, that is, inclusion in the organisation's decision-making process, has traditionally been reserved for the nationals of the parent organisation. Therefore, perceived access to the managerial hierarchy regardless of nationality is hypothesised to be an antecedent of organisational identification. The items measuring nationality access were generated by the author. Items with reference numbers A129 and A139 were originally measured on a binary scale where 1=yes and 2=no. They were recoded to 2=yes and 4=no, and then reversed. The reversed codes of 2=no and 4=yes correspond to 2=disagree and 4=agree on the five-point Likert scale on which the other two items in the scale are measured.

Local

- | | | |
|----|---------------------------------------------------------------------------------------------------|------|
| 1) | Nationality is not a barrier to promotion to any position within this company. | A151 |
| 2) | The most important positions at this company are reserved for foreigners (R). | A152 |
| 3) | Do you think your nationality will keep you from achieving your career goals in this company? (R) | A129 |

Global

- | | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------|------|
| 1) | Nationality is not a barrier to promotion to any position within Unilever's worldwide companies, including the Unilever head office. | A157 |
| 2) | Senior management positions at the Unilever head office are mostly reserved for British and Dutch employees (R). | A156 |
| 3) | Will your nationality keep you from achieving your career goals within Unilever as a global corporation? (R) | A139 |

5.2.5 Positive interpersonal relations

The importance of positive contact between members of different groups in improving intergroup relations was set forth by Allport (1954) in his contact hypothesis. The contact hypothesis, which has been applied mainly in ethnic relations research, holds, in essence, that the amount and quality of contact between members of different groups can lessen intergroup discrimination and hostility. One reason suggested for this is that contact allows the discovery of similarities of values and beliefs which are generally found to lead to attraction. While the originators of social identity theory did not accord a place to interpersonal relations (results of the early minimum group paradigm experiments of Tajfel indicated that

identification with a group takes place through self-categorization, regardless of interpersonal contact), the theory has been criticised for not taking into account the importance of personal contact in intergroup relations (eg. Brewer and Miller 1984; Johnston and Hewstone 1990). Two strands of research have developed the contact hypothesis in line with social identity theory, both of which consider positive interpersonal relations important. One strand, represented by the work of Brewer and Miller (1984), states that intergroup relations are bettered through positive interpersonal relationships because barriers created by social category membership are lessened. The other strand, represented by Hewstone and Brown (1986), argues that contact between group members must be in terms of group membership; thus, only by maintaining group boundaries will the positive effects of contact be generalised to all out-group members (Johnston and Hewstone 1990:193).

It is therefore proposed that positive interpersonal relations may foster both SIT-based and values-based organisational identification. The following items, which were generated by the author, are measured on a five-point Likert scale where 5=very positive, 4=positive, 3=neither positive nor negative, 2=negative, and 1=very negative. The choice '0= no opportunity to work closely' was also given in order to separate out those respondents who have had no interaction with the groups of colleagues in question. A dummy variable was then constructed as follows. The 'negative' and 'very negative' responses were combined into one 'negative contact' variable and coded 1. The 'positive' and 'very positive' responses were combined into one 'positive contact' variable and coded 2. The 'no opportunity' responses were coded 0 and serve as the 'no contact' reference category. The dummy variable was created only for the global counterpart variable. This is because 24 per cent of the total sample reported that they had no contact with colleagues from the global level of the organisation, while only 1.3 per cent reported no contact with colleagues from the local company.

Local

- 1) If you've had opportunities to work closely with colleagues from other sections in this company, how positive have these experiences been? A42

Global

- 1) If you've had opportunities to work closely with colleagues from the Unilever head office, how positive have these experiences been? A43
- 2) If you've had opportunities to work closely with colleagues from other Unilever companies, how positive have these experiences been? A44

5.2.6 Cultural similarity

A common history is thought to bind individuals to a group (Tolman 1943; Hofstede 1991; Ashforth and Mael 1989). People tend to prefer people with similar interests, and who are of similar age and social background (Argyle 1988:229). Such similarity makes for easier interaction. Field experiments have shown that people with similar attitudes, beliefs and values are more likely to become friends (Argyle 1988:229). Moreover, similarity of values is thought to give social support for one's views (Argyle 1988). The foregoing implies that cultural similarity, in terms of language, social, cultural, and religious background plays a part in binding individuals to a particular cultural group. This would suggest that employees of an organisation rooted in a particular culture are likely to prefer working with individuals from that same culture. Cultural similarity is therefore thought to be a possible antecedent of identification with the local company but not of the global corporation. The cultural similarity variable has no global counterpart. These items were generated by the author.

Local

I feel I work best with people who:

- | | | |
|----|-------------------------------|-----|
| 1) | are able to speak my language | A62 |
| 2) | share my cultural background | A63 |
| 3) | share my social background | A64 |
| 4) | share my religion | A65 |

5.2.7 Sense of shared fate with the organisation

Shared fate implies mutual interdependence and a linking of one's own fate with that of the group. It is considered to be an antecedent of organisational identification (Katz 1964; Ashforth and Mael 1989). Dutton et al. (1994) maintain that an individual's sense of survival is linked with the survival of the organisation when he or she strongly identifies with their work organisation. Indeed, fostering a sense of shared or common fate has been used in some laboratory experiments to generate identification with the group through the concept of pooled resources (Brewer and Schneider 1990). Shared fate is measured here in terms of linking personal success with pooled effort, and by implication with the success of the organisation. The measure is based on an item included in London and Howat's (1978) organisational commitment scale (Cook et al. 1989:91). Since the case-study subsidiaries are to a large extent foreign owned, it may be difficult for individuals to distinguish between shared fate with the local company and shared fate with the organisation as a global entity.

This variable is therefore considered to be an antecedent of identification with the global organisation, and has no local counterpart variable.

Global

- | | | |
|----|-----------------------------------------------------------------------------------------|-----|
| 1) | My long-term success depends on the contributions of everyone in this company. | A55 |
| 2) | Over the long run, my success depends on the concerted efforts of everyone in Unilever. | A56 |

5.3 Validation of the Measures

Validation of the measures proceeds in two stages. The first stage determines the independence of the seven constructs which form the basis of the hypothesised antecedents of organisational identification in the MNC. The second stage determines whether the mirrored local and global variables within the relevant constructs are sufficiently independent to form separate antecedents of organisational identification.

The criteria for validation consist of the results of factor analysis (principal components, varimax rotation), correlation analysis, and reliability analysis. Validation of the measures, here and in subsequent data analysis chapters, is based on the results of the total sample. The rationale for using the results of the total sample is that the case-study subsidiaries, while hypothesised to differ on many of the variables in the model, are part of one MNC. As discussed in chapter four, the subsidiaries have the same organisational structure, are subject to Unilever's worldwide management development and evaluation schemes, and they produce local variations of the same products.

5.3.1 Construct independence

Table 5.1 presents the results of the factor analysis of the items measuring the hypothesised antecedents of organisational identification. The results from Table 5.1 are used for determining construct independence, and for examining the independence of the local and global counterpart variables which are discussed in the following section. For the sake of review, the seven constructs are 1) the prestige and distinctiveness of the organisation ('Prestige'); 2) the support and appreciation of superiors ('Support'); 3) no nationality barrier to the managerial hierarchy ('Nationality'); 4) opportunity for career advancement and

Table 5.1 Factor analysis of items measuring the hypothesised antecedents of organisational identification ¹

	F 1	F 2	F 3	F 4	F 5	F 6	F 7	F 8
<i>Support of Superiors-L</i>								
Boss Praises	.84	.08	.06	.01	.08	-.00	.10	.07
Boss Helpful	.82	.01	.04	.14	.07	.03	.07	.08
Boss Encourages Voice	.82	.16	.07	.06	.06	.04	-.04	-.02
Boss Trusts	.79	-.02	-.03	.15	-.01	.07	-.10	.08
<i>No Nationality Barrier-G</i>								
Nat. not Bar to Career Goals	.02	.79	-.03	.12	.21	.06	-.10	.05
Top Jobs not only for Brit/Dutch	.13	.79	-.06	.08	.11	.02	.01	.11
Nat. not Bar to any Position	.06	.74	-.05	.17	.26	.01	.01	.15
<i>Cultural Similarity</i>								
Shared Cultural Background	.04	.01	.86	.08	-.05	-.02	.13	-.04
Shared Social Background	.08	.01	.85	.04	.04	-.03	.02	.03
Shared Language	.02	-.11	.76	-.03	.04	.13	-.00	-.00
Shared Religion	-.01	-.08	.57	.12	.38	-.10	-.04	-.03
<i>Career Opportunity-L/G</i>								
Can Fulfill Career Potential-L	.08	-.01	.14	.81	.07	.06	.14	.04
Assessed Fairly-L	.24	.16	.06	.72	-.05	.07	.06	.10
Can Fulfill Career Potential-G	.06	.28	.04	.62	.32	.13	-.05	-.01
Merit Promotion-G	.08	.38	-.08	.53	.26	.09	.08	.25
<i>Support of Superiors-G</i>								
HO Recognises Achievement	.12	.31	.07	.09	.76	.06	.17	.03
HO Respects my Contribution	.08	.30	.13	.06	.74	.04	.11	.06
HO Trusts Us	.02	.13	-.11	.30	.57	.16	-.23	.23
<i>Prestige & Distinct.-L/G</i>								
Industry Leader-G	-.10	-.00	.06	-.07	.13	.80	-.03	-.02
Good Reputation-G	.06	-.10	-.03	.07	.33	.72	.07	-.18
Good Reputation-L	.13	.09	-.04	.17	-.03	.61	.09	.03
Industry Leader-L	.08	.16	.04	.13	-.24	.59	.01	.27
<i>Sense of Shared Fate</i>								
Personal Success Linked to Co.	.02	-.03	.07	.08	-.02	.06	.91	.02
Personal Success Linked to Org.	.01	-.01	.03	.09	.13	.06	.88	.04
<i>No Nationality Barrier-L</i>								
Nat. not Bar to any Position	.14	.05	.03	.17	.15	.02	-.01	.80
Nat. not Bar to Career Goals	.06	.27	-.00	-.06	.08	-.06	.06	.75
Top Jobs not only for Foreigners	-.00	.43	-.08	.18	-.11	.11	.03	.51
Eigenvalues	5.28	2.80	2.34	1.94	1.69	1.51	1.28	1.04
% Variance Explained	19.56	10.35	8.66	7.19	6.25	5.60	4.72	3.85
KMO = 0.77								

Note. Item loadings defining factors are in boldface.

Note. 'L' and 'G' refer to Local Company and Global Organisation, respectively.

¹ Total Sample

fulfilment ('Career'); 5) positive interpersonal relations ('Interpersonal'); 6) cultural similarity ('Cultural'), and; 7) sense of shared fate with the organisation ('Fate').

As shown in Table 5.1, the items split into eight factors. Factor 1 is comprised of items representing support of superiors at the local company level. Factor 2 encompasses those items representing no nationality barrier to the managerial hierarchy at the level of the global organisation. Factor 3 contains the items which refer to a preference for cultural similarity in the workplace. Factor 4 includes all items which refer to career opportunity at the levels of both the local company and the global organisation. Factor 5 comprises those items representing support of superiors at the level of the global organisation. Factor 6 is composed of all items representing the prestige and distinctiveness of the organisation at the levels of both the local company and the global organisation. Factor 7 includes the items representing a sense of shared fate with the organisation. Factor 8 is comprised of those items which refer to no nationality barrier to the managerial hierarchy at the local company level. The factor analysis patterns are broadly similar for the two subsamples of India and Pakistan, as shown in Appendix II, Tables II.1 and II.2, respectively.

Positive Interpersonal Relations was not included in the factor analysis because of its treatment as a dummy variable; however, its independence as a construct can be verified by its low correlation with the other hypothesised antecedents (see Appendix III). The results of the factor analysis (and correlation analysis) show that Prestige, Support, Nationality, Career, Interpersonal, Cultural, and Fate are independent constructs.

5.3.2 Local and global counterpart variables: separate antecedents?

The constructs for which there are local and global counterpart variables are Prestige, Support, Career, Nationality, and Interpersonal. This section seeks to determine whether the local and global counterpart variables of these constructs are sufficiently independent to form separate antecedents.

As noted earlier, Interpersonal was not included in the factor analysis shown in Table 5.1. However, a low correlation of .12 between the local and global counterpart variables of Interpersonal provides sufficient grounds for the formation of two separate antecedents (see

Appendix III). Separate antecedents can also be formed from the local and global counterpart variables of Support and Nationality, as can be readily seen from the results of the factor analysis in Table 5.1.

At first glance it appears that local and global antecedents are not formed for Prestige and Career. This is because all local and global items measuring Prestige load on one factor, as do all items measuring Career (see Table 5.1). A correlation analysis, however, shows that the correlations between the local and global counterpart variables of Prestige and Career are not inordinately high, especially in the case of Prestige. The relevant correlation for Prestige is .38, while that for Career is .56 (see Appendix III). This finding raises the question as to whether the local and global items measuring Prestige and Career are as homogenous as they appear, or whether the difference between the local and global counterpart variables is simply less pronounced than in the case of Nationality and Support. In other words, could the local and global counterpart variables of Prestige and Career actually be separate, but to a lesser degree than in the case of Support and Nationality?

To examine this, two separate factor analyses were performed, one for the items measuring Prestige and one for the items measuring Career. Two factors were forcibly extracted. The rationale for using this method is as follows. If the local and global items are as indistinguishable as they appear, they are more likely to split along theme lines (eg., reputation items versus industry leader items in the case of Prestige) rather than along local/global lines. Tables 5.2 and 5.3 show that the items split along local/global lines, with one minor exception in the case of Pakistan. These findings support the use of local and global antecedents for Prestige and Career.

The conclusions which may be drawn from the above are that respondents perceive differences between the local company and the global organisation, though the differences are more salient along certain dimensions. Perceived differences are particularly salient with regard to support from superiors and nationality access to the managerial hierarchy. Perceived differences are less with regard to the prestige and distinctiveness of the organisation and career opportunity. One explanation for the former may be that the prestige of the global organisation lends prestige to the local company. That differences between the local company and the global organisation are also less with regard to perceived opportunity

for career advancement and fulfilment of career potential may be explained to some extent by the fact that Unilever has in place worldwide schemes for management evaluation and promotion.

Table 5.2 Factor analysis of items measuring prestige and distinctiveness
(Two factors extracted)

	Factor 1			Factor 2		
	Total	India	Pakistan	Total	India	Pakistan
<i>Global Organisation</i>						
Unilever has good reputation	.89	.87	.64	.05	.15	.38
Unilever is industry leader	.77	.84	.88	.26	.18	.02
<i>Local Company</i>						
Company is industry leader	.04	.07	.76	.92	.86	.26
Company has good reputation	.40	.26	.17	.56	.72	.96
Eigenvalues	1.94	1.95	2.16	0.86	0.88	0.75
% Variance Explained	48.45	48.80	54.00	21.54	21.90	18.80
KMO	.63	.64	.73			

Note. Item loadings defining factors are in boldface.

Table 5.3 Factor analysis of items measuring career opportunity
(Two factors extracted)

	Factor 1			Factor 2		
	Total	India	Pakistan ^a	Total	India	Pakistan
<i>Local Company</i>						
Opportunity to fulfill potential	.84	.88	.71	.25	.17	.45
Assessed Fairly	.84	.83	.90	.19	.21	.14
<i>Global Organisation</i>						
Merit promotion	.13	.09	.14	.90	.90	.86
Opportunity to fulfill potential	.38	.36	.36	.73	.73	.77
Eigenvalues	2.27	2.19	0.67	0.73	0.83	2.35
% Variance Explained	56.76	54.70	16.80	18.34	20.80	58.60
KMO	.69	.67	.71			

Note. Item loadings defining factors are in boldface.

^a For Pakistan, global items load on Factor 1 and local items load on Factor 2.

In sum, it has been determined primarily through factor analysis that the items representing the hypothesised antecedents of organisational identification combine into their appropriate scales. The seven constructs were shown to be independent, and separate local and global antecedents can be validated for each of the relevant constructs. The scales exhibit acceptable

levels of internal reliability, with the alpha for most scales ranging between .60 and .85 for the total sample (see Table 5.4). The notable exception is the scale for the prestige and distinctiveness of the local company. Based on the results in this section, the local and global counterpart variables of the hypothesised antecedents will be used in subsequent analyses.

Table 5.4 Reliability analysis of hypothesised antecedents
(Figures in table are standardised alpha coefficients)

	Total Sample	India	Pakistan
Prestige and Distinctiveness			
<i>Local Company</i>	.44	.47	.53
<i>Global Organisation</i>	.66	.68	.60
Support of Superiors			
<i>Local Company</i>	.85	.84	.86
<i>Global organisation</i>	.75	.71	.81
No Nationality Barrier			
<i>Local Company</i>	.60	.30	.68
<i>Global Organisation</i>	.80	.80	.79
Career Opportunity			
<i>Local Company</i>	.70	.71	.67
<i>Global Organisation</i>	.63	.62	.65
Cultural Similarity			
<i>Local Company</i>	.79	.74	.86
Sense of Shared Fate			
<i>Global Organisation</i>	.84	.86	.80

5.4 Testing Part I of the Model

Part I of the model empirically tests whether the two case-study subsidiaries differ regarding the hypothesised antecedents of organisational identification. It will be recalled from discussions in chapter three that the subsidiaries have been classified into two types--the Strategic Leader (India) and the Implementor (Pakistan). The Strategic Leader is relatively successful, contributes to the business beyond its borders in the form of profits, innovations and management expertise, has a top management layer of predominantly local managers, and

has a relatively high status position within the global organisation. The Implementor is relatively less successful, contributes less to the business beyond its borders, has a top management layer of predominantly home office expatriates, and has a relatively low status position within the global organisation. These differing characteristics suggest that the two subsidiaries are likely to differ on a number of the main antecedents of organisational identification. This gives rise to the following hypotheses:

- H1: Respondents in Pakistan are likely to perceive the local company as less prestigious and distinctive than respondents in India, and are likely to perceive the global corporation as more prestigious and distinctive than respondents in India.
- H2: Respondents in Pakistan are likely to perceive a greater nationality barrier to the managerial hierarchy within both the local company and the global organisation than respondents in India.
- H3: Respondents in Pakistan are likely to perceive less opportunity for career advancement and fulfilment than respondents in India, at both the local company and global organisation.

The hypotheses are tested through multiple regression analysis with the subsidiary (1=India, 2=Pakistan) the primary independent variable, and controlling for a number of demographic factors. While a t-test of independent samples would reveal any significant differences between the two subsidiaries on the antecedents, multiple regression analysis allows for the addition of control variables and is therefore a more rigorous test. T-test results of independent samples are also given to provide a descriptive supplement to the multiple regression results.

The control variables used in this, and all subsequent regression analyses, include age (continuous), gender (1=male, 2=female), tenure (continuous), management level (0=junior management, 1=middle management, 2=senior management), master's degree (1=yes, 2=no), formal education abroad (1=yes, 2=no), job training abroad (1=yes, 2=no), and job posting abroad (1=yes, 2=no). These control variables were chosen for the following reasons. Age, tenure and management level are controlled for because there is some evidence in the literature that suggests a positive relationship between these variables and psychological attachment to the organisation (eg., Schneider et al. 1971; Hall and Schneider 1972; Pfeffer and Lawler 1980; Reichers 1986; Lincoln and Kalleberg 1989). Dummy variables were created for middle and senior management, with junior management acting as the reference

category. Gender differences are controlled for even though females comprise only ten per cent of the total sample. Regarding educational level, 90 per cent of the total sample reported holding a university first degree. Therefore, a master's degree was selected over a university first degree for a control variable because the former comprises a smaller percentage (69.4 per cent) of the total sample and may therefore contribute to variation in the results. The final three control variables, the 'international exposure' variables, were selected to control for a possible positive effect on identification with the global organisation.

5.4.1 Results

The results of the multiple regression analysis are shown in Table 5.5. There is a statistically significant difference between the two subsidiaries on more than half of the hypothesised antecedents of organisational identification. These are: Prestige at the local and global levels of the organisation; Career at both levels; Nationality at both levels, and; Interpersonal at the global level of the organisation.

The three hypotheses stated above are supported by the results. The two subsidiaries differ on Prestige in the hypothesised direction; respondents in Pakistan perceive the local company to be less prestigious and the global organisation to be more prestigious than their Indian counterparts. As hypothesised, Pakistani respondents perceive a greater barrier to the managerial hierarchy at both levels of the organisation. Also as hypothesised, Pakistani respondents perceive less opportunity for career advancement and fulfilment than their Indian counterparts at both levels of the organisation.

It is worth noting that the control variables have the greatest effect on the hypothesised antecedents of identification at the global level of the organisation. Middle management, for instance, has an impact on nearly all of the global antecedents while it has an impact on only one of the local antecedents. Middle managers, in comparison with junior managers, perceive less supervisory support, less career opportunity, less shared fate, and more nationality barrier at the global level of the organisation. Many of the control variables have an influence on Nationality at the global level of the organisation. Middle managers, and particularly senior managers, perceive a greater nationality barrier than do junior managers. Those with master's degrees and with some formal education abroad perceive more of a nationality barrier within

Table 5.5 Differences between subsidiaries in relation to antecedents of organisational identification
(Multiple regression analysis)

Control Variables	Antecedents--Local Company						Antecedents--Global Organisation					
	Prestige & Distinctive-ness	Support of Superiors	Career Opportunity	No Nationality Barrier	Positive Interpersonal Rltns.	Cultural Similarity	Prestige & Distinctive-ness	Support of Superiors	Career Opportunity	No Nationality Barrier	Positive Interpersonal Rltns.	Shared Fate
Age	.02	.06	-.16+	.06	.08	-.16+	-.05	.17*	-.03	.43***	.05	.01
Gender	-.03	.04	-.15*	-.07	-.01	-.06	-.04	-.17**	-.04	-.03	-.06	-.09
Tenure	.08	.05	.11	.04	.19*	.19*	.13	.05	.15+	-.02	.04	-.04
Middle Mgt.	-.03	.01	-.04	-.21*	-.11	.01	-.10	-.25**	-.27**	-.32**	-.23*	-.17+
Senior Mgt.	.04	-.03	-.02	-.20+	-.04	.10	.02	-.15	-.14	-.39***	.02	-.12
Master's Degree	.00	.01	.08	.07	.04	.05	.07	.08	.13*	.19**	.12+	.02
Educated Abroad	-.01	.09	.12+	.04	.05	.04	-.04	.16**	.06	.15**	.12+	-.17**
Training Abroad	.06	-.01	-.01	-.01	.06	.02	-.01	.03	.01	.04	-.04	.00
Posted Abroad	.02	-.02	.03	-.03	.08	.05	.01	-.02	.06	.01	-.10	.01
SUBSIDIARY	-.19**	-.06	-.15*	-.53***	-.08	.04	.21**	.06	-.16*	-.24***	.23**	-.10
Adj. R ² (N)	.02+ (288)	-.01 (288)	.05** (288)	.23*** (268)	.06** (280)	.01 (285)	.06** (288)	.10*** (285)	.07** (282)	.24*** (263)	.15*** (200)	.01 (287)

Note. India=1, Pakistan=2.

+ = p < .10; * = p < .05; ** = p < .01; *** = p < .001

the global organisation than those who do not possess such qualifications. The three 'international exposure' variables did not yield the expected positive results with regard to the global organisation. Being posted or trained abroad had no effect, while those with formal education abroad perceive less supervisory support, perceive a greater nationality barrier, and feel less positive toward colleagues from the global level of the organisation than do those who have been educated in-country. The control variables are treated in more detail in the following discussion of the individual antecedents.

5.4.2 Discussion

Prestige and Distinctiveness

Pakistani respondents tend to view their local company as less prestigious and distinctive than their Indian counterparts. At the same time, Pakistani respondents, more so than Indian respondents, view the global organisation as being prestigious and distinctive. These results, which are supported by t-test differences in means between the two subsidiaries on the relevant variables, as shown in Table 5.6, are in line with social identity theory. Individuals wish to belong to groups that serve to enhance self-esteem. If the group to which one wish

Table 5.6 T-test difference in means between India and Pakistan on the antecedents of organisational identification

	India			Pakistan		
	N	Mean	SD	N	Mean	SD
<i>Antecedents-Local Co.</i>						
Prestige & Distinctiveness	195	4.518**	.458	122	4.312	.587
Support of Superiors	195	3.880	.704	122	3.801	.780
Career Opportunity	195	3.471**	.738	122	3.193	.896
No Nationality Barrier	187	4.062***	.435	105	3.473	.696
Positive Interpersonal	191	4.147	.657	118	4.076	.753
Cultural Similarity	193	2.552	.776	121	2.523	.879
<i>Antecedents-Global Org.</i>						
Prestige & Distinctiveness	195	4.074***	.566	122	4.316	.469
Support of Superiors	192	3.310+	.666	122	3.455	.723
Career Opportunity	190	3.421+	.648	120	3.275	.767
No Nationality Barrier	179	3.104+	.836	106	2.903	.880
Positive Interpersonal	128	3.301**	1.020	97	3.781	1.077
Sense of Shared Fate	194	3.881	.878	122	3.844	.838

Note. T-test difference in means between India and Pakistan significant at: + = < .10 level; * = < .05 level; ** = < .01 level; *** = < .001 level

to belong to groups that serve to enhance self-esteem. If the group to which one belongs is perceived as a low-status group, there will be a tendency, according to the theory, to align oneself with a group that has higher status. Pakistani respondents appear to want to associate themselves with the global organisation which is seen to be more prestigious than the local company. This finding supports the hypothesis that the Implementor subsidiary is likely to attach less prestige to the local company than the Strategic Leader subsidiary which has built up a successful business apart from the success of the parent organisation. The Strategic Leader, with its independent source of local prestige, is less likely than the Implementor to consider the global corporation prestigious.

Support of Superiors

The two subsidiaries do not differ significantly on perceived supervisors' support at either level of the organisation. When only the means are considered, Table 5.6 shows a weak difference between the two subsidiaries regarding perceived support at the global level of the organisation, with Pakistani respondents perceiving slightly greater support than Indian respondents. However, this weakly significant finding fades in the multiple regression analysis when control variables are introduced. Several control variables have a significant impact on perceived supervisory support from the global organisation. Older employees feel recognised, respected and trusted by senior managers in Unilever. Females, middle managers (compared to junior managers), and those who have been educated abroad tend to feel less recognised, respected and trusted by senior managers in Unilever.

Career Opportunity

Respondents in Pakistan, more so than respondents in India, feel that there is a lack of opportunity for career advancement and fulfilment at both levels of the organisation. One explanation for this finding may be the nationality composition of the top management layer. To the extent that nationality composition of top management signals opportunity for career advancement, it stands to reason that at the India subsidiary, which has predominantly Indians in top management and which has had Indians promoted to the main Board in London, respondents would perceive greater opportunity for career advancement and fulfilment at both levels of the organisation. At the local company, those who have not been educated abroad perceive more career opportunity while older employees, and especially female employees,

perceive less career opportunity. Those who have longer tenure and who do not possess a master's degree perceive greater opportunity within Unilever as a global corporation, while middle management (compared to junior management) do not.

No Nationality Barrier

Respondents in Pakistan, much more so than respondents in India, perceive a nationality barrier to reaching top positions and to attaining career goals at both levels of the organisation. As the regression coefficients show, the difference between the subsidiaries is more acute at the local company level. This is highlighted by a greater difference in means at the local company level, as shown in Table 5.6. This finding is in line with expectations given that the Pakistani company is managed by expatriates of the parent organisation, and given that relatively few Pakistanis held senior posts within the global level of the organisation at the time of this research. (Some Pakistani respondents commented on the questionnaires saying that other countries, namely India, had a stronger lobbying position to garner coveted posts within Unilever.) Middle managers and to a lesser extent senior managers perceive more of a nationality barrier to advancement than do junior managers at the local company. Those employees who are older, who are more junior in rank, who do not have a master's degree, and who have received no formal education abroad see nationality as less of a barrier to advancement within the global organisation than other employees.

Positive Interpersonal Relations

There is no significant difference between the two subsidiaries on how positive they view their relations with colleagues from other sections within the local company. However, there is a significant difference in the way the Pakistani and Indian respondents view their relations with colleagues from other units in the global network. Respondents in Pakistan, more so than their Indian counterparts, report positive working relations with their colleagues at the London head office and at other companies within Unilever's global network.

Cultural Similarity and Sense of Shared Fate

The two subsidiaries do not differ significantly on either of these two hypothesised antecedents. Respondents with longer tenure feel that they work best with those who share the same culture. However, older employees do not feel that they necessarily work best with

those who share their culture. Those who have received formal education abroad tend to link their personal success with that of the organisation.

5.5 Conclusions

In this chapter the measures for the hypothesised antecedents of organisational identification were introduced and validated. The constructs forming the basis for the hypothesised antecedents were shown to be independent, and the local and global variables within the relevant constructs were shown to be sufficiently independent to warrant separate antecedents.

The results of testing Part I of the model confirm that the two case-study subsidiaries differ on the hypothesised antecedents of organisational identification. As expected, the two subsidiaries were found to differ most significantly with regard to perceived nationality barrier at both levels of the organisation. Respondents in Pakistan acutely perceive a nationality barrier to advancement both at the local company and within the global organisation. The two subsidiaries also differed significantly on Prestige at both levels of the organisation. That Pakistani respondents attach low prestige to the local company and high prestige to the global organisation relative to Indian respondents is in line with the predictions of social identity theory. In many cases, respondents in Pakistan, more so than respondents in India, registered a negative outlook toward the local company. In sum, the two sets of respondents differ most in terms of their views on their local company.

Part II of the Model

impact of antecedents on organisational identification

6.1 Introduction

The previous chapter validated the measures for the hypothesised antecedents of organisational identification in the multinational corporation (MNC), and confirmed differences between the two case-study subsidiaries on many of these antecedents. This chapter tests Part II of the model. The aim of Part II is to assesses the impact of the hypothesised antecedents on organisational identification and to assess any differences between the case-study subsidiaries on organisational identification.

Before testing Part II of the model it is necessary to validate the measures of organisational identification. It will be recalled that one of the core hypotheses of this research is that managerial employees of a polycentric MNC are likely to identify differently with the two levels of the organisation under study, that is, their local subsidiary and the organisation as a global entity. Identification with the local subsidiary, or company, is referred to as local identification (LID) and identification with the organisation as a global entity is referred to as global identification (GID). The hypothesised LID-GID dichotomy is explored within the framework of the two forms of organisational identification discussed in chapter two: organisational identification based on shared values and goals between the employee and the organisation (values-based identification), and organisational identification based on social identity theory (SIT-based identification). Thus there are four measures to be validated which reflect both the level and the form of organisational identification: 1) LID and 2) GID for values-based identification and 3) LID and 4) GID for SIT-based identification.

The measures of organisational identification are introduced in section 6.2 and the results of their validation are given in section 6.3. Section 6.4 discusses the descriptive results regarding the strength of identification. Section 6.5 presents the results of testing Part II of the model, that is, the impact of the hypothesised antecedents on organisational identification.

6.2 Measures of Organisational Identification

As mentioned above, identification with the local subsidiary (LID) is hypothesised to be different from identification with the MNC as a global entity (GID). To capture the hypothesised difference between the two levels of the organisation, mirrored scales have been developed. One scale, the local identification scale, is comprised of items which refer to the local subsidiary, or company. The other scale, the global identification scale, is comprised of items which refer to the organisation as a global entity. The local and global identification scales each include measures for the two forms of organisational identification: values-based identification and SIT-based identification. Following are the sources of the items used to measure the two forms of organisational identification.

The values-based identification measure is composed of four items. They are derived from a number of sources, as follows. The item 'My values and the values of this company are the same' is adapted from the shared values item in Porter and Smith's (1970) Organisational Commitment Questionnaire (Cook et al. 1989:86). The item 'I share the goals of this company' is adapted from Benkhoff (1997a), and reflects a number of definitions of organisational identification which include shared goals together with shared values. The item 'What this company stands for is important to me' is taken from O'Reilly and Chatman's (1986) scale of values internalisation, and reflects the degree to which an individual shares the values and goals of the organisation. The item 'The practices of this company are in line with my personal values' was generated by the author, and is included because organisational policies and behaviour patterns are considered to be the primary means by which the individual comes to know whether he or she shares the values and goals of the organisation (Campbell and Yeung 1994:149).

The SIT-based identification measure is comprised of three items. The items are adapted from a scale developed by Benkhoff (1997a). The measure is designed to tap the two core, interrelated themes of social identity theory: self-esteem enhanced through group membership, and positive cognitive bias toward the members of the group and the group itself. The items used are 'I am proud to tell others that I am an employee of this company', 'In this company we have capable and sensible people in top management' and 'This company is likely to be successful in the future', respectively. The former statement is designed to directly tap an

individual's self esteem through belongingness in the organisation. Responses to the latter two statements, which are difficult to falsify and therefore largely subjective, are designed to capture the degree of positive cognitive bias toward the group. As discussed in chapter two, positive cognitive bias is an indirect measure of an individual's belongingness to the group and self-esteem derived from membership in the group.

The four hypothesised organisational identification measures are referred to as follows: values-based local identification (LID-Values); values-based global identification (GID-Values); SIT-based local identification (LID-SIT), and; SIT-based global identification (GID-SIT).

The items in the scales are referenced with a number, shown in the right margin, corresponding to their placement in the questionnaire. The corresponding reference numbers can be found in the right margin of the questionnaire in Appendix I. The items are measured on a five-point Likert scale ranging from 5=strongly agree; 4=agree; 3=neither agree nor disagree; 2=disagree; 1=strongly disagree.

6.2.1 Local identification scales

LID-Values

- | | | |
|----|--------------------------------------------------------------------|-----|
| 1) | My values and the values of this company are the same. | A28 |
| 2) | I share the goals of this company. | A27 |
| 3) | What this company stands for is important to me. | A29 |
| 4) | The practices of this company are in line with my personal values. | A30 |

LID-SIT

- | | | |
|----|------------------------------------------------------------------------|----|
| 1) | I am proud to tell others that I am an employee of this company. | A2 |
| 2) | In this company we have capable and sensible people in top management. | A3 |
| 3) | This company is likely to be successful in the future. | A7 |

6.2.2 Global identification scales

GID-Values

- | | | |
|----|------------------------------------------------------------------------|-----|
| 1) | I see no difference between my values and Unilever's corporate values. | A37 |
| 2) | My goals are the same as Unilever's. | A32 |
| 3) | Unilever represents values that are important to me. | A38 |
| 4) | Unilever's worldwide practices express my own values. | A36 |

GID-SIT

- | | | |
|----|------------------------------------------------------------------------------------|-----|
| 1) | I am proud to tell people that I am part of Unilever's global family of companies. | A14 |
| 2) | Top management at the Unilever head office are competent and reasonable people. | A18 |
| 3) | I expect that Unilever's global businesses will be successful. | A19 |

6.3 Validation of the Measures

The purpose of the validation is to determine whether the four hypothesised identification constructs--LID-Values, LID-SIT, GID-Values, GID-SIT--are independent and whether they have acceptable internal reliability. The measures of the four constructs are validated through factor analysis (principal components with varimax rotation), correlation analysis and reliability analysis. The results for the total sample are used to determine validation. Results for the two subsidiaries are shown in the appendices and are given mention for the purpose of elucidation.

Four separate factor analyses were performed to validate the measures. The first set of two factor analyses determines whether there is a distinction between the two forms of organisational identification. Table 6.1 gives the factor loadings for items measuring values-based identification and SIT-based identification for the local company, i.e., LID-Values and LID-SIT, the two measures of local identification. Table 6.2 gives the factor loadings for items measuring values-based identification and SIT-based identification for the global organisation, i.e., GID-Values and GID-SIT, the two measures of global identification. In both cases the items split into two factors, with values-based identification items loading on one factor and SIT-based identification items loading on the other. This factorial pattern is replicated for the two subsidiaries (see Appendix II, Tables II.3 and II.4). These results indicate that values-based identification and SIT-based identification are separate constructs.

The second set of two factor analyses determines whether there is a distinction between the two levels of the organisation, that is, identification with the local company (LID) and identification with the global organisation (GID). Table 6.3 gives the factor analysis results of items measuring LID and GID for values-based identification, while Table 6.4 gives the factor analysis results of items measuring LID and GID for SIT-based identification. In both

Table 6.1 Factor analysis of items measuring two forms of local identification ¹

	Factor 1	Factor 2
<i>LID-Values</i>		
My values and the values of this company are the same.	.87	.16
The practices of this company are in line with my ...	.83	.25
I share the goals of this company.	.79	.13
What this company stands for is important to me.	.79	.16
<i>LID-SIT</i>		
In this company we have capable and sensible people...	.20	.79
This company is likely to be successful in the future.	.09	.78
I am proud to tell others that I am an employee...	.20	.76
Eigenvalues	3.41	1.32
% Variance Explained	48.64	18.88
KMO = .83		

Note. Item loadings defining factors are in boldface.

¹ Total Sample

Table 6.2 Factor analysis of items measuring two forms of global identification ¹

	Factor 1	Factor 2
<i>GID-Values</i>		
I see no difference between my values and Unilever's...	.86	.18
Unilever represents values that are important to me.	.85	.16
Unilever's worldwide practices express my own values.	.84	.17
My goals are the same as Unilever's.	.71	.27
<i>GID-SIT</i>		
I expect that Unilever's global businesses will be successful.	.09	.84
I am proud to tell people that I am part of Unilever's family...	.17	.73
Top management at the Unilever head office are competent...	.33	.71
Eigenvalues	3.53	1.21
% Variance Explained	50.40	17.27
KMO = .84		

Note. Item loadings defining factors are in boldface.

¹ Total Sample

Table 6.3 Factor analysis of items measuring values-based identification with two organisational levels ¹

	Factor 1	Factor 2
<i>GID-Values</i>		
Unilever represents values that are important to me.	.82	.27
I see no difference between my values and Unilever's..	.80	.34
Unilever's worldwide practices express my own values.	.79	.33
My goals are the same as Unilever's.	.77	.20
<i>LID-Values</i>		
The practices of this company are in line with my personal values.	.23	.85
My values and the values of this company are the same.	.26	.85
What this company stands for is important to me.	.30	.74
I share the goals of this company.	.35	.70
Eigenvalues	4.65	1.05
% Variance Explained	58.08	13.08
KMO = .88		

Note. Item loadings defining factors are in boldface.

¹Total Sample

Table 6.4 Factor analysis of items measuring SIT-based identification with two organisational levels ¹

	Factor 1	Factor 2
<i>GID-SIT</i>		
I expect that Unilever's global businesses will be successful.	.89	-.04
I am proud to tell people that I am part of Unilever's ...	.72	.21
Top management at the Unilever head office are competent ...	.62	.45
<i>LID-SIT</i>		
In this company we have capable and sensible people ...	.02	.90
I am proud to tell others that I am an employee of this company.	.19	.76
This company is likely to be successful in the future.	.48	.57
Eigenvalues	2.79	1.13
% Variance Explained	46.43	18.80
KMO = .66		

Note. Item loadings defining factors are in boldface.

¹Total Sample

cases the items split into two factors, with items measuring LID loading onto one factor and items measuring GID loading onto the other. This pattern of results is closely mirrored in the case of India, while for Pakistan the items measuring LID and GID load onto one factor (see Appendix II, Tables II.5 and II.6). However, when two factors are forcibly extracted, LID-Values items load on one factor and GID-Values items load on the other, suggesting that Pakistani respondents also make a distinction, however weak, between LID-Values and GID-Values (see Appendix II, Table II.7).

The above findings for the total sample show that values-based identification differs from SIT-based identification, and that identification with the local company differs from identification with the MNC as a global entity. While the difference between LID and GID has been confirmed in the above factor analyses, it is worth noting that the dichotomy between LID and GID is less stark in the case of values-based identification. Initial evidence is provided by correlation analysis. While the correlation between the scaled LID-SIT and GID-SIT is .47, the correlation between LID-Values and GID-Values is .63 (refer to Appendix III). Further evidence is shown in Table 6.5. When the items measuring all four identification constructs are included in a factor analysis the local and global values-based identification items load on one factor.

The nature of organisational values may account to some extent for the higher correlation between LID-Values and GID-Values. First of all, organisational values are often not made explicit to employees, and when they are made explicit they tend to be vague and generalised (Bartlett and Ghoshal 1994). In this sense organisational values may be likened to wallpaper in the office; ubiquitous but not uppermost in the minds of employees on a daily basis. Second of all, organisational values between units in the same organisation are not likely to differ dramatically, as shown in the case of Unilever in chapter three. Thus any perceived difference between local company values and global organisation values is not likely to be large. By contrast, SIT-based identification is measured with items that elicit a more emotional response based on day to day experience. For instance, employees may have strong feelings about the capability of local management, but have less strong feelings about how the MNC as a whole is managed because they have no direct experience of it. It is reasonable to expect that employees can more readily assess how they feel about the local

company and their place in it as compared to the broader organisation with which they have had little or no experience.

Table 6.5 Factor analysis of items measuring the four identification constructs ¹

	Factor 1	Factor 2	Factor 3
<i>GID-Values</i>			
Unilever represents values that are important to me.	.74	-.01	.31
I see no difference between my values and Unilever's ...	.76	.06	.32
Unilever's worldwide practices express my own values.	.75	.01	.33
My goals are the same as Unilever's.	.67	-.23	.42
<i>LID-Values</i>			
My values and the values of this company are the same.	.76	.35	-.05
The practices of this company are in line with my personal values	.71	.44	-.03
What this company stands for is important to me.	.72	.29	-.05
I share the goals of this company.	.71	.23	.07
<i>LID-SIT</i>			
In this company we have capable and sensible people ...	.19	.77	.09
I am proud to tell others that I am an employee of this company.	.17	.72	.20
This company is likely to be successful in the future.	.01	.66	.44
<i>GID-SIT</i>			
I expect that Unilever's global businesses will be successful.	.09	.08	.79
I am proud to tell people that I am part of Unilever's ...	.13	.25	.67
Top management at the Unilever head office are competent ...	.27	.34	.63
Eigenvalues	4.40	2.23	2.22
% Variance Explained	31.33	15.96	15.84
KMO = .86			

Note. Item loadings defining factors are in boldface.

¹Total Sample

The difference between LID and GID may be smaller in the case of values-based identification, but the results in Tables 6.3 and 6.4 clearly show that the difference exists nonetheless. These results are replicated when the items measuring all four identification constructs are combined in one factor analysis, and four factors are forcibly extracted. Table 6.6 shows that the items representing the four identification constructs cluster in their anticipated groupings. Factor 1 is home to GID-Values, Factor 2 is home to LID-Values, Factor 3 is home to LID-SIT, and Factor 4 is home to GID-SIT. When scaled, the four identification constructs exhibit acceptable levels of reliability, with the following alpha

scores: LID-Values, .85; GID-Values, .86; LID-SIT, .71; GID-SIT, .69. The alphas are closely mirrored in the two subsidiaries (see Appendix IV).

Table 6.6 **Factor analysis of items measuring the four identification constructs ¹**
(Four factors extracted)

	Factor 1	Factor 2	Factor 3	Factor 4
<i>GID-Values</i>				
Unilever represents values that are important to me.	.82	.25	.16	.06
I see no difference between my values and Unilever's ...	.78	.32	.19	.10
Unilever's worldwide practices express my own values.	.74	.34	.10	.15
My goals are the same as Unilever's.	.71	.28	-.17	.28
<i>LID-Values</i>				
My values and the values of this company are the same.	.24	.84	.15	.09
The practices of this company are in line with my personal values.	.22	.80	.25	.08
What this company stands for is important to me.	.30	.75	.13	.04
I share the goals of this company.	.32	.70	.08	.15
<i>LID-SIT</i>				
In this company we have capable and sensible people ...	.15	.15	.87	-.00
I am proud to tell others that I am an employee of this company.	.07	.22	.72	.19
This company is likely to be successful in the future.	-.10	.18	.56	.54
<i>GID-SIT</i>				
I expect that Unilever's global businesses will be successful.	.14	.08	-.03	.87
I am proud to tell people that I am part of Unilever's ...	.18	.09	.20	.69
Top management at the Unilever head office are competent ...	.42	.05	.43	.51
Eigenvalues	2.89	2.87	2.02	1.97
% Variance Explained	20.63	20.52	14.46	14.06
KMO = .85				

Note. Item loadings defining factors are in boldface.

¹ Total Sample

In summary, the results of factor analysis, correlation analysis and reliability analysis for the total sample validate the four identification constructs and provide justification for their use in subsequent analyses. The results also clearly show that the two forms of identification have in common a local/global split. This underlying commonality suggests that a composite measure comprised of the two forms of identification for each level of the organisation may be worthy of examination. Therefore, a composite local identification construct (LID-Values plus LID-SIT) and a composite global identification construct (GID-Values plus GID-SIT) will be used in addition to the four individual identification constructs in subsequent analyses.

The alpha score is .82 for the composite local identification construct, and .83 for the composite global identification construct.

6.4 Strength of Identification: descriptive results

This section examines the strength of organisational identification according to the different constructs of identification, and according to differences between the case-study subsidiaries. T-tests, both paired sample tests and independent sample tests, are used to provide a descriptive analysis of means. The paired sample tests compare the strength of local and global identification, while the independent sample tests compare the strength of identification between India and Pakistan. In both of these tests the average difference between the two sets of scores will be zero if there is no difference between the two samples (Healey 1990; Knoke and Bohrnstedt 1994). Following the t-tests, the relative difference between subsidiaries on strength of identification will be assessed by looking at the percentage of respondents who identify strongly with both the local subsidiary *and* the MNC as a global entity.

The first test is a paired samples t-test where local identification and global identification comprise the paired samples. This is considered appropriate because the items used to measure local and global identification are composed of mirrored items. The local and global identification pairs are examined in terms of the forms of identification. These include values-based identification, SIT-based identification, and the composite values-based plus SIT-based identification. Table 6.7 shows the results. Considering that 3.0 is the middle score of the five-point Likert scale used in this research, respondents scored relatively high on each construct of organisational identification. The mean scores for SIT-based identification are somewhat higher than mean scores for values-based identification. This is the case for the total sample as well as for the two subsamples.

The main finding in Table 6.7 is that there is a highly significant difference between local identification and global identification, and the direction of difference is towards the local company. This is the case for each form of organisational identification. In other words, respondents as a whole identify more with the local company than with the global organisation regardless of whether identification is measured in terms of shared values or

social identity theory. When the subsamples are considered, however, it can be seen that the results for Pakistan vary from the total sample in two regards. First, the difference between local identification and global identification is much less significant and, second, identification is greater with the global organisation than with the local company in terms of SIT-based identification. These findings are in line with social identity theory which posits that individuals strive to align themselves with groups that confer social status. It is therefore reasonable to expect that respondents from the Implementor subsidiary, which operates in a relatively non-important market, may prefer to identify with the global organisation which is perceived to have greater status than the local company identification. These findings are in line with social identity theory which posits that individuals strive to align themselves with groups that confer social status. It is therefore reasonable to expect that respondents from the Implementor subsidiary, which operates in a relatively non-important market, may prefer to identify with the global organisation which is perceived to have greater status than the local company.

Table 6.7 T-test difference in means between local and global identification
(Paired samples test)

			Local Identification		Global Identification	
	Number of Pairs	t-value	Mean	SD	Mean	SD
<i>Values-based ID</i>						
Total Sample	314	13.52	3.964***	.637	3.554	.603
India	194	12.45	4.017***	.624	3.522	.559
Pakistan	120	6.20	3.879***	.650	3.605	.668
<i>SIT-based ID</i>						
Total Sample	316	8.09	4.291***	.577	4.036	.507
India	195	13.51	4.503***	.395	4.025	.513
Pakistan	121	- 2.47	3.949*	.656	4.054	.498
<i>Values + SIT-based ID</i>						
Total Sample	316	13.75	4.104***	.514	3.761	.485
India	195	15.62	4.225***	.451	3.736	.463
Pakistan	121	3.48	3.910**	.550	3.801	.518

T-test difference in means between local and global identification significant at * = $p < .05$ level; ** = $p < .01$; *** = $p < .001$ level

A t-test of independent samples was conducted to examine the differences between India and Pakistan regarding strength of identification. Table 6.8 shows the results. The two subsidiaries differ significantly on local identification. Managerial employees in Pakistan identify much less with their local company than their Indian counterparts, especially in terms of SIT-based identification. They identify somewhat less with their local company than their Indian colleagues in terms of values-based identification. The two subsidiaries do not differ at all on global identification.

Table 6.8 T-test difference in means between India and Pakistan on organisational identification
(Independent samples test)

	India			Pakistan		
	N	Mean	SD	N	Mean	SD
<i>Local Identification</i>						
LID - Values	195	4.017+	.623	121	3.880	.647
LID - SIT	195	4.503***	.395	122	3.952	.654
LID - Values + SIT	195	4.225***	.451	122	3.914	.549
<i>Global Identification</i>						
GID - Values	194	3.522	.559	120	3.605	.668
GID - SIT	195	4.025	.513	121	4.054	.498
GID - Values + SIT	195	3.736	.463	121	3.801	.518

T-test difference in means between India and Pakistan significant at + = $p < .10$ level; *** = $p < .001$ level

In addition to the t-tests, it is illuminating to examine the percentage of respondents who identify strongly with both the local subsidiary and the organisation as a global entity. Here, respondents with strong identification refer to those who scored above the sample mean on both LID and GID. Three other groups of respondents are considered for the sake of comparison: those who scored low (i.e., below the sample mean) on both LID and GID; those who scored high on LID and low on GID, and; those who scored low on LID and high on GID. Table 6.9 gives the results for the total sample and the two subsamples, for values-based identification, SIT-based identification, and values + SIT-based identification.

For the total sample, roughly one-third of respondents have strong LID and GID. Also, roughly one-third have weak LID and GID. The smallest percentage goes to those who have weak LID and strong GID. This pattern holds across all measures of identification. The

Table 6.9 Percentage of respondents with strong LID and GID

	Total Sample	India	Pakistan
<i>Values-based Identification</i>			
Low LID, Low GID	31.5	31.8	31.1
High LID, Low GID	21.8	25.6	15.6
Low LID, High GID	06.9	04.6	10.7
High LID, High GID	38.8	37.4	41.0
<i>SIT-based Identification</i>			
Low LID, Low GID	30.3	16.9	51.6
High LID, Low GID	32.2	45.6	10.7
Low LID, High GID	05.0	01.5	10.7
High LID, High GID	32.2	35.9	26.2
<i>Values + SIT-based Identification</i>			
Low LID, Low GID	34.7	29.7	42.6
High LID, Low GID	19.9	29.2	04.9
Low LID, High GID	10.1	05.1	18.0
High LID, High GID	35.0	35.9	33.6

pattern is less consistent when the subsamples are considered. The percentage of respondents in India and Pakistan who have strong LID and GID is roughly the same across all identification measures. However, the two subsamples differ sharply on the other three respondent groupings, particularly the weak LID-weak GID grouping. More than 50 per cent of Pakistani respondents, compared with 16.9 per cent of Indian respondents, have weak identification with both the subsidiary and the MNC as a global entity in terms of SIT-based identification. Another stark difference between the subsamples is that a greater percentage of Pakistani respondents have weak LID and strong GID. These findings parallel the t-test results, which showed that the two subsamples differ mainly on the extent of their identification with the subsidiary level of the organisation.

In sum, the two subsidiaries differ most on the pride they take in being a member of their local company and the extent to which they hold a positive view toward the local company and its top management. These results reinforce the predictions of social identity theory in relation to the two subsidiary types, Strategic Leader and Implementor, discussed in chapter three. Social identity theory holds that identification will be higher with a group that confers status on the individual. As predicted, SIT-based identification with the local company is stronger in the case of the successful Strategic Leader (HLL India) than it is in the case of the

relatively unsuccessful Implementor (LBPL Pakistan). These results also support the findings of the previous chapter, where respondents at the Implementor were found to hold a generally more negative outlook toward their local company than respondents at the Strategic Leader. The prestige of the local company, for instance, was rated much lower by respondents at the Implementor than by those at the Strategic Leader.

6.5 Testing Part II of the Model

Part II of the model tests the impact of the hypothesised antecedents on organisational identification, controlling for the standard set of demographic factors. In section 6.3 above it was determined that organisational identification in the MNC encompasses two levels of identification--identification with the local company (local identification) and identification with the organisation as a global entity (global identification). In the previous chapter it was determined that there are two sets of antecedents to be used in the model of organisational identification in the MNC, a set of antecedents of local identification (local antecedents) and a set of antecedents of global identification (global antecedents). The current test has two specific aims. One is to determine which antecedents have a significant impact on organisational identification. The other is to determine whether the local antecedents are likely to contribute more than the global antecedents to explaining local identification and, conversely, whether the global antecedents are likely to contribute more than the local antecedents to explaining global identification.

The present test builds on Part I of the model; therefore, a summary is given of the variables which are carried over from Part I. The control, or demographic, variables include age, gender, tenure, management level, master's degree, education abroad, job training abroad, and job posting abroad. A dummy variable was created for management level (middle management and senior management), where the reference category is junior management. The subsidiary (India = 1; Pakistan = 2) is included as a variable in the model in order to assess differences between the two case-study subsidiaries. The antecedents of organisational identification include the prestige and distinctiveness of the organisation, the support and appreciation of superiors, opportunity for career advancement and fulfilment, no nationality barrier to the managerial hierarchy, positive interpersonal relations, cultural similarity (local identification only), and sense of shared fate with the organisation (global identification only).

Also for the sake of review, brief mention is made of the dummy variable for positive interpersonal relations which was created to separate out the 24 per cent of those who reported no contact with colleagues at the global level of the organisation. The dummy was constructed as follows. The positive interpersonal relations variable is comprised of those respondents who reported positive and very positive contact, while the negative interpersonal relations variable is comprised of those who reported negative and very negative contact. Those who reported no contact serve as the reference category. A corresponding dummy variable was not created for the local company because only about one per cent of the respondents reported no contact with colleagues at the local company.

In Part II of the model, the antecedents comprise the primary independent variables while the demographic variables and the subsidiary comprise subordinate independent variables. The organisational identification variables constitute the dependent variables. Local identification variables include LID-Values, LID-SIT, and LID-Values+SIT. Global identification variables include GID-Values, GID-SIT, and GID-Values+SIT. The method utilised in the present test is a blocked multiple regression analysis, where the local antecedents form one block and the global antecedents form another. In this way, the impact of each block on organisational identification can be assessed separately. The size of change in R^2 from one block to another determines whether the global antecedents have a significant impact on local identification beyond the impact of the local antecedents and, conversely, whether the local antecedents have a significant impact on global identification beyond the impact of the global antecedents. Following is the formula used for determining the significance of a change in R^2 (Cohen and Cohen 1983).

$$F = \frac{R^2_{y-AB} - R^2_{y-A}}{1 - R^2_{y-AB}} \times \frac{n - KA - KB - 1}{KB}$$

where:

- y-A = block 1
- y-AB = block 2
- n = number of cases
- KA = number of variables in block 1
- KB = number of variables in block 2

6.5.1 Results

Table 6.10 on page 177 presents the results of the blocked regression analysis. The main findings are as follows. First, many of the hypothesised antecedents were found to have a significant impact on organisational identification. Those that do not have a significant impact are positive interpersonal relations, cultural similarity, and sense of shared fate with the organisation. Second, the two forms of organisational identification, that is, values-based identification and SIT-based identification, are affected by a different combination of antecedents. Moreover, each of the four identification constructs--LID-Values, GID-Values, LID-SIT, and GID-SIT--are impacted by a different set of antecedents. Third, regardless of the form of identification, local identification is affected more by local antecedents than by global antecedents, and global identification is influenced more by global antecedents than by local antecedents.

It is the latter finding which supports the central hypothesis tested in Part II of the model, namely that LID is likely to be influenced more by local antecedents than by global antecedents, and GID is likely to be influenced more by global antecedents than by local antecedents. Evidence is provided by the change in R^2 between the blocks, or models, in the regression analysis. For LID, the change in R^2 from Model 1 (control variables and subsidiary) to Model L (control variables and subsidiary, plus local antecedents) is highly significant, whereas the change in R^2 from Model L to Model G (control variables and subsidiary, plus local antecedents, plus global antecedents) is not significant. The opposite pattern holds for GID. The change in R^2 from Model 1 to Model G (control variables and subsidiary, plus global antecedents) is highly significant, while the change in R^2 from Model G to Model L (control variables and subsidiary, plus global antecedents, plus local antecedents) is not significant.

These patterns in the data underscore the two levels of organisational identification under study, that is, local identification and global identification, regardless of how identification is measured. This provides further justification for a composite construct of organisational identification--values-based plus SIT-based identification--for each level of organisational identification. While the different sets of antecedents for each of the four identification

Table 6.10 Impact of antecedents on organisational identification
(Blocked multiple regression analysis¹)

	Local Identification			Global Identification		
	LID-Values	LID-SIT	LID-V + SIT	GID-Values	GID-SIT	GID-V + SIT
Control Variables						
Age	.14	.00	.10	.18*	.01	.13+
Gender	-.05	-.03	-.05	.03	-.08	-.01
Tenure	-.03	.09	.02	-.07	.08	-.01
Middle Management	-.02	.12	.05	-.04	.05	-.00
Senior Management	.05	.16*	.11	-.01	.02	.00
Master's Degree	-.07	-.04	-.07	-.01	-.08	-.05
Formal Education Abroad	.01	-.02	-.00	-.06	.01	-.04
Job Training Abroad	-.03	.12*	.04	-.05	.04	-.02
Job Posting Abroad	.01	-.02	-.00	.05	-.04	.02
Model 1						
Subsidiary	-.08	-.25***	-.18**	.04	.01	.03
Model L						
Antecedents--Local Co.						
Prestige & Distinctiveness	.26***	.32***	.33***	.20**	.12+	.19**
Support of Superiors	.08	.14**	.13*	-.01	.02	-.01
No Nationality Barrier	-.07	.17**	.03	.03	.01	.01
Career Opportunity	.28***	.16**	.28***	.07	.09	.10
Positive Interpersonal Relations	.06	.03	.06	-.03	.04	-.01
Cultural Similarity	-.09	-.04	-.08	-.02	-.07	-.04
Model G						
Antecedents--Global Org.						
Prestige & Distinctiveness	-.07	.01	-.04	.03	.40***	.22***
Support of Superiors	.08	.05	.08	.22**	.09	.21**
No Nationality Barrier	-.10	.10+	-.02	-.05	.11	.03
Career Opportunity	.11	.00	.08	.23**	.09	.20**
Positive Interpersonal Relations	.04	-.07	-.01	.07	.07	.07
Negative Interpersonal Relations	-.10	-.03	-.08	-.15*	-.01	-.12+
Sense of Shared Fate	.07	.02	.06	.07	.09	.08
ΔR^2 Model 1 to L	0.22	0.30	0.32			
ΔF	4.29***	10.41***	8.85***			
ΔR^2 Model L to G	0.03	0.01	0.02			
ΔF	0.43	0.29	0.37			
ΔR^2 Model 1 to G				0.27	0.35	0.37
ΔF				5.09***	7.47***	8.72***
ΔR^2 Model G to L				0.04	0.02	0.04
ΔF				0.51	0.37	0.65
Adj. R^2 (N)	.26*** (242)	.59*** (242)	.48*** (242)	.32*** (241)	.38*** (242)	.45*** (242)

¹ Figures in main part of table are standardised beta coefficients.

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

constructs underline the value of keeping them separate, the fundamental patterns in the data provide sufficient evidence that shared values and pride/positive bias may be complementary facets of organisational identification in the MNC.

The above results pave the way for a more detailed discussion of local identification and global identification, and the antecedents which have a significant impact. Differences between the case-study subsidiaries regarding identification are also discussed.

6.5.2 Discussion

6.5.2.1 The antecedents and their impact

Prestige and Distinctiveness

Prestige and distinctiveness of the organisation appears to have a widely significant effect on organisational identification. At the local company level it has a significant impact across all measures of identification. It was expected that this antecedent would have a significant impact on SIT-based identification, since prestige and distinctiveness are thought to play a key role in fostering self-esteem. It was not expected that prestige and distinctiveness would have as large an impact on fostering shared values between the employee and the organisation. Two possible reasons for this result come to mind. One is that pride/positive bias (SIT-based identification) and shared values (values-based identification) may be two complementary facets of organisational identification, and are therefore likely to share certain antecedents. Another reason may be that the direction of causality is opposite to that hypothesised; in other words, prestige and distinctiveness might follow from identification. It is equally plausible that the more an individual identifies with the organisation, whether measured in terms of SIT or shared values, the more he or she will consider the organisation to be prestigious and distinctive. The cross-sectional design of the research does not allow for any firm convictions on direction of causality.

The prestige and distinctiveness of the local company has a significant impact not only on local identification but on global identification as well. It was expected that the prestige and distinctiveness of the global organisation would have a significant impact on global identification, and perhaps on local identification. It was also expected that the prestige and distinctiveness of the local company would primarily impact local identification. It was not

expected that the prestige and distinctiveness of the local company would have a significant impact on identification with the global organisation. In fact, it is the only local antecedent to have an impact on global identification. By comparison, the prestige and distinctiveness of the global organisation has a significant impact only on GID-SIT and on the composite measure of global identification.

Support of Superiors

Support of superiors, measured in terms of respect, recognition and trust, contributes significantly to organisational identification. It fosters both a positive bias toward the organisation and shared values between the employee and the organisation. Having the support of one's immediate boss fosters identification with the local company, in terms of pride in membership and positive bias toward the company. Such support does not appear to contribute to shared values between the employee and the local company. Conversely, having the support of superiors at the London head office contributes significantly to shared values and goals between employees and the global organisation, but does not appear to foster pride in membership or positive bias toward the global organisation.

Career Opportunity

Perceived opportunity for career advancement and fulfilment of potential has a significant impact on both SIT-based and values-based organisational identification. At the local company level it has a significant effect across all measures of local identification, that is, LID-Values, LID-SIT, and LID-Values+SIT. In other words, perceived career opportunity at the local company fosters shared values and goals between the employee and the local company, and engenders pride in membership and a positive attitude toward the local company and its top management. At the global level of the organisation it has a significant impact on values-based identification but not on SIT-based identification. Perceived career opportunity within the global organisation engenders shared values between the employee and the global organisation, but it does not appear to foster a sense of pride in being a member of the wider organisation or in a positive bias toward the MNC and its top management.

No Nationality Barrier

Perceived nationality access to the managerial hierarchy has a significant effect on organisational identification, though only with SIT-based organisational identification and only at the local company level. It is worth noting, however, that perceived nationality access to the managerial hierarchy at the global level of the organisation also has a significant, albeit weak, influence on local identification. It is the only global antecedent that has a significant impact on local identification. In other words, the more an individual perceives that his or her nationality does not hinder promotion and career goals at both the local company and the global organisation, the more the individual expresses pride in membership and positive bias toward the local company and its top management.

Positive Interpersonal Relations

Positive interpersonal relations do not appear to have an impact on organisational identification, either in terms of shared values or pride/positive bias. This is the case at both levels of the organisation. However, negative interpersonal relations with colleagues in the global network have a negative impact on global identification. The result suggests that no contact with colleagues in the global network may be preferable to contact if such contact is perceived as negative.

Cultural Similarity

It can perhaps be considered good news for the MNC--an organisation whose members represent a multitude of nationalities and cultures--that there is no apparent link between organisational identification and a preference to work with culturally similar others. The results suggest that employees see themselves as members of a social group, the MNC, where cultural differences are transcended. Some respondents, in fact, made pointed comments in the margins of their questionnaire next to the cultural similarity items about the irrelevance of such statements! These results cast a shadow of doubt on the relevance of Hofstede's (1980) findings that cultural values are more salient than organisational values in the context of a MNC. Rather, the results appear to support the early work of Rokeach (1960) whose main hypothesis was that the similarity or 'congruence' of beliefs can cross national, ethnic, racial and religious lines. Rokeach's belief congruence theory indicates the possibility of organisational values being shared across organisational subunits within the MNC. It may be

worth noting that Hofstede (1991), too, found that his earlier findings (1980) were not supported in a later study. As he notes, “Research results about national cultures and their dimensions proved to be only partly useful for the understanding of organisational cultures” (Hofstede 1991:18).

Sense of Shared Fate

Having a sense of shared or common fate with the organisation does not appear to have an effect on organisational identification. It was expected that a linking of personal success with the concerted efforts of all employees, and by implication with the success of the organisation would be an antecedent especially of SIT-based identification. This is because the individual is thought to enhance self-esteem through group belongingness and taking organisational successes as one’s own.

6.5.2.2 Organisational identification: local and global

The above discussion, based on the results in Table 6.10, revealed that the antecedents affecting organisational identification vary according to how identification is measured. Yet the two forms of identification share a fundamental pattern; namely, the two forms of local identification are affected primarily by local antecedents and the two forms of global identification are primarily impacted by global antecedents. The following discussion examines the differences and similarities between the two forms of identification within the framework of the two levels of organisational identification.

Local Identification

Local identification as measured by SIT is significantly affected by four of the six local antecedents. Prestige and distinctiveness of the local company, support and appreciation of one’s immediate boss, opportunity for career advancement and fulfilment at the local company, and access to the local management hierarchy in terms of no discrimination by nationality. Local identification is also influenced by one of the six global antecedents. Individuals will identify more with the local company if they perceive nationality access to the managerial hierarchy not only within the local company but within Unilever as a global corporation. Identification with the local company as measured by shared values is fostered mainly by the prestige and distinctiveness of the local company, and the opportunity for career

advancement and fulfilment at the local company. Important for both forms of identification are the prestige and distinctiveness of, and perceived career opportunity at, the local company.

The composite construct of local identification (LID-Values+SIT) is affected by the same antecedents that separately impact values-based identification and SIT-based identification. The exception is nationality access to the managerial hierarchy. It loses its significance when the two forms of identification are combined into a composite construct.

The case-study subsidiaries differ significantly on SIT-based identification with the local company. Indian respondents, much more so than their Pakistani counterparts, are proud to be members of their local company and show a positive bias toward the company and its top management. This finding replicates the t-test results given in Table 6.8. The case-study subsidiaries do not differ significantly on values-based identification with the local company. While the t-test results show that the two subsidiaries differ mildly with regard to shared values between employees and the local company, the difference fades in the multiple regression analysis which controls for a number of variables.

Global Identification

Global identification as measured by shared values has a significant association with three of the global antecedents. Having the support of superiors from the London head office and the opportunity for career advancement and fulfilment within the organisation as a global entity engenders identification with the global level of the organisation. Interpersonal relations, however, has a significantly negative effect. The more negative the relations with colleagues from other units in the global network, including those from the London head office, the less one is likely to identify with the global organisation. This result suggests that if relations are perceived as negative, it is better to have no contact at all with colleagues from other units in the global network. As noted earlier, the one local antecedent that has an impact on values-based identification with the global organisation is the prestige and distinctiveness of the local company. Global identification as measured by SIT is driven by the prestige and distinctiveness of the organisation, primarily of the global organisation and to a much lesser extent of the local company. The two forms of identification are not affected by the same global antecedents but they are both significantly associated with the prestige and

distinctiveness of the local company. The composite measure (GID-Values+SIT) is affected by the same antecedents that separately impact values-based identification and SIT-based identification.

The two case-study subsidiaries do not differ on identification with the global organisation, regardless of the form of identification. This finding reinforces earlier results. It supports the t-test results in Table 6.8, which show no significant difference between the two subsidiaries on global identification. It also supports the results of the previous chapter, which show that the two subsidiaries differ mainly on their perceptions toward the local company.

6.5.2.3 Interim summary of the model

This section examines the extent to which the antecedents included in the model explain organisational identification. Reference is made primarily to the adjusted R^2 of the various organisational identification constructs used in the blocked multiple regression analysis in Table 6.10. If one looks at the composite identification constructs (Values + SIT), it can be seen that local identification, with an adjusted R^2 of .48, is somewhat better explained by the antecedents included in the model than global identification, with an adjusted R^2 of .45. A look at the adjusted R^2 of the four separate identification constructs gives a more detailed picture of the explanatory power of the antecedents included in the model. The following proceeds to rank the four identification constructs by adjusted R^2 .

LID-SIT registers the highest adjusted R^2 at .59. Many of the local antecedents, and one global antecedent, have a significant impact on LID-SIT. An adjusted R^2 at .59 indicates that SIT-based identification with the local company is explained to a reasonable extent with the antecedents included in the model. GID-SIT registers the second highest adjusted R^2 at .38. GID-SIT appears to be fostered primarily by the prestige and distinctiveness of the global corporation, and to a much lesser extent by the prestige and distinctiveness of the local company. However, an adjusted R^2 of .38 indicates that other factors not included in the model may contribute to SIT-based identification with the MNC as a global entity.

GID-Values registers the third highest adjusted R^2 at .32. GID-Values is shown to be mainly affected by perceived career opportunity at the global level of the organisation, by perceived

support of superiors at the global level of the organisation, and by the prestige and distinctiveness of the local company. However, an adjusted R^2 of .32 indicates that there are variables not included in the model which may contribute to values-based identification with the MNC as a global entity. LID-Values ranks fourth with an adjusted R^2 of .26. LID-Values appears to be mainly influenced by perceived career opportunity at the local company level, and by the prestige and distinctiveness of the local company. However, an adjusted R^2 of .26 suggests that the model is incomplete. There are likely to be other factors that contribute to values-based identification with the local company.

In sum, the antecedents included in the model seem to be better at explaining SIT-based identification, especially at the local company level. At the global level of the organisation, the antecedents included in the model have roughly the same explanatory power for SIT-based and values-based identification. However, it is less clear about what generates global identification in general, and also what generates values-based identification with the local company.

6.6 Conclusions

The results in this chapter have confirmed two levels of organisational identification in the MNC, identification with the local company and identification with the global organisation. This is the case when organisational identification is measured in terms of shared values or in terms of pride/positive bias, though the distinction between local identification and global identification appears to be more stark in the latter. These results support the general hypothesis that managerial employees of a polycentric MNC are likely to perceive group boundaries within the MNC. This is manifest in separate group identifications for the local company and for the global organisation, though the distinction is less pronounced in terms of values-based identification.

Values-based identification and SIT-based identification emerged as separate constructs, indicating a theoretical split between the two forms of organisational identification. The two forms of organisational identification appear to be driven by different sets of antecedents, which underscores the value of considering the two forms separately. Nevertheless, regardless of the form of organisational identification, local identification is affected primarily

by local antecedents while global identification is impacted primarily by global antecedents. This suggests that organisational identification in the MNC may be better understood through use of a composite construct of organisational identification which includes shared values and pride/positive bias at both levels of the organisation.

In general, the antecedents included in the model appear to be good at explaining SIT-based identification, especially at the local level of the organisation. At the global level of the organisation, the antecedents in the model explain the two forms of identification to a similar extent, though they appear to better explain GID-SIT. The antecedents included in the model appear to have lower explanatory power for values-based identification, particularly at the local company level.

The results in this chapter have also shown that the two subsidiaries vary in accordance with their hypothesised typologies. Respondents in the Strategic Leader (India) exhibit a relatively high distinction between local and global identification, while respondents in the Implementor (Pakistan) show a relatively low distinction between the two levels of the organisation. The two subsidiaries differ mainly on local identification. Indian respondents identify much more strongly with the local company than their Pakistani counterparts in terms of SIT-based identification. The two do not differ significantly on values-based identification, either at the local or the global level of the organisation.

Part III of the Model

impact of identification on workplace outcomes

7.1 Introduction

The previous chapter confirmed identification with two organisational levels in the multinational corporation (MNC), identification with the local company (LID) and identification with the organisation as a global entity (GID). Part III of the model of organisational identification in the MNC tests the impact of LID and GID on two workplace outcomes, willingness to exert effort on behalf of the organisation and desire to remain a member of the organisation. Part III represents a culmination of the model; it tests the impact of LID and GID by controlling for all variables presented in Parts I and II of the model, and by controlling for an instrumental motivation for work effort and desire to stay.

Before testing Part III of the model it is necessary to validate the measures used for the workplace outcome variables and for the instrumental variables. Section 7.2 introduces these measures, while section 7.3 reports the results of their validation. Section 7.4 examines the descriptive results regarding the strength of willingness to exert effort for, and to remain a member of, the organisation. Section 7.5 presents the results of testing Part III of the model.

7.2 Measures

The items given in the scales below are referenced with a number, shown in the right margin, corresponding to their placement in the questionnaire. The corresponding reference numbers can be found in the right margin of the questionnaire in Appendix I. The items are measured on a five-point Likert scale ranging from 5=strongly agree; 4=agree; 3=neither agree nor disagree; 2=disagree; 1=strongly disagree.

7.2.1 Workplace outcomes

It will be recalled from discussions in chapter two that empirical support has been found for deconstructing two popular organisational commitment constructs (Porter et al. 1974; Cook

and Wall 1980) into their component parts of identification, work effort and intention to stay (Peccei and Guest 1993; Benkhoff 1997c). Some researchers consider that two of the components, work effort and intention to stay, are outcomes of the third component, identification (eg. O'Reilly and Chatman 1986; Benkhoff 1997a). The present research follows that line of enquiry. The workplace outcomes scales used in this research are based on the items used to measure work effort and intention to stay in the two organisational commitment constructs mentioned above.

7.2.1.1 Work effort

Items 1) and 2) below are taken from the 'job involvement' component of Cook and Wall's (1980) organisational commitment scale, which in turn were based on the work by Buchanan (1974) and Porter et al. (1974). These items were included in Cook and Wall's (1980) scale to measure the willingness to invest personal effort as a member of the organisation, for the sake of the organisation (Cook et al. 1989:91-93). Items 3) and 4) are based on the 'job involvement' component of Buchanan's (1974) organisational commitment scale, which in turn were drawn from Lodahl and Kejner's (1965) scale. Willingness to engage in overtime and in extra-job-description work activities was intended by Buchanan to measure "psychological immersion or absorption in the activities of one's work role" (Cook et al. 1989:88-89).

One of the core interests in this research is to determine whether managers in MNCs draw a distinction between a willingness to exert effort for the good of the local company and a willingness to exert effort for the benefit of the MNC as a whole. In order to make such a determination the work effort measure has been designed in a mirrored local/global fashion, similar to measures used in the previous two parts of the model.

Local

- | | | |
|----|------------------------------------------------------------------------------------------------------------|-----|
| 1) | In my work I like to feel that I am making some effort, not just for myself, but for this company as well. | A83 |
| 2) | I'm willing to put myself out to help this company. | A87 |
| 3) | Working overtime is OK with me if doing so benefits this company. | A93 |
| 4) | I don't mind taking on additional duties and responsibilities to benefit this company. | A94 |

Global

- | | | |
|----|------------------------------------------------------------------------------------------------------------|------|
| 1) | It pleases me to think that my efforts benefit not only me, but Unilever as a whole. | A99 |
| 2) | I'm willing to put myself out to help the Unilever head office or another Unilever company. | A100 |
| 3) | I don't mind working overtime if I think it will contribute to Unilever's overall success. | A102 |
| 4) | Taking on additional duties and responsibilities is fine with me if doing so benefits Unilever as a whole. | A98 |

7.2.1.2 Intention to stay

Items 1) and 2) below are taken from the 'loyalty' component of Cook and Wall's (1980) organisational commitment scale, which were intended to measure the affection for and attachment to the organisation in terms of a wish to remain a member of the organisation (Cook et al. 1989:91-93). Items 3) and 4) are based on two items from the 'continuous commitment' component of Franklin's (1975) organisational commitment scale. One item captures the desire to stay with the organisation until retirement, while the other (reversed item) assesses readiness to leave the organisation if a chance were presented (Cook et al. 1989:89-90). In the present scale, items representing the local company and the organisation as a global entity are combined, due to the physical impossibility of being in two places at the same time.

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------|------|
| 1) | Even if Unilever as a whole were going through a rough period, I would be reluctant to move to another company. | A127 |
| 2) | I would hesitate to leave this company, even if it were not doing well financially. | A119 |
| 3) | If I could, I would like to stay with this or another Unilever company until I retire. | A125 |
| 4) | I regularly watch for suitable job openings at other companies (R). | A120 |

7.2.2 Instrumental motivation

It has generally been considered that instrumental motivation for activity is not part of the concept of organisational identification (eg. Brown 1969; Buchanan 1974; Ouchi 1980). It was mentioned in chapter two that an individual who identifies with his or her employing organisation is thought to value his or her activity performed rather than the result of that activity (Brown 1969). In other words, the individual is thought to find his or her organisational behaviour rewarding in itself (Katz 1964). Instrumentality is also not part of

the social identity approach, owing to the results of early laboratory experiments carried out on the theme by Tajfel and others (Tajfel and Turner 1979). A number of writers, however, believe that there is always some calculation present, “however subliminal” (Brown 1986:56). Lincoln and Kalleberg (1989:100), for instance, remind us that while intrinsic rewards are important motivators, “we can hardly forget that people take jobs in large measure to earn incomes and advance careers, and such extrinsic inducements [earnings and promotions] obviously play a fundamental role in motivating the decision to join, stay with and work for a firm”.

For the above reasons it was decided to control for a possible instrumental motivation to exert effort for, and to stay with, the organisation. The items in the following two scales are based on the ‘compliance commitment’ items used by O’Reilly and Chatman (1986), which in turn were based on Kelman’s (1958) idea of behaviour engaged in to obtain specific rewards.

7.2.2.1 Instrumental motivation for work effort

- | | | |
|----|----------------------------------------------------------------------------------------|-----|
| 1) | How hard I work for this company is directly linked to how much I am rewarded. | A88 |
| 2) | I only put extra effort into my job if I see an immediate reward. | A90 |
| 3) | The only reason I would take on additional work is if it got me ahead in this company. | A92 |

7.2.2.2 Instrumental motivation to stay

- | | | |
|----|-------------------------------------------------------------------------------------|------|
| 1) | How long I stay with this company is directly linked to how well I'm rewarded. | A124 |
| 2) | How long I stay with this company depends on how quickly I move ahead in my career. | A122 |
| 3) | A company that offered better promotion opportunities could easily attract me. | A126 |

7.3 Validation of the Measures

Table 7.1 shows the results of factor analysis (principal components with varimax rotation) for the items measuring work effort. The items measuring work effort for the local company (local work effort) load on one factor while the items measuring work effort for the global organisation (global work effort) load on another. It is worth noting that the last item in Table 7.1 loads about the same on both factors, suggesting that it is not very discriminating.

The correlation between local and global work effort is .55 (refer to Appendix III). Internal reliability of the variables is found to be acceptable with the following alpha scores: .66 for local work effort and .86 for global work effort. The factor analysis (principal components, unrotated solution) for items measuring intention to stay are given in Table 7.2. The items load on one factor which indicates that they form a single construct. The four-item measure is shown to have acceptable reliability with an alpha score of .68.

Table 7.1 Factor analysis of items measuring work effort ¹

	Factor 1	Factor 2
<i>Effort for Global Organisation</i>		
Taking on additional duties and responsibilities is fine with me ...	.86	.16
It pleases me to think that my efforts benefit not only me, but Unilever ...	.84	.11
I don't mind working overtime if I think it will contribute to Unilever's ...	.82	.23
I'm willing to put myself out to help the Unilever head office ...	.69	.31
<i>Effort for Local Company</i>		
I'm willing to put myself out to help this company.	.09	.78
In my work I like to feel that I am making some effort, not just for myself ...	.13	.75
I don't mind taking on additional duties and responsibilities to benefit this company.	.37	.55
Working overtime is OK with me if doing so benefits this company.	.47	.50
Eigenvalues	3.78	1.10
% Variance Explained	47.30	13.75
KMO = .85		

Note. Item loadings defining factors are in boldface.

¹ Total Sample

Table 7.2 Factor analysis of items measuring intention to stay ¹

	Factor 1
Even if Unilever as a whole were going through a rough period, I ...	.79
I would hesitate to leave this company, even if it were not doing well ...	.78
If I could, I would like to stay with this or another Unilever company ...	.67
I regularly watch for suitable job openings at other companies (R).	.62
Eigenvalue	2.06
% Variance Explained	51.46
KMO = .69	

¹ Total Sample

Table 7.3 shows the factor loadings for items measuring the instrumental motivation for work effort and intention to stay. The items referring to work effort load on one factor while those

referring to intention to stay load on another. The two constructs exhibit acceptable internal reliability with the following alpha scores: .62 for instrumental work effort and .77 for instrumental motivation to stay.

Table 7.3 Factor analysis of items measuring instrumental motivation ¹

	Factor 1	Factor 2
<i>Motivation to Stay</i>		
How long I stay with this company depends on how quickly I move ahead ...	.86	.06
How long I stay with this company is directly linked to how well I'm rewarded.	.82	.21
A company that offered better promotion opportunities could easily attract me.	.77	.11
<i>Motivation for Effort</i>		
I only put extra effort into my job if I see an immediate reward.	.02	.80
The only reason I would take on additional work is if it got me ahead ...	.25	.73
How hard I work for this company is directly linked to how much I am rewarded.	.10	.70
Eigenvalues	2.47	1.30
% Variance Explained	41.24	21.61
KMO = .71		

Note. Item loadings defining factors are in boldface.

¹ Total Sample

As far as the case-study subsidiaries are concerned, factorial patterns replicate those of the total sample for instrumental motivation (see Appendix II, Table II.12) and for intention to stay (refer to Appendix II, Table II.11). Factor analysis results vary among the two subsidiaries for work effort (see Appendix II, Table II.10). The work effort items split into two factors for both subsidiaries; however, only in the case of India do the two factors represent a local/global split in the data. In other words, Indian respondents make more of a distinction between their willingness to exert effort for the local company and for the global organisation than their Pakistani counterparts. This finding is in accordance with the expectation that managerial employees of the Implementor (Pakistan), which acts as an arm of the parent organisation, would make less of a distinction between what they are willing to do for both levels of the organisation.

In sum, the results of factor analysis and reliability analysis justify the use in subsequent analyses of the three workplace outcome variables (global effort, local effort, intention to stay) and the two instrumental motivation variables (work effort and staying). The results suggest that respondents perceive a difference between their local company and the global

organisation in terms of their willingness to exert effort. This finding is in accordance with expectations that subsidiaries within a polycentric MNC are likely to draw a distinction between their local company and the MNC as a global entity.

7.4 Descriptive Results

This section examines the willingness to exert effort for both levels of the organisation with the use of t-tests. Two t-tests are performed. One is a paired samples t-test where local effort and global effort comprise the paired samples. Local and global effort are considered paired samples because the items used to measure these variables are composed of mirrored items. The second t-test is a test of independent samples where the Indian and Pakistan subsamples comprise the independent samples.

Table 7.4 gives the results of the paired sample t-test. It can be readily seen that respondents scored relatively highly on work effort for each organisational level, considering that 3.0 is the middle score of the five-point Likert scale used in this research. Such a high score suggests the possibility of social desirability and common method variance. This possibility notwithstanding, respondents did draw a distinction between local and global effort. The main finding is that for the total sample there is a highly significant difference between local effort and global effort, and the direction of difference is towards work effort for the local company. In other words, respondents as a whole are more willing to expend effort for the

Table 7.4 T-test difference in means between local and global effort
(Paired samples test)

			Effort for Local Co.		Effort for Global Org.	
	No. of Pairs	t-value	Mean	SD	Mean	SD
Total Sample	309	6.35	4.152***	.455	3.970	.584
India	190	6.78	4.171***	.433	3.905	.604
Pakistan	122	1.31	4.123	.489	4.074	.535

*** T-test difference in means between local and global effort significant at < .001 level

local company than for the global organisation. When the subsamples are considered, however, it can be seen that the results for Pakistan vary from the total sample. The difference between local and global effort is not significant. The indication is that managerial employees at the Pakistan subsidiary make no distinction between what they are willing to do for the local company and for the global organisation. Managerial employees at the India subsidiary do make a distinction, and their willingness to put in effort for the global organisation is significantly lower than their willingness to put in effort for their local company.

To further capture differences between the two case-study subsidiaries a t-test of independent samples was conducted. Table 7.5 shows that the two subsidiaries differ significantly on willingness to exert effort for the global organisation. Respondents in Pakistan reported a significantly greater willingness than their Indian counterparts to put in effort for the MNC as a whole. The respondents of the two subsidiaries do not differ significantly on their willingness to exert effort for the benefit of the local company. The respondents also do not differ on their willingness to stay with the organisation. It is worth noting that social desirability was much less operative in the case of intention to stay than in the case of work effort, as indicated by the mean which is only above the mid-point in the response scale.

Table 7.5 T-test difference in means between India and Pakistan on work effort and intention to stay (Independent samples test)

	India			Pakistan		
	N	Mean	SD	N	Mean	SD
<i>Work Effort</i>						
Local Company	194	4.155	.444	122	4.132	.489
Global Organisation	190	3.905*	.604	119	4.074	.535
<i>Intention to Stay</i>	195	3.689	.638	122	3.633	.664

* T-test difference in means between India and Pakistan significant at < .05 level

These results suggest that Indian managers perceive a greater difference between their local company and the organisation as a global entity. This finding supports the proposition that managerial employees of a Strategic Leader subsidiary (India) are likely to differentiate their

group from others in order to maintain their relatively high status position among the MNC's global network of subsidiaries. At the same time, managerial employees of an Implementor subsidiary (Pakistan), which acts as an arm of the parent organisation, are not as likely to make a clear-cut distinction between the two levels of the organisation. The implication is that managerial employees of the Implementor are more willing to put in effort for the organisation as a whole, without making a distinction between what they are willing to do for their local company and what they are willing to do for the organisation as a global entity.

7.5 Testing Part III of the Model

Part III of the model tests the impact of organisational identification on the willingness to exert effort for, and intention to remain a member of, the organisation. The method of testing used is multiple regression analysis, where effort and intention to stay are the dependent variables and organisational identification is the primary independent variable. In order to assess the full impact of organisational identification, the present test controls for all of the variables which were included in Parts I and II of the model (refer to Figure 3.1 in chapter three). This means that the standard set of control variables and the subsidiary (Part I), as well as the antecedents of organisational identification (Part II) are treated as independent variables alongside organisational identification.

The testing of Part III proceeds in two stages. The first stage is a partial testing of the model whereby the effect of organisational identification is assessed when only the Part I variables are included. A partial testing of the model is given for the purpose of examining the basic impact of local and global identification on the outcome variables of interest, controlling only for the standard set of demographic variables and the subsidiary. The second stage represents a full testing of Part III of the model in that Part I and Part II variables, together with the relevant instrumental motivation variables, are included. The discussion and conclusions will be based on the results of the full testing of the model.

7.5.1 Results

In a partial testing, when only the control variables and subsidiary have been included, organisational identification has a significant impact on effort and intention to stay. Table 7.6 shows the impact of the four identification constructs (LID-Values; LID-SIT; GID-Values;

GID-SIT), while Table 7.7 shows the impact of the composite identification constructs (LID-Values+SIT; GID-Values+SIT). In the former it can be seen that both forms of local identification have a significant effect on local effort and intention to stay, though SIT-based identification appears to have a stronger influence than values-based identification. GID-Values seems to have more of an impact than GID-SIT on local effort and intention to stay, though neither are statistically significant. For global effort, however, only GID-Values has a significant effect. The composite constructs have a significant impact, with LID-Values+SIT affecting local effort and intention to stay, and GID-Values+SIT affecting global effort. The composite constructs yield a more robust impact on each of the outcome variables of interest. The pattern of results underlines the factor analysis findings for identification given in chapter six, where the local/global dichotomy is more stark in the case of SIT-based identification.

Table 7.6 Impact of four identification constructs on effort and intention to stay: partial testing ^{a,b}
(Multiple regression analysis)

	Effort for Local Co.	Effort for Global Org.	Intention to Stay
LID-Values	.14+	-.07	.18**
LID-SIT	.18*	-.04	.25**
GID-Values	.12	.35***	.11
GID-SIT	.01	.10	-.04
Adjusted R ² (N)	.09*** (285)	.15*** (279)	.29*** (286)

^a Standard set of control variables and subsidiary are included in the multiple regression analysis

^b +=p<.10; *=p<.05; **=p<.01; ***=p<.001

Table 7.7 Impact of composite identification constructs on effort and intention to stay: partial testing ^{a,b}
(Multiple regression analysis)

	Effort for Local Co.	Effort for Global Org.	Intention to Stay
LID (Values + SIT)	.25**	-.08	.36***
GID (Values +SIT)	.12	.40***	.06
Adjusted R ² (N)	.09*** (286)	.16*** (280)	.28*** (287)

^a Standard set of control variables and subsidiary are included in the multiple regression analysis

^b +=p<.10; *=p<.05; **=p<.01; ***=p<.001

The impact of organisational identification fades considerably when all variables in Parts I and II of the model, as well as instrumental motivation, are included in the test. Tables 7.8 on page 197 and 7.9 on page 198 detail the results, with the former including the four identification constructs and the latter including the composite identification constructs. Regardless of the construct used, organisational identification does not have a significant effect on the willingness to exert effort for the local company. The composite local identification construct gives a more robust reading than any of the other identification constructs used separately for local effort, but it fails to reach a significant level. Organisational identification does have an impact on the willingness to exert effort for the global organisation, predominantly in terms of shared values between the employee and the global organisation. Organisational identification also has a significant influence on intention to stay, mainly in terms of shared values between the employee and the local company, though the composite local identification construct is much more robust than LID-Values alone. When the four identification constructs are used separately, it can be seen that GID-Values has a positive effect on intention to stay, though not at a significant level. When GID-SIT is added to GID-Values in the composite identification construct, the two appear to cancel each other out.

Tables 7.8 and 7.9 show that the two subsidiaries (India=1; Pakistan=2) differ significantly on each of the workplace outcomes of interest. Managerial employees in the Pakistan subsidiary are more willing than their colleagues in the India subsidiary to exert effort for the local company and the global organisation. They are also somewhat more willing to stay with the organisation over the long term. These findings differ from the t-test results shown earlier in Table 7.5. When only the means are considered, respondents from the two subsidiaries differ significantly only on their willingness to exert effort for the global organisation. However, the two subsidiaries are shown to differ significantly on each outcome variable of interest when all variables in the model are included in a multiple regression analysis.

7.5.2 Discussion

While organisational identification at first appears to be a robust antecedent of work effort and intention to stay (refer to Tables 7.6 and 7.7), it fades in significance when all other variables in the model are included in the analysis (see Tables 7.8 and 7.9). The following discussion revolves around the variables which have a significant impact on work effort and

Table 7.8 Impact of four identification constructs on effort and intention to stay
(Multiple regression analysis)

	Effort for Local Co.	Effort for Global Org.	Intention to Stay
Control Variables			
Age	-.05	-.06	.08
Gender	.06	.10	-.22***
Tenure	.05	.08	.06
Middle Management	.11	-.09	.05
Senior Management	.24*	-.09	.05
Master's Degree	.00	.03	-.06
Formal Education Abroad	.01	-.06	.13*
Job Training Abroad	-.04	-.09	.10
Job Posting Abroad	.04	-.01	-.06
Subsidiary	.21*	.17+	.13+
Antecedents of Org. ID			
<i>Local Company</i>			
Prestige & Distinctiveness	.24**	.20**	.01
Support of Superiors	-.04	-.15*	.13*
No Nationality Barrier	.08	.04	.03
Career Opportunity	-.09	-.11	-.03
Positive Interpersonal	.11	-.10	-.04
Cultural Similarity	-.14*	-.07	-.10+
<i>Global Organisation</i>			
Prestige & Distinctiveness	-.10	-.05	.05
Support of Superiors	.12	.28**	-.03
No Nationality Barrier	.02	.17*	.18*
Career Opportunity	-.07	.04	.05
Positive Interpersonal	-.22*	-.21*	-.06
Negative Interpersonal	-.14	-.14+	-.05
Sense of Shared Fate	.11+	.10	.07
Organisational Identification			
LID-Values	.08	-.08	.14+
LID-SIT	.09	-.02	.12
GID-Values	.08	.22*	.12
GID-SIT	-.04	-.03	-.12
Instrumental Motivation	-.09	-.03	-.25***
Adjusted R ² (N)	.15*** (239)	.25*** (237)	.38*** (240)

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

Table 7.9 Impact of composite identification constructs on effort and intention to stay
(Multiple regression analysis)

	Effort for Local Co.	Effort for Global Org.	Intention to Stay
Control Variables			
Age	-.04	-.06	.07
Gender	.07	.11+	-.20***
Tenure	.05	.07	.04
Middle Management	.11	-.10	.04
Senior Management	.24*	-.09	.06
Master's Degree	.01	.04	-.04
Formal Education Abroad	.01	-.06	.12*
Job Training Abroad	-.04	-.09	.08
Job Posting Abroad	.04	.01	-.03
Subsidiary	.20*	.17*	.14+
Antecedents of Org. ID			
<i>Local Company</i>			
Prestige & Distinctiveness	.24**	.20**	.01
Support of Superiors	-.04	-.15*	.13*
No Nationality Barrier	.08	.05	.04
Career Opportunity	-.09	-.13	-.06
Positive Interpersonal	.10	-.10+	-.04
Cultural Similarity	-.13+	-.06	-.09
<i>Global Organisation</i>			
Prestige & Distinctiveness	-.12	-.09	.00
Support of Superiors	.13	.28***	-.03
No Nationality Barrier	.02	.15+	.15+
Career Opportunity	-.08	.04	.08
Positive Interpersonal	-.23*	-.21*	-.06
Negative Interpersonal	-.14	-.15+	-.07
Sense of Shared Fate	.11+	.09	.06
Organisational Identification			
LID-Values + SIT	.14	-.07	.25**
GID-Values + SIT	.06	.19*	.01
Instrumental Motivation	-.10	-.04	-.26***
Adjusted R ² (N)	.16*** (240)	.25*** (238)	.37*** (241)

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

intention to stay. The results in Tables 7.8 (four identification constructs) and 7.9 (composite identification constructs) are nearly identical; therefore, the results in both tables will be used for the purpose of discussion. As a visual supplement, figures depicting each outcome variable have been drawn based on the regression results. For the sake of simplicity the subsidiary has been omitted from the figures, though it is considered to remain an integral part of the model.

7.5.2.1 Effort for the global organisation

Identification with the global organisation has a significant influence on a willingness to expend effort on behalf of the MNC as a whole. Such identification is primarily values-based rather than SIT-based as indicated in Table 7.8. While shared values between the employee and the global organisation engenders a spirit to exert effort for the MNC as a whole, other variables have a greater impact. Figure 7.1 shows the variables which have a direct and indirect effect on global work effort.

Figure 7.1 Predictors of work effort for the global organisation

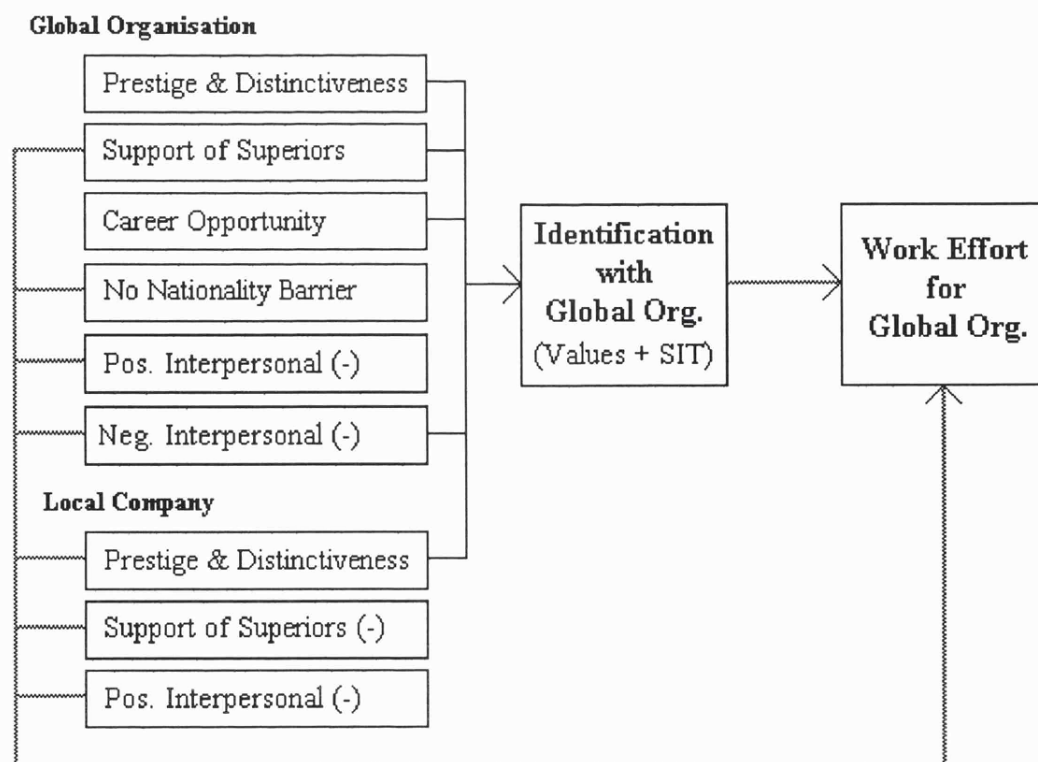


Figure 7.1 shows that values-based identification with the global organisation has a direct impact on work effort for the MNC as a whole. The heavy line in the figure depicts those variables which have a direct impact on work effort for the global organisation other than organisational identification. Support from superiors at MNC headquarters has the greatest effect on willingness to expend effort for the MNC as a whole. In other words, employees who feel recognised, respected and trusted by those at MNC headquarters are likely to put in extra effort on behalf of the MNC as a whole. The prestige and distinctiveness of the local company also goes a long way toward fostering a willingness to put in effort for the MNC. The prestige and distinctiveness of the global organisation does not have an impact. This may be due in part to the fact that the case-study MNC does not use the parent company name on products that cross national borders; the same product formulas (e.g. for soap) may be used throughout the MNC's global network but the names given to the products are conceived locally. Another variable which has a significant impact is open nationality access to the managerial hierarchy within the global organisation. Managerial employees are more likely to exert effort for the MNC as a whole if they do not perceive a barrier to career mobility within the global organisation.

Also shown in Figure 7.1 is the indirect effect on global work effort of those antecedents which were shown in the previous chapter to have a significant impact on GID-Values (refer to Table 6.10 on page 177). Support of superiors from the head office of the parent organisation, perceived career opportunity within the global organisation, and the prestige and distinctiveness of the local company were found to be the driving force behind values-based global identification. Although open nationality access to the managerial hierarchy at the global level of the organisation was found not to be an antecedent of global identification, the present analysis shows it to be a direct predictor of global work effort.

Referring to Tables 7.8 and 7.9, it can be seen that several variables have a significantly negative impact on work effort for the global organisation. Interestingly, the more employees feel supported by their immediate boss, the less they are willing to put in effort for the global organisation. Also, the more positive the experience of interacting with colleagues from the global organisation, and to a lesser extent from the local company, the less employees are willing to put in effort for the MNC. At the same time, the more negative the experience of interacting with colleagues from the global organisation, the less employees are willing to put

in effort for the global organisation. The results suggest that it is better to have no contact with colleagues from the global organisation.

These findings are unexpected. What they suggest is an underlying conflict between the subsidiary and headquarters from an interpersonal perspective. One can speculate about the reasons for possible conflict, at least in the case of India. India as a nation has a reputation for being self-reliant and self-sufficient, which is thought to have resulted in an inward focus (Prahalad 1993). India also has a reputation for not being open to foreign influence (Gyohten 1994). Moreover, she has been accused of not liking to learn from others, due to her well-established political, legal, and financial systems, as well as her success in developing high technology (Gyohten 1994). These 'national tendencies' might help to explain, at least in the case of India, why the data show an inverse relationship between local supervisory support and willingness to exert effort for the global organisation. It could be that local supervisory support, within the framework of a foreign-owned subsidiary, stirs up feelings of national pride and a tendency not to want to exert effort for the 'foreign' part of the organisation.

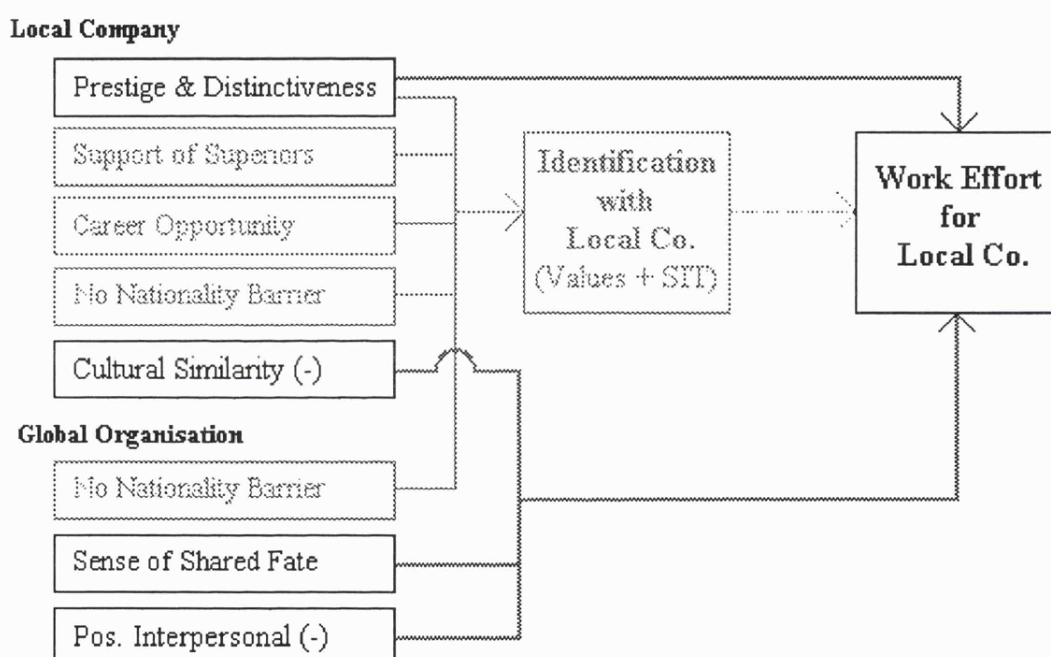
Instrumental motivation does not have a significant impact. Managerial employees at the subsidiary level of the MNC do not appear to link their willingness to exert effort for the global organisation with expectation for immediate reward.

7.5.2.2 Effort for the local company

Organisational identification does not play a significant role in fostering a willingness to exert effort for the local company. Rather, such willingness is mainly driven by the prestige and distinctiveness of the local company. It is also engendered to some extent by a sense of shared fate with the global organisation, which was a hypothesised albeit non-significant antecedent of organisational identification. Managers, especially senior managers as compared to junior managers, are more willing to put in effort for their local company the more they perceive it to have a good reputation and to be a leader among other companies. This is the case also the more they link their personal success with the concerted efforts of all employees in the MNC, and by implication with the success of the MNC as a whole. The predictors of local work effort are shown in Figure 7.2.

Local identification and its significant antecedents (see Table 6.10) are depicted in pale gray in Figure 7.2. This is done because the composite construct of local identification appears to hover on the verge of statistical significance with regard to local effort (refer to Table 7.9). It is therefore proposed that local identification and its antecedents are not entirely out of the picture; that with altered circumstances, such as a different sample frame, local identification may come to the fore, much like the proverbial, ever-present ghost that reveals itself from time to time.

Figure 7.2 Predictors of work effort for the local company



Tables 7.8 and 7.9 show that two variables have a negative impact on willingness to exert effort for the local company. Those who feel they work best with culturally similar others are less likely to be willing to work hard to benefit the local company. This result indicates that subsidiaries of the MNC may self-select to themselves employees of managerial calibre for whom there is little or no preference for cultural similarity in the workplace. After all, the company is a subsidiary of a predominantly foreign-owned firm; it stands to reason that an individual who prefers working with culturally similar others may not choose to work for such an organisation. The other variable which wields a negative influence is interpersonal relations. The more positive the interaction with colleagues from other units within the global organisation, as compared to no contact with them at all, the less willing managerial

employees of subsidiaries of MNCs are to put in effort for the local company. This result is contrary to the expectation that if positive interpersonal relations were to have a direct impact on local work effort, the direction would be positive rather than negative.

Instrumental motivation does not appear to figure highly in one's willingness to exert effort for the local company. Managerial employees at the subsidiary level of the MNC do not appear to link their willingness to exert effort for their local company with an expectation for immediate reward.

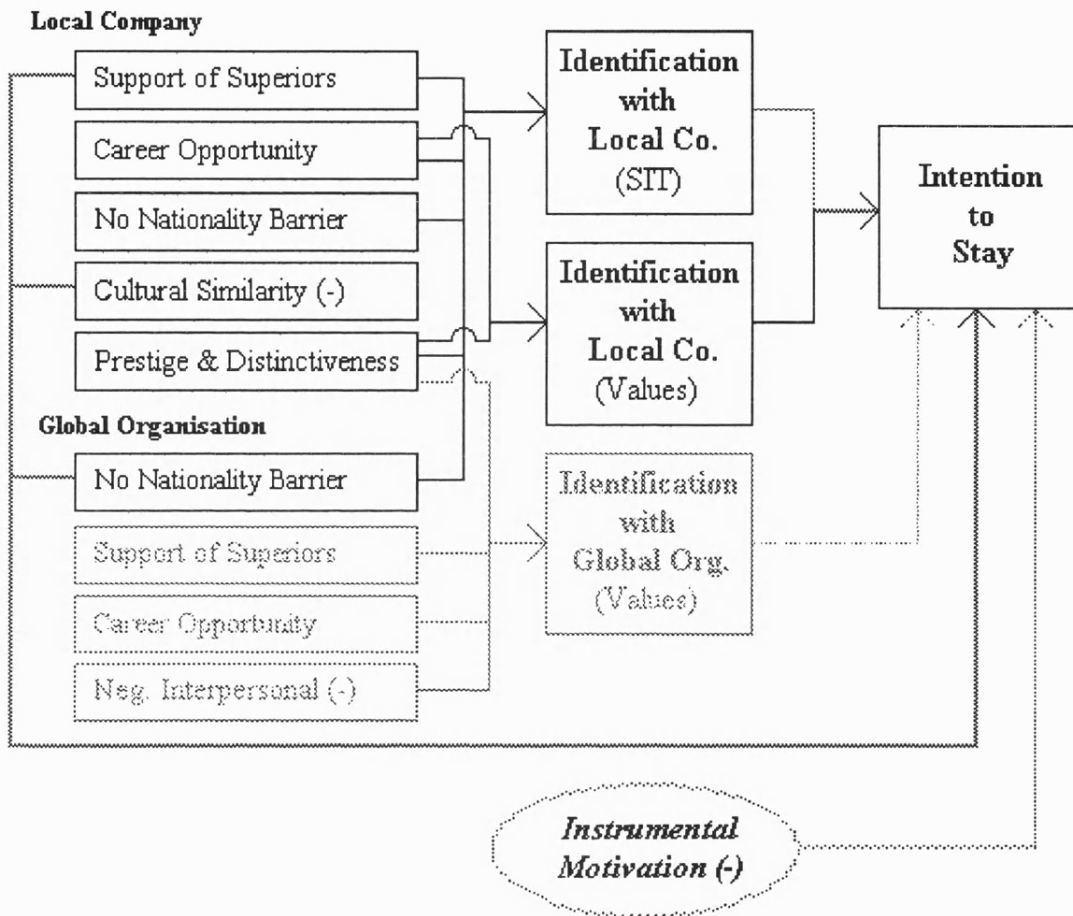
7.5.2.3 Intention to stay

Identification with the local company has a significant impact on intention to stay. Among all the variables included in the three-part model of organisational identification in the MNC, organisational identification emerges as a relatively strong predictor of intention to stay when the composite local identification construct is used (see Table 7.9). The results in Table 7.8 indicate that LID-Values may lend more weight to the composite construct than LID-SIT. Figure 7.3 on page 204 shows the predictors of intention to stay.

Factors other than organisational identification which have a direct impact on intention to stay include support of one's immediate boss at the local company level, and no nationality barrier to the managerial hierarchy at the level of the global organisation. Managerial employees who feel supported, respected and praised, and who feel that they are encouraged to speak their mind, are more inclined to stay than those who feel they are lacking such support. Also, those who perceive that nationality is not a barrier to career mobility within the global organisation are more inclined to stay than those who perceive otherwise.

Also shown in Figure 7.3 are those variables which have an indirect impact on intention to stay. These are comprised of the antecedents which were shown to have a significant impact on both forms of local identification (refer to Table 6.10 on page 177). Included are the prestige and distinctiveness of the local company, the support of superiors at the local company, career opportunity at the local company, and no nationality barrier at both the local company and the global organisation.

Figure 7.3 Predictors of intention to stay



Values-based global identification and its significant antecedents (see Table 6.10) are depicted in pale gray in Figure 7.3. This is done to underscore the results in Table 7.8 which show that the regression coefficient for GID-Values is as high as those for LID-Values and LID-SIT. It is therefore proposed that values-based global identification and its antecedents should not be entirely discounted with respect to intention to stay. The regression coefficients of GID-Values and GID-SIT shown in Table 7.8 suggest that when the two constructs are combined they may cancel each other out in terms of statistical significance.

Instrumental motivation has a highly significant negative impact on intention to stay. This indicates that the stronger the instrumental motivation, the less likely the desire to stay. The highly significant negative effect may also indicate a detachment from the organisation, in that the primary motivation to stay with the organisation is to obtain monetary and promotional rewards.

7.5.2.4 Interaction effect

The primary aim of the multiple regression analyses shown in Tables 7.8 and 7.9 was to determine whether local identification (LID) *or* global identification (GID) had a significant impact on the outcome variables of interest. A further set of multiple regression analyses was conducted to examine the interaction effect of LID and GID on the outcome variables. Specifically, the aim of the test was to determine whether managers who scored high on both LID *and* GID exhibited significantly more positive outcomes than other respondents.

To conduct the test the data set was first divided into four groups: 1) those who scored low (i.e., below the sample mean) on LID and low on GID; 2) those who scored high (i.e., above the sample mean) on LID and low on GID; 3) those who scored low on LID and high on GID, and; 4) those who scored high on LID and high on GID. Corresponding with the above four groups, a set of four dummy variables was created for values-based identification, SIT-based identification, and values + SIT-based identification. The group four managers (i.e., those who scored high on both LID and GID) were used as the reference category in the analysis.

The relevant dummy variables were entered into multiple regression analyses which paralleled the multiple regression analyses in Tables 7.8 and 7.9. The first multiple regression analysis, shown in Appendix V.1, included both the values-based identification dummy variables and the SIT-based dummy variables. The second multiple regression analysis, shown in Appendix V.2, included the values + SIT-based identification dummy variables. In both multiple regression analyses the dummy variables show systematic non-significant results, suggesting that those managers who score high on both LID and GID do not have a greater willingness than the managers in the other groups to exert effort for the organisation or to stay with the organisation. More generally, the results of these analyses suggest that the interaction between local and global identification does not have a significant impact on outcomes and, as such, do not offer any insights beyond those offered in the previous analyses.

7.6 Conclusions

Testing Part III of the model revealed that organisational identification has a significant impact on work effort for the global organisation and for intention to stay with the

organisation over the long term. Organisational identification does not, however, have a significant effect on a willingness to exert effort at the local company level. In general, values-based identification appears to have a stronger influence than SIT-based identification on the outcome variables of interest; however, organisational identification gains robustness in some instances when the two forms of identification are combined. Intention to stay, for instance, is affected much more highly by the composite local identification construct. The composite local identification construct also produces a higher impact on local work effort than either of the four identification constructs separately, though it fails to reach a significant level. Regarding work effort at the global level of the organisation, it is shared values between the employee and the global organisation which has the greatest impact of the four identification constructs.

While organisational identification, along with instrumental motivation, is the strongest predictor of intention to stay, it is not the strongest predictor of willingness to exert effort on behalf of the global organisation. Several of the antecedents of organisational identification have a direct influence on the outcome variables of interest, and in some cases a stronger influence than organisational identification. Prestige and distinctiveness of the local company, support of superiors from both the local company and the global organisation, a sense of shared fate with the global organisation, and lack of nationality barrier to career mobility within the global organisation were found to be important predictors of work effort and intention to stay.

The findings in this chapter underscore the value of examining the four identification constructs separately, and the value of a composite identification construct. Also underscored is the value of examining separately the local and global dimensions of organisational identification, its antecedents, and its workplace outcomes. In this connection, results revealed a lack of interaction effects between local and global identification. In other words, those managerial employees who scored high on both local and global identification did not 'outperform' the other respondents. The results of this chapter have also shown the value of including different MNC subsidiary types in the analysis; there were significant differences between the subsidiaries across all outcome variables examined.

In sum, the findings have generally supported the model of organisational identification in the MNC proposed in this research, particularly with regard to examining employee perceptions of different organisational levels in the MNC. Nonetheless, the impact of identification on the outcome variables is not as strong, or not as consistently strong, as theory might suggest. The concluding chapter will address the question of how important organisational identification really is in the MNC, and whether it is important to try to foster identification.

Discussion and Conclusions

*So we grew together,
Like to a double cherry, seeming parted,
But yet an union in partition...*

William Shakespeare
A Midsummer Night's Dream, III. ii. 208

8.1 Introduction

This thesis set out to address a prescription that is sometimes made in the management literature. The prescription is that it is vital for MNC employees worldwide to share the core values and goals of the parent organisation, that is, to identify with the organisation as a global entity. The starting point for the present research was not only the prescription itself, but the apparent underlying assumption that exclusive identification with the organisation as a global entity is both possible and desirable. The thesis therefore examined, with the aid of social identity theory, whether managerial employees of MNC subsidiaries might have another main identification foci within the organisation, namely, their local subsidiary. Drawing on previous studies in a single-country context which support identification with more than one organisational level, the thesis examined whether managerial employees might draw a distinction between their local subsidiary and the organisation as a global entity. It also examined whether there might be differential antecedent conditions and outcomes of identification with these two levels of the organisation. Additionally, the study examined whether those respondents who strongly identify with both levels of the organisation 'outperformed' other respondents. Finally, the study examined whether the type of MNC subsidiary might have an effect on local/global patterns of employee identification.

This chapter attempts to pull together all the threads of the thesis. It begins with an overview of the main research findings. Proceeding from the overview is a section on the implications for the analysis of organisational identification in the MNC. This is followed by a discussion of the implications for management of the research findings. The discussion in that section begins with the narrower, practical aspects of the findings, then broadens to include the wider significance of the findings for human resource management in MNCs. The chapter concludes

with a discussion of the general limitations of the research and proposals for future research areas.

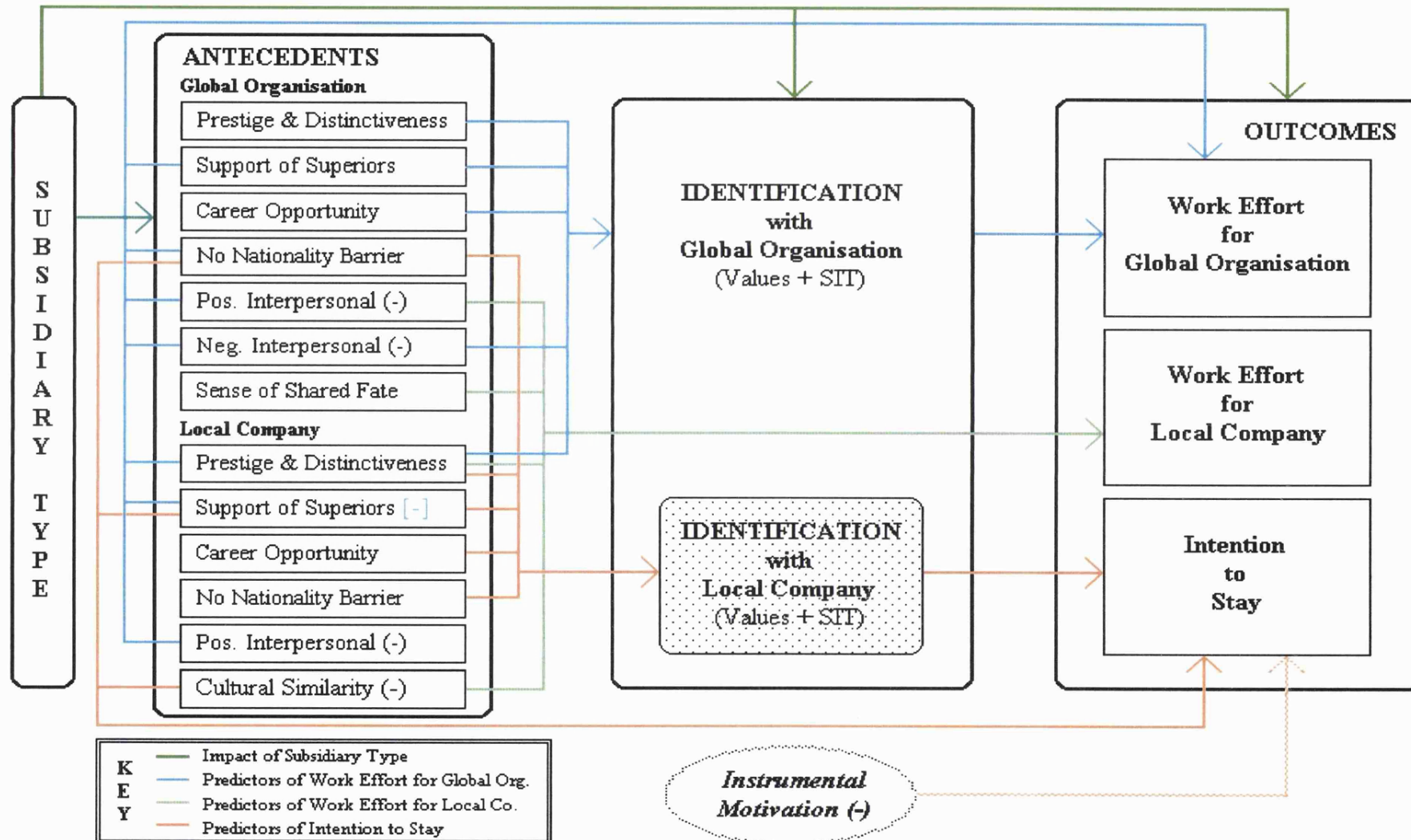
8.2 Overview of the Main Findings

The present study, above all, provided a glimpse of the complexity of organisational identification in the MNC. The patterns of organisational identification across organisational levels and between subsidiaries are complex, as are the relationships between organisational identification and its hypothesised antecedents and outcomes.

While the patterns of organisational identification across organisational levels and between subsidiaries materialised as hypothesised, some of the hypothesised relationships between organisational identification and its antecedents and outcomes were not actualised. Several of the hypothesised antecedents did not reveal a statistically significant association with organisational identification, and organisational identification itself did not emerge as strong a predictor of the selected outcomes as hypothesised. Added to the complexity was the discovery that some of the hypothesised antecedents of organisational identification, including those that had no significant association with organisational identification, had a direct and significant effect on certain outcome variables. Moreover, identification with each level of the organisation has an impact on different outcome variables. In short, the complexity uncovered appears to be only the tip of the iceberg.

The complexity of the relationships unearthed in this study is depicted graphically in Figure 8.1. Figure 8.1 is used for the discussion in this section on the main research findings, and for the discussion in the following section on more detailed relationships between identification and its hypothesised antecedents and outcomes. This section covers the findings related to the core research questions. For the purpose of review, they are as follows. Are respondents likely to draw a distinction between their local subsidiary and the MNC as a global entity? Is there a complementary relationship between the hypothesised causal variables in the model? Does subsidiary type affect patterns of organisational identification in the MNC?

Figure 8.1 Towards a new model of organisational identification in the MNC



Local and Global Identification Foci

The central finding to emerge from this study is that managerial employees tend to draw a distinction between their local subsidiary and the MNC as a global entity. This was found to be the case for organisational identification, for the factors hypothesised to generate organisational identification, and for the employee's willingness to exert effort on behalf of the organisation. This finding generally supported the hypothesis that managerial employees of a polycentric MNC are likely to perceive group boundaries within the MNC. Figure 8.1 shows the local/global dichotomy between the relevant variables in the model.

The local/global dichotomy was found to be present in both forms of organisational identification under examination, values-based identification and SIT-based identification. It will be recalled that the two forms emerged as separate constructs. Regardless of the form, however, employees draw a distinction between identification with the two levels of the organisation, though the distinction is less pronounced in the case of values-based identification. This suggests that the foci of identification may be more salient than the form. Figure 8.1 reflects this interpretation by representing organisational identification with a composite measure comprised of shared values and goals plus positive cognitive bias.

The findings on local and global identification foci generally corroborate the findings of other studies on dual psychological attachment to an organisational subunit and to the wider organisation. Expatriates from MNC headquarters, for instance, were found to draw a distinction between MNC headquarters and the subsidiary to which they had been posted (Gregersen and Black 1992). The current research supports the findings of that study from another angle, by showing that local managerial employees at the subsidiary also draw a distinction between the subsidiary and the MNC as a global entity.

Social identity theory was shown to be of value in its explanatory power regarding intergroup distinctions. It will be remembered that individuals distinguish their group from other groups along dimensions which have some emotional or value significance for them. This provides an explanation for why the variables in the research model, in addition to the organisational identification variables, tend to split into two groups representing the local company and the global corporation. The splitting of the variables indicates that the dimensions chosen for examination have sufficient emotional or value significance for the respondents to elicit a

distinction. From that perspective, values-based identification can also be accommodated within the social identity approach. To the extent that individuals perceive a difference in local company values and global organisation values, values-based identification can be embraced within the social identity approach.

Complementarity of Hypothesised Causal Relationships

A second key finding, which follows from the first, is that the hypothesised causal variables in the model are generally linked according to organisational level. Identification with the local company, for instance, is predicted by factors relating to the local company, and fosters outcomes associated more with the local company. Identification with the global corporation is predicted mainly by factors relating to the MNC as a global entity, and produces outcomes associated with the MNC as a whole. This pattern of complementarity among variables occurs regardless of the form of identification examined.

These findings, which indicate a complementarity among variables at different levels of the organisation, generally support the results of previous research. It was noted earlier that in a study of organisational commitment, the outcomes of commitment to two levels of the organisation were found to be compatible with the level of the organisation (Becker and Billings 1993). Other studies have shown that the antecedents of psychological attachment to the organisation are also compatible with the level of the organisation (Zaccaro and Dobbins 1989; Gregersen and Black 1992). The present research revealed in one study a complementarity of both antecedents and outcomes of identification according to organisational level.

Subsidiary Type

A further key result to emerge from this study is that subsidiary type seems to matter in determining patterns of organisational identification in the MNC. While the present research included only two of the four subsidiary types proposed by Bartlett and Ghoshal (1989), the Strategic Leader and the Implementor, the findings suggest that the pattern of organisational identification in the MNC varies across organisational subunits. The case-study subsidiaries differed on half of the hypothesised antecedents of organisational identification, on several measures of organisational identification, and on the workplace outcomes. This finding

generally supports the work of Brown and Williams (1984) who, in their study of identification of employees in various departments in a bread factory, concluded that patterns of identification in an intergroup context vary according to the type of group.

The results of the present study show the value of including a typology for MNC subsidiaries, especially in conjunction with social identity theory. Bartlett and Ghoshal's (1989) typology was coupled with Moscovici and Paicheler's (1978) framework for minority or subordinate groups, a coupling which was deemed relevant in view of the historical MNC-subsidiary relationship where subsidiaries are generally subordinate to the parent. The Strategic Leader subsidiary type corresponded with Moscovici and Paicheler's 'successful' subordinate group, a group which was hypothesised by said authors to form a strong ingroup bias. The Strategic Leader was hypothesised in the present study to be a group characterised by relative independence and success, and therefore a high level of pride in, or identification with, the local subsidiary. The Implementor subsidiary type was coupled with Moscovici and Paicheler's 'not successful' subordinate group, a group which was hypothesised by said authors to show an outgroup bias. The Implementor was hypothesised in the present study to be a group characterised by relative dependence on the parent, relatively unsuccessful, and therefore fewer grounds for ingroup pride or bias, resulting in relatively strong identification with the parent. These hypotheses were generally supported by the research results.

8.3 Implications for the Analysis of Organisational Identification

The previous section enumerated the key findings of the present study and noted their relevance to the existing body of research. This section, with the aid of Figure 8.1, takes a closer look at the relationships between the variables in the research model. The discussion begins with a look at the hypothesised antecedents and outcomes of organisational identification, proceeds with a summary of organisational identification, and winds up with a view of the overall usefulness of the research model as a tool to advance our knowledge of organisational identification in the MNC.

Antecedents of Identification

Figure 8.1 shows the antecedents that registered a significant association with organisational identification. They are: the prestige and distinctiveness of the organisation, the support and

appreciation of superiors, the opportunity for career advancement and fulfilment, and no nationality barrier to promotion within the organisation. It can readily be seen that the local component of these antecedents are found to be associated with local identification while the global component of these antecedents are found to be associated with global identification.

Within this broad pattern of relationships it is worth recalling that, when the two forms of identification are considered separately, the antecedents included in the model generally appear to be good at explaining SIT-based identification, especially at the local level of the organisation. At the global level of the organisation, the antecedents in the model explain the two forms of identification to a similar extent, though they appear to better explain SIT-based identification. The antecedents included in the model appear to have lower explanatory power for values-based identification, particularly at the local company level. It is also worth recalling that, in general, the antecedents better explain local identification. These findings point to the incompleteness of the model and the necessity of identifying other important factors that might help to explain both values-based identification and global identification.

Three of the factors hypothesised to engender organisational identification--a preference for cultural similarity in the workplace, positive interpersonal relations, and a sense of shared fate with the organisation--did not have a significant influence on organisational identification. This was the case regardless of the form or foci of organisational identification.

That cultural similarity does not register a significant relationship with organisational identification suggests that values emanating from the culture within which the subsidiary is situated may not be as relevant to the MNC as other writers have maintained (eg. Hofstede 1980; Adler 1997). Recall that a number of respondents in the current study exclaimed emphatically in the margin of the questionnaire next to the cultural similarity items, "Not relevant!". This raises the possibility of a transcendent 'organisational culture', that is, a web of organisational norms and values, which can be shared by employees across national boundaries. This finding has theoretical relevance for the debate on whether cultural values or organisational values exert a predominant influence in the workplace (Hofstede's 1980).

Also of theoretical relevance are the non-significant results of positive interpersonal relations. The findings serve to fuel the ongoing debate about whether positive relations between individuals generate group identification. The non-significant findings on shared fate also

have theoretical implications, since shared fate is widely assumed to be an antecedent of identification, and is used in laboratory settings to create a situation of simulated group identification. It cannot be discounted, however, that the measure used in the present research did not adequately tap the concept of shared fate.

Outcomes of Identification

Identification does not have as strong an influence on the hypothesised outcomes as expected. Other factors included in the research model were shown to have as strong or a stronger effect than organisational identification on the outcome variables. In the case of local work effort, identification fails to reach statistical significance, though seemingly by a small margin. The theoretical implication of these findings is that the outcomes generally associated with organisational identification may be better explained by other factors in conjunction with organisational identification, or simply by other factors. Figure 8.1 shows some of the factors other than organisational identification which have a direct effect on the outcome variables.

Work effort for the local company is positively influenced, in descending order of statistical significance, by the prestige and distinctiveness of the local company and by a sense of shared fate with the global organisation. There are also direct negative relationships between local work effort and positive interpersonal relations with peers at the global level of the organisation, and cultural similarity. Organisational identification, as mentioned above, does not register a significant association with local work effort.

Work effort for the global organisation, however, is positively influenced by organisational identification. In descending order of statistical significance, global work effort is predicted by support of superiors at MNC headquarters, prestige and distinctiveness of the local company, identification with the global corporation, and lack of nationality barrier to promotion at the global level of the organisation. There is also a direct negative influence of positive interpersonal relations with peers at the global level of the organisation. In a sentence, organisational identification appears to be an important predictor of work effort exerted on behalf of the MNC, though it is not the only one.

Intention to stay with the organisation over the long term is positively influenced, in descending order of statistical significance, by identification with the local company, support

of one's immediate boss, and no nationality barrier at the global level of the organisation. There is also a weakly significant negative influence of cultural similarity. Instrumental motivation wields the most significant negative impact on intention to stay, and has a significance level higher than that of organisational identification. In consequence, instrumental motivation emerges as the foremost predictor of intention to stay. These results point to the important impact of both identification and instrumentality, at least in the case of intention to stay. The results throw into question the long-cherished view held by some that there is no room for instrumentality where identification resides, while at the same time supporting the view that the two may have opposite consequences or outcomes.

Summary of Organisational Identification

In summary, the measures for SIT-based identification ultimately did not stand out as significant predictors of work effort or intention to stay when the two forms of organisational identification were examined separately. However, the addition of the SIT-based local identification measure to the values-based local identification measure strengthened the overall measure of local identification. This suggests that the SIT-based and values-based measures may represent two facets of organisational identification, at least at the local company level. This is not to say, however, that the two forms of identification, which may capture different facets of organisational identification, are not worthy of separate consideration. The two forms appear to be driven by different antecedents, and one of the outcome variables, work effort for the global organisation, appears to be influenced more by values-based identification.

Measured at the global level of the organisation, SIT-based identification on its own does not yield a significant impact on any of the outcome variables, and in combination with values-based identification appears to detract from rather than add to statistical robustness vis-a-vis the outcome variables. In other words, pride in membership of the MNC as 'one big family' does not produce a positive influence on the outcome variables under consideration.

It is recognised that the measure used in the present research may have been too blunt of a tool to capture a theory as complex as social identity theory. Perhaps that is the reason for the insignificant results, particularly at the global level of the organisation. However, if this were entirely the case, the local identification measure would not have benefited with the

addition of the SIT-based measure to the values-based measure. The non-significant results at the global level of the organisation might suggest, alternatively, that the SIT-based measure of identification may be more applicable at a smaller group level such as that represented by the MNC subsidiary.

In essence, the results suggest that MNCs should endeavour to build employee identification with both levels of the organisation. Identification with each level appears to yield unique benefits to the organisation as a whole. At the global level of the organisation, the findings suggest that values-based identification is perhaps more valuable than SIT-based identification, at least in terms of the outcome variables examined in the present research. At the local level, the findings suggest that both forms of identification may be valuable.

Utility of the Model

The preceding discussion has been a rather lengthy prelude to the question of whether the research model has utility for future research. Overall, the model appears to provide a useful framework for examining organisational identification in MNCs. Social identity theory appears to have the scope to embrace a wide range of issues relevant to the MNC. It provides an explanation for the distinctions drawn by respondents between the local subsidiary and the global corporation. Uncovering the distinction appears to be valuable with regard to the outcome variables examined in the present research, since identification with different levels of the organisation was shown to have a positive influence on different outcomes. Also, organisational identification in the MNC appears to be better understood by taking into consideration subsidiary type, especially in conjunction with social identity theory.

The model requires additional antecedents that are capable of better explaining values-based identification, as well as identification with the MNC as a global entity. Further, additional outcomes of organisational identification need to be identified. Organisational identification did not have the expected effect on the outcomes selected for examination. There may be other workplace outcomes of interest to the organisation that identification may be better at explaining. Cooperation may be one such outcome to explore. These are the areas of the model that were found lacking. However, the basic framework has proven to be of value.

There are a number of general limitations of the research design that will be addressed later in this chapter.

While the findings of this study are not as clear cut as one might hope, they offer some promise for organisations. They indicate that individuals who identify with the organisation are apt to support the organisation in various ways, and that identification can be encouraged through various means. The implications of the research findings for practice and policy are discussed in the following section.

8.4 Implications for Practice and Policy

The research findings enumerated above have a number of implications for the international management of human resources. The following discussion begins with the implications for practice, and then moves into the broader policy implications of the research findings.

8.4.1 Practice

It has already been determined that organisational identification has important consequences, even if not quite as critical as the theories would suggest. Organisational identification therefore appears to be worth fostering. At the same time, there are other factors which have a direct bearing on the outcome variables of interest and which need to be taken into account. When the complexity of Table 8.1 is 'boiled down', there are relatively few variables that continually come to the fore. These variables are summarised in Tables 8.1 and 8.2 below. Tables 8.1 and 8.2 give summary accounts of the key variables that have mainly a significantly positive effect on organisational identification and on the outcome variables, respectively. It can readily be seen that most of the factors that have an influence on organisational identification also have a direct influence on one or more of the outcome variables. It therefore seems worthwhile to focus on the practical ramifications of these factors. A key issue, of course, is the locus of the organisation where attention should be focussed. This can be discerned from Tables 8.1 and 8.2.

There are three factors that come to the fore in both tables. These are the prestige and distinctiveness of the organisation, the support and appreciation of superiors, and no

nationality barrier to career advancement. Each of these has different practical ramifications. They are discussed in turn.

Table 8.1 Summary table of significant antecedents of organisational identification

Significant antecedents	Local ID	Global ID
Prestige and distinctiveness of local company	✓	✓
Support and appreciation of immediate boss	✓	
Career opportunity at local company	✓	
No nationality barrier to promotion at local company	✓	
Prestige and distinctiveness of MNC		✓
Support from superiors at MNC headquarters		✓
Career opportunity within MNC		✓
No nationality barrier to promotion within MNC	✓	

Table 8.2 Summary table of significant predictors of effort and intention to stay

Significant predictors	Global Work Effort	Local Work Effort	Intention to Stay
Local Identification			✓
Global Identification	✓		
Prestige and distinctiveness of local company	✓	✓	
Support from superiors at MNC headquarters	✓		✓
No nationality barrier to promotion within MNC	✓		✓
Personal success linked to organisational success		✓	
Instrumental motivation			✓

The ease of fostering a sense organisational prestige and distinctiveness among employees depends to some extent on how the organisation is viewed in society at large (Albert and Whetton 1985; Dutton et al. 1994). What matters for employee identification, however, is how the employee perceives the reputation and distinctiveness of the organisation. This may be affected by many factors, but can also be 'managed' by the organisation. One way, for example, might be through in-house 'media', such a monthly company magazine. Tables 8.1 and 8.2 reveal the importance of fostering the perception of the prestige and distinctiveness of both levels of the organisation. It would therefore be useful to have, for instance, two company magazines, one produced by the local subsidiary and one produced by corporate headquarters. The former can target stories on the activities of the subsidiary in the local community, not to mention quantitative indicators such as market share, that serve to enhance its reputation and distinctiveness. Likewise, the latter can target stories on the activities and market shares of subsidiaries in the MNC's global network that serve to enhance the worldwide reputation and distinctiveness of the MNC as a global entity. The dual magazine strategy is used by Unilever. On the desks of managers at HLL India and LBPL Pakistan are two monthly magazines, a company magazine and a Unilever magazine.

Promoting a sense of support and appreciation of superiors may not be so easily managed, either at the local or global level of the organisation. At the local level, the relationship one has with an immediate boss rests to a large extent on day-to-day interpersonal dynamics. The interpersonal skills of individual managers have a bearing on whether subordinates feel that they are respected, trusted, can voice opinions and so forth. The relationship one has with superiors at corporate headquarters is more tenuous, characterised by long distance and relatively infrequent communication. As shown in Tables 8.1 and 8.2, having the support and appreciation of superiors from both levels of the organisation is important, particularly from the global level. Employees at the subsidiary level who feel respected, recognised and trusted by top management at MNC headquarters are more likely to identify with the global organisation, to put in effort for the global organisation, and to stay with the organisation. To foster a sense of support from the global level of the organisation would require a constant monitoring of, and communicated recognition of, the achievements of managers at the subsidiary level. In the case of Unilever, senior personnel officers visit the countries within their geographical region of responsibility in order to personally acknowledge the

achievements of local managers and to communicate the value that Unilever places on their membership in the organisation.

For many MNCs, fostering a perception that nationality is not a barrier to career advancement within both the local and the wider organisation may be the trickiest of all. This is because many MNCs apparently continue to have a 'headquarters mentality' (Ohmae 1990; Ferner and Quintanilla 1997), where management development efforts tend to be focussed on home-country nationals (Scullion 1995), and where key posts at home and abroad tend to be filled by home-country nationals (Banai 1992). Yet the results of the present study reveal the importance of a perceived lack of nationality barrier to the local management hierarchy and particularly to the global management hierarchy. The latter indicates that managerial employees of MNCs are looking toward the global organisation for opportunities for career advancement. A localisation strategy, or a replacement of expatriate top management by local top management, has been advocated as a means to boost, among other things, morale and satisfaction among local staff (eg. Banai 1992). The findings of this study indicate that localisation of top management at the subsidiary level may not be sufficient for the MNC to gain maximum benefits. Tables 8.1 and 8.2 show that perceived access to the local hierarchy fosters local identification, while perceived access to the global hierarchy fosters not only local identification but a willingness to exert effort for the global organisation and to stay with the organisation. In the case of Unilever, as discussed in chapter three, merit promotion without regard to nationality is institutionalised and practised throughout all levels of the organisation.

There are three other factors which appear in Tables 8.1 and 8.2. One, perceived career opportunity, has a direct effect on organisational identification. A second, a sense of shared fate with the organisation, has a direct influence on work effort. A third, instrumental motivation, has a direct negative impact on desire to stay. The practical ramifications of these are now briefly discussed.

A perception of opportunities for career advancement and fulfilment appear to be important for generating identification with both levels of the organisation. This raises issues not only of upward hierarchical availability of posts, but also issues of job satisfaction. Opportunities for fulfilment and advancement within the global organisation is somewhat related to the

question of nationality barrier, since career advancement at the global level cannot occur if there is a nationality barrier to promotion within the wider organisation. Shared fate with the MNC as a whole has a weakly significant association with local work effort. The more employees link their personal success with that of both levels of the organisation the more they are willing to put in effort for the local company. To nurture this perception would seem to entail communicating to employees, perhaps through a company magazine, how team effort has contributed to organisational successes. Instrumental motivation has a highly significant negative impact on intention to stay. Those who feel that they are not getting the direct and immediate rewards they desire will look for opportunities outside the organisation. The issue of instrumentality will be taken up in more detail in the discussion of policy implications below.

Having looked at the implications for practice, the following section looks at the implications of the research findings for broader policy issues.

8.4.2 Policy

In the introduction to this thesis it was pointed out that globalisation, in terms of improved technology and greater liberalisation of markets, has created greater opportunities to expand, and greater ease in cross-border transactions for MNCs. This, it was noted, has resulted in an increase in foreign direct investment (FDI), a spawning of new MNCs and subsidiaries, and country and regional shifts in MNC investment patterns, particularly to developing Asia. This section considers the latter, that is, the growing shift in investment priority to Asia and what that has meant for the management of human resources. Also discussed in this section are the implications of the research results on the evolution towards geocentrism, and also the generalisability of the results.

Investment in Asia: high growth scenario

At the time of the present study, investment in Asia was rapidly increasing due to relatively high economic growth and expanding markets. While China was the largest recipient of FDI in Asia, as well as one of the largest recipients in the world (World Investment Report 1995), investment flows to other countries in Southeast Asia and South Asia also leaped. India, for instance, saw a near tripling of inflows from 1994 to 1995, while FDI in Pakistan increased

by 50 per cent during that period (World Investment Report 1996:52). Economic growth in Asia has slowed recently, though some pundits believe that the current recession is a temporary phenomenon, and that Asia will regain its momentum of high growth. Whether Asia continues to figure highly in the future investment patterns of MNCs remains to be seen. Nonetheless, the investment pattern that was emerging in Asia until last year, and the effect on human resource management in the region, may be instructive for MNCs that venture into Asia or other future high growth regions. Moreover, it informs the consideration of whether organisational identification is worth nurturing in the MNC.

Until the current recession the portrait painted in Asia was one of high economic growth, a high demand for professional managers that outstripped supply, and a rapid turnover of managers. It was estimated that Southeast Asia alone needed at least three million more managers, more than double the current number, to service its growing economies (Far Eastern Economic Review 1997). Attention had been focussed on the need for specialists such as engineers, software programmers, and technicians, but a shortage developed for general managers with an understanding of finance, marketing, and the English language. In essence, a growing number of companies were competing for a limited pool of managers. This fuelled a spiral of soaring salaries and compensation packages, on the one hand, and job-hopping, on the other. According to a number of head-hunting agencies, “there seems to be a psychology in the marketplace that measures progress by how quickly you get raises, how fast you get promoted and how many headhunter calls you get” (Far Eastern Economic Review 1997:58).

The shortage of managers in Southeast Asia was being filled to some extent by people from other countries, most notably Indians. Indians have come to be viewed as “replacing the British and Americans as the expats of Asia” (Far Eastern Economic Review 1997:57). About 2,000 Indians leave India annually to take up middle and senior management jobs elsewhere in Asia, indicating an emerging trend. This is thought to be because of a potential boost in earnings if sent to countries like Singapore or Hong Kong. Graduates recruited from the Indian Institute of Management, where Hindustan Lever recruits many of its management trainees, were commanding starting salaries of US\$50,000-\$60,000 a year for overseas positions (Far Eastern Economic Review 1997:57).

That Indians were being actively recruited for high paying positions abroad at the time of this research, may help to explain why the instrumental motivation to stay with the organisation was so highly significant. During this period MNCs in Southeast Asia in particular were scrambling to hold on to their valued staff. This was also the case in Hindustan Lever according to a senior personnel manager at Unilever in London. One of the main tasks of this senior personnel officer was to fly to India to convince highly valued senior staff who were being head hunted to stay with the organisation. This was considered to be a challenge since other firms were offering exorbitant salaries that Unilever could not match.

The foregoing discussion suggests the difficulty of retaining managerial staff in a high growth scenario when demand for managers exceeds supply. It also points to the salience of instrumental motivation for staying with an organisation. The results of the present study revealed that a desire to stay with the organisation was strongly influenced by both instrumental motivation *and* organisational identification. One implication of the results is that, while instrumental motivation may be operative, organisational identification may have the power to ameliorate the effects of unbridled instrumentality. From this standpoint, it seems worthwhile to foster identification with the organisation. It may be particularly critical to foster identification in those subsidiaries which have been given maximum autonomy. In those subsidiaries local managers run the business with minimal control and input from the head office. If enough of the local senior managers jump ship, the local operation could conceivably fall apart at the seams.

Towards Geocentrism: ready or not

It will be recalled that the centrepiece of the human resource management aspect of Perlmutter's (1969) geocentric orientation is that nationality does not matter, that the best people everywhere in the world are developed for key positions everywhere in the world. A related aspect is that MNC employees worldwide are conscious of working for the benefit not only of their local subsidiary but for the MNC as a whole. These aspects have been taken up by subsequent writers on MNCs, though not necessarily in the name of geocentrism. Some, for instance, have talked of the importance of opening up top management at head office to nationals other than home-country nationals, as a means to enhance organisational performance through diversity in opinion and leadership (eg. Harvard Business Review 1994). Others have talked about the importance of fostering shared values in the organisation, or

organisational identification, as a means to inculcate employees with the notion that they belong to, and work for, a larger organisational entity than their local subsidiary (eg. Ohmae 1990). These notions express the heart of the geocentric orientation.

The results of the present study indicate that a lack of nationality barrier to the management hierarchy at the global level of the organisation is important. A perceived lack of such barrier fosters a willingness to exert effort on behalf of the MNC as a global entity, and also on the desire to stay with the organisation. What this implies, in essence, is that MNC employees are likely to stay and exert effort for an organisation with geocentric qualities, that is, an organisation where nationality is not seen to be a factor inhibiting career advancement. These results may be indicative of a broader trend of employee expectations and desires. According to a survey of 7,000 business and technical school senior and graduate students in Europe, the ideal company to work for is one with a multi-cultural work environment that is not overly dominated by one nationality (Universum 1995). Out of a total of 122 companies listed as desirable by these students, the top ten included companies like Unilever, McKinsey, and Boston Consulting Group, which are known to have well-established multi-nationality management structures. One implication that can be drawn from both the Universum survey and the results of the present study is that MNC employees and MNC employees-to-be are interested in an organisation with geocentric human resource management policies.

The geocentric orientation is, of course, considered an ideal, a state yet to be realised. However it appears that, ready or not, MNCs may be 'pushed' toward geocentric human resource management policies in order to keep up with employee expectations of the times. Creating the geocentric organisation entails the institutionalisation of nationality access to the global management hierarchy, or what was referred to earlier in the thesis as status equalisation. Organisational identification is also considered to be an important aspect of the geocentric organisation, as a means to provide a sense of unity and common understanding among employees of the interests of the MNC as a whole.

Generalisability of the Results

It may be worth taking a moment to consider how far the results of this study can be generalised to other MNCs. This study included two subsidiaries of one MNC. The respondents in one of the subsidiaries, India, drew a stark distinction between the subsidiary

and the global organisation while the respondents in the other, Pakistan, drew less of a distinction. Employees in the Pakistan subsidiary showed a greater willingness to exert effort for both levels of the organisation and a greater desire to stay with the organisation. Is one subsidiary more representative than the other? Bartlett and Ghoshal (1995a) remind us that most subsidiaries in the MNC are Implementors. Does this mean that MNCs can expect to have most of their subsidiaries draw a modest distinction between the local unit and the organisation as a global entity, and even identify more with the global organisation than with the local subsidiary? Does it also mean that employees in Implementors will exert more effort for the organisation and be more willing to stay with the organisation than employees in Strategic Leaders?

The local/global patterns of identification and the relatively high outcome scores of Pakistani respondents might at first glance seem reconfirming to those who believe that identification with the MNC should be monolithic, and that the performance of the overall organisation is better served through cohesion rather than the fragmentation that local identification might represent. The Pakistani operation, however, is not successful, although this appears to be due to factors beyond the control of management. Indian respondents, on the other hand, identify much more with the local company than the global organisation, and their subsidiary is a raving success. The percentage of respondents who identify strongly with both levels of the organisation is about the same for both subsidiaries. This leads to the speculation that a strong local identification, in addition to global identification, may be an important ingredient for organisational success.

More research is needed to determine how far the results of the current study can be generalised. What can be said with a certain degree of conviction is that identification in the MNC is not a monolithic phenomenon. Two very different types of subsidiaries bear this out. More research is needed to determine whether HLL India is unique unto itself, or whether it is representative of a successful subsidiary in a high-growth environment in the developing world, a type of subsidiary that can be a large source of profit for the MNC. It will also be useful to know whether LBPL Pakistan is unique unto itself, or whether, as an Implementor, it is representative of most of the MNC's subsidiaries in the developing world.

The previous few sections have discussed the research findings and the implications for practice and policy. The following section outlines the implications for future research.

8.5 Implications for Future Research

The present study raises a number of issues for future research, in addition to those noted above. First, there are some limitations of the present study that should be addressed. Second, the present research lends itself to various extensions. These are discussed in turn.

8.5.1 Limitations to be addressed

The research design suggests a causal link running from antecedents to identification to outcomes. While causality can be inferred from the findings, it cannot be tested in a cross-sectional design. Indeed, it has been argued that there is a feedback loop from identification to the antecedents, such that the more one identifies with a group the more distinctive, for instance, the group becomes to the individual (Ashforth and Mael 1989). A longitudinal approach should be utilised in future research to better determine causality between organisational identification and its hypothesised antecedents and outcomes.

Another limitation of the present research is the reliance on same-source self-report measures for both dependent and independent variables in the model. This raises the spectre of common method variance (Podsakoff and Organ 1986). As the findings indicate, however, the correlation between organisational identification and the outcome variables of interest is not high. This suggests that common method variance was not overly problematic in the current data set. Nonetheless, future empirical research should attempt to gain independent measures of some of the dependent variables. For the dependent variable work effort, for instance, a rating from a supervisor on the work effort of a respondent could be averaged with the respondent's own score on willingness to exert effort, and the averaged score then correlated with the respondent's score on organisational identification. The averaging of scores on the dependent variable may be a way to address the risk of common method variance, and at the same time address noted concerns that the ratings of other people are not necessarily a 'better' measure than same-source self reports (Judd et al. 1991; Oppenheim 1992; Howard 1994). Such ratings are said to be subject to their own form of bias, such as

a halo bias whereby the rater overestimates the desirable qualities of people that the rater likes (Judd et al. 1991).

A further limitation is the small sample size which constrains generalisability of the results. The results would carry more weight if the research included a wider range of subsidiaries representing the four subsidiary types introduced in chapter three. In a study of one MNC, for instance, a random sample of, say, ten per cent of all managers worldwide would produce a finer picture of organisational identification with greater generalisability. Research which includes a number of MNCs of differing typologies would be even better. Future research should include a greater number of MNCs, representing the three MNC types, and a greater number of subsidiaries, representing the four subsidiary types.

8.5.2 Proposed extensions of the research

On Organisational Identification

The findings have shown the potential value of examining the two forms of organisational identification, separately and combined, in conjunction with the two organisational levels of the MNC explored in the current research. Each form of organisational identification seems to be fostered by a different set of antecedents, and seems to have different consequences. Yet, combined, they appear to exert greater influence on certain outcomes than they do separately. These results open avenues for further research. One is to examine which form of organisational identification may be more important in the context of the MNC. In terms of what employees are willing to do on behalf of the global organisation, as expressed in expenditure of effort, the current research suggests that values-based identification may be a more important form than SIT-based identification. This should be examined further. In relation to this, future research should also explore possible antecedents of values-based identification, especially at the global level of the organisation. The model of antecedents of values-based identification adopted in the present research appears to be incomplete, which suggests that there are other factors that may foster shared values and goals with the MNC as a whole.

Also warranting further research are the foci of identification in MNCs, and the respective consequences of identification with a particular organisational level. The findings of the

present research revealed that the managerial employees in the data set draw a distinction between their local subsidiary and the global organisation both in terms of shared values and goals and in terms of positive cognitive bias. That the distinction is less with shared values and goals suggests that values-based identification may have the potential for binding organisational levels in the minds of employees. Further research is needed on this aspect of organisational identification. Further research is also needed on other possible outcomes of identification with both the local and global levels of the organisation.

On MNC and Subsidiary Typologies

The findings of the current research point to the potential value of typologising MNCs and subsidiaries of MNCs as an aid to understanding organisational identification in the MNC. It is proposed that patterns of organisational identification may vary among the ethnocentric, polycentric and geocentric MNC types. The research findings provide tentative support for the hypothesis that employees of a polycentric MNC are likely to draw a distinction between their subsidiary and the organisation as a global entity. Future research should include a wider sample of MNCs that could be typed as far as possible into the three MNC types, recognising that most MNCs, like the case-study MNC, are probably hybrids of the 'pure' ethnocentric, polycentric and geocentric types.

The typology for MNC subsidiaries should be refined in future research. The two subsidiary types used in the present research, Strategic Leader and Implementor, were shown to have explanatory value in conjunction with social identity theory. The findings supported the hypotheses put forward regarding patterns of organisational identification of managers in the two types of subsidiaries. If, however, the majority of MNC subsidiaries are to be classified as Implementors (Bartlett and Ghoshal 1989), the suggestion is that patterns of organisational identification will not vary across most MNC subsidiaries in the world. It is proposed that the Implementor type may be too broad to capture possible variation in patterns of organisational identification among what is arguably the most important group of subsidiaries to the MNC. The Implementor type, in particular, should be further examined and possibly extended with additional typology parameters.

On Instrumentality

The research findings highlight the importance of investigating further the relationship between organisational identification and instrumentality with regard to the hypothesised outcomes of organisational identification. As noted earlier, opinions differ on the relationship between identification and instrumentality, with some believing that identification presupposes a lack of instrumentality (Brown 1969; Buchanan 1974; Ouchi 1980), while others believe that this is not necessarily the case (eg. Brown 1986). In the current research, the two constructs run in opposite directions statistically across all outcome variables. Both, however, have a statistically significant association with intention to stay and, among the two, instrumental motivation is more highly significant. Instrumental motivation did not register a significant effect on willingness to exert effort on behalf of the organisation. However, in the case of work effort for the local company it may be worthwhile noting, as a possible line of continued research, that the regression coefficients for organisational identification and instrumental motivation are the same size, with both seemingly hovering on the verge of statistical significance.

A refinement of the instrumentality measures used in this research may also bear fruit. The measures might, for instance, attempt to capture the relative attractiveness of a monetary or a promotional reward, both of which were included in the current measures. Instrumentality measures might also take into account both levels of the organisation rather than just the local company level. Regarding promotion at the global level, future research might explore the relationship between instrumental motivation for staying with the organisation and perceived lack of nationality barrier to promotion within the global organisation, the latter of which also proved to have a significant relationship with intention to stay.

Additional Areas for Research

There are additional areas worthy of probing in order to enhance our understanding of organisational identification in the MNC. One is the effect of mergers and acquisitions on organisational identification. In the course of exploratory interviews at a multinational bank which had undergone a merger seven years prior, the author was made aware of the continued existence of two strong camps within the organisation representing the original parties to the merger. Child and Rodrigues (1996) have noted the challenge to organisational identification

of international mergers and acquisitions. Future research could explore the effect of mergers and acquisitions on identification with the two organisational levels of the MNC examined in the present research, and in turn how identification in such firms affects willingness to exert effort for the two levels of the organisation and willingness to stay with the organisation.

Another fruitful area for research would be the organisational identification patterns of third-country nationals within the MNC. Third-country nationals would be a useful strata of managers to study for at least two related reasons. One is that these managers are often regarded by practitioners as 'the human glue' within the MNC, and as such represent the mobility of managers without regard to nationality that Perlmutter (1969) envisioned for the geocentric organisation. A second reason is that, if firms move toward a more geocentric orientation as advocated by some management theorists, the number of third-country nationals may increase as a percentage of a MNC's managerial staff. It would therefore be of value to examine the foci of their identification in the MNC. Does being the 'human glue' mean that their primary foci for identification is the organisation as a global entity? Do they identify less with the local company to which they are posted than the local managerial staff? Do they still identify with the subsidiary from which they originally came? What are the implications for the MNC? The present study focussed on the local/global organisational identification patterns of host-country nationals, while a previous study focussed on the local/global organisational identification patterns of expatriate home-country nationals (Gregersen and Black 1992). A similar study of third-country nationals would provide a valuable addition to our understanding of organisational identification of managers in MNCs.

8.6 Some Concluding Thoughts

All research frameworks are partial and selective in approach to the world they hope to illuminate. As such, each piece of research adds to the expanding mosaic of our understanding in a given area. The aim of the current research was to shed light on the topic of organisational identification in the MNC, an area of fundamental relevance to international human resource management. Within the above-mentioned constraints of the research, the aim of highlighting and bringing forward the issue of organisational identification of managers in multinational corporations has been met. Another piece in the growing mosaic of our understanding of international human resource management has been put in place.

What can we now say, in a broad concluding sweep, about organisational identification of managers in the MNC? To begin with, organisational identification based on shared values and goals between managerial employees and the organisation as a global entity appears to be as important as management theorists have claimed. It appears to have the capacity to reduce perceptions of separateness between different levels of the organisation. It also appears to promote a willingness among managers to act on behalf of the MNC as a whole. In short, the research findings provide empirical support for the importance of shared values and goals between managerial employees and the wider organisation as a foundation for creating and sustaining a geocentric orientation in the MNC.

Identification with the MNC as a global entity appears, however, to be insufficient for generating outcomes associated more with the subsidiary level of the organisation. For promoting outcomes more closely associated with the local company, such as intention to stay, identification with the local subsidiary appears necessary. That identification is not a monolithic phenomenon in the MNC, and not hinged only upon the wider organisation, does not necessarily imply a dysfunctional fragmentation within the organisation. A complete integration of identifications, even if that were possible, may not be in the best interest of the MNC. Identification with each of the two levels of the organisation appears to generate unique benefits, such that an integration of identifications might compromise the utility of each to its particular setting (Ashforth and Mael 1989).

We come full circle to the paradox introduced earlier in the thesis, of how cohesion required for social existence can coexist with the divisions in society. The findings of this research indicate that, for the MNC, what has been considered a paradox may not be a paradox at all. Global identification, suggestive of cohesiveness, appears to coexist with local identification, suggestive of divisiveness. Local and global identification in the MNC may coexist and grow together as naturally as Shakespeare's double cherry, "seeming parted, but yet an union in partition".

APPENDICES

- Appendix I:** Questionnaire
- Appendix II:** Factor analyses
- Appendix III:** Correlations among variables in the research model
- Appendix IV:** Reliability analysis of variables in the research model
- Appendix V:** Interaction effect of LID and GID

Appendix I: Questionnaire

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE: ORGANISATIONAL IDENTIFICATION PROJECT

PLEASE DO
NOT WRITE
IN THIS
COLUMN

THE PURPOSE OF THIS SURVEY IS TO GET YOUR VIEWS ON BEING AN EMPLOYEE OF THIS COMPANY AND ON BEING A MEMBER OF UNILEVER AS A GLOBAL CORPORATION. THE INFORMATION CONTAINED IN THIS QUESTIONNAIRE WILL REMAIN COMPLETELY CONFIDENTIAL. NO ONE IN YOUR COMPANY OR IN UNILEVER WILL SEE ANY OF YOUR RESPONSES.

THANK YOU FOR YOUR PARTICIPATION.

SECTION I: GENERAL VIEWS

Please circle the appropriate number:

Strongly Agree Agree Neither Agree Nor Disagree Disagree Strongly Disagree

Part 1: About This Company

(The following statements refer to the company where you now work)

1	This company has a reputation for providing excellent products.	5	4	3	2	1	A1
2	I am proud to tell others that I am an employee of this company.	5	4	3	2	1	A2
3	In this company we have capable and sensible people in top management.	5	4	3	2	1	A3
4	This company stands out as a leader in the consumer products industry.	5	4	3	2	1	A4
5	This company cannot be trusted because top management are capable of deceiving people.	5	4	3	2	1	A5
6	The high status of this company in our society gives me status, too.	5	4	3	2	1	A6
7	This company is likely to be successful in the future.	5	4	3	2	1	A7
8	This company is good at keeping employees informed of developments in the company.	5	4	3	2	1	A8
9	There is good cooperation between departments and branches in this company.	5	4	3	2	1	A9
10	This company is not open to change that would enhance its performance.	5	4	3	2	1	A10
11	I would not criticize this company in public even if I do not like a particular company policy.	5	4	3	2	1	A11
12	This company contributes to improving social conditions.	5	4	3	2	1	A12

Part 2: About Unilever

(The following statements refer to Unilever as a global corporation)

1	Unilever is a worldwide leader in the manufacture of consumer products.	5	4	3	2	1	A13
---	-------------------------------------------------------------------------	---	---	---	---	---	-----

..continued next page..→

		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
2	I am proud to tell people that I am part of Unilever's global family of companies.	5	4	3	2	1	A14
3	The Unilever head office is good at keeping employees informed about changes in the global corporation.	5	4	3	2	1	A15
4	My social status is enhanced by Unilever's high standing around the world.	5	4	3	2	1	A16
5	Unilever products enjoy a good reputation worldwide.	5	4	3	2	1	A17
6	Top management in the Unilever head office are competent and reasonable people.	5	4	3	2	1	A18
7	I expect that Unilever's global businesses will be successful.	5	4	3	2	1	A19
8	Unilever is not trustworthy because top management at the Unilever head office have been known to mislead people.	5	4	3	2	1	A20
9	Cooperation is good between the Unilever head office and Unilever companies around the world.	5	4	3	2	1	A21
10	Even if I do not agree with a Unilever head office policy, I would not take my grievances public.	5	4	3	2	1	A22
11	The Unilever head office is not open to change that would enhance the performance of the global corporation.	5	4	3	2	1	A23
12	Unilever as a global corporation contributes to the betterment of the world.	5	4	3	2	1	A24

SECTION II: ORGANISATIONAL VALUES AND GOALS

Please circle the appropriate number:

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
--	----------------	-------	----------------------------	----------	-------------------

Part 1: About This Company

1	What makes this company different from other companies is what it stands for, that is, its values.	5	4	3	2	1	A25
2	This company puts its values into practice.	5	4	3	2	1	A26
3	I share the goals of this company.	5	4	3	2	1	A27
4	My values and the values of this company are the same.	5	4	3	2	1	A28
5	What this company stands for is important to me.	5	4	3	2	1	A29
6	The practices of this company are in line with my personal values.	5	4	3	2	1	A30
7	What is good for this company is good for me.	5	4	3	2	1	A31

...continued next page..→

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
Part 2: About Unilever						
1 My goals are the same as Unilever's.	5	4	3	2	1	A32
2 Unilever's values are not just an ideal, they are put into practice.	5	4	3	2	1	A33
3 Unilever's values make it different from other global companies.	5	4	3	2	1	A34
4 What is good for Unilever as a whole is good for me.	5	4	3	2	1	A35
5 Unilever's worldwide practices express my own values.	5	4	3	2	1	A36
6 I see no difference between my values and Unilever's corporate values.	5	4	3	2	1	A37
7 Unilever represents values that are important to me.	5	4	3	2	1	A38
<u>SECTION III: RELATIONS WITH COLLEAGUES</u>						
Please circle the appropriate number:						
	Many	Quite a Few	Some	Hardly Any	No One	
1 How many people do you know...						
a. in this company?	5	4	3	2	1	A39
b. in the Unilever head office?	5	4	3	2	1	A40
c. in Unilever companies around the world?	5	4	3	2	1	A41
Please circle the appropriate number under each column:						
2 If you've had opportunities to work closely with colleagues from the following groups, how positive have these experiences been?		Colleagues from other sections in this company	Colleagues from the Unilever head office	Colleagues from other Unilever companies		A42-44
a. Very positive		5	5	5		
b. Positive		4	4	4		
c. Neither positive nor negative		3	3	3		
d. Negative		2	2	2		
e. Very negative		1	1	1		
f. No opportunity to work closely		0	0	0		
Please circle the appropriate number:						
	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
3 I am happy to spend some of my leisure time with colleagues from this company.	5	4	3	2	1	A45

...continued next page..→

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
4 If a colleague is very busy, I often pitch in and help.	5	4	3	2	1	A46
5 In general people in this company just look out for themselves.	5	4	3	2	1	A47
6 If the opportunity arose, I would be glad to spend some of my free time with colleagues from the Unilever head office.	5	4	3	2	1	A48
7 If a colleague from the Unilever head office were posted to my section, I'd be happy to help him or her out.	5	4	3	2	1	A49
8 In general people in the Unilever head office care only about themselves.	5	4	3	2	1	A50
9 If a colleague from another Unilever company were posted to my section, I'd be happy to help him or her out.	5	4	3	2	1	A51
10 Generally speaking, people in other Unilever companies don't go out of their way for others.	5	4	3	2	1	A52
11 The idea of spending some of my free time with colleagues from other countries pleases me.	5	4	3	2	1	A53
12 I am willing to help my colleagues only if I think they would help me out in return.	5	4	3	2	1	A54
13 My long-term success depends on the contributions of everyone in this company.	5	4	3	2	1	A55
14 Over the long run, my success depends on the concerted efforts of everyone in Unilever.	5	4	3	2	1	A56
15 Generally speaking, I share the same goals and interests with:						
a. my immediate supervisor	5	4	3	2	1	A57
b. my colleagues in this company	5	4	3	2	1	A58
c. my colleagues at the Unilever head office	5	4	3	2	1	A59
d. my colleagues in other Unilever companies	5	4	3	2	1	A60
e. others in my profession	5	4	3	2	1	A61
16 I feel I work best with people who:						
a. are able to speak my language	5	4	3	2	1	A62
b. share my cultural background	5	4	3	2	1	A63
c. share my social background	5	4	3	2	1	A64
d. share my religion	5	4	3	2	1	A65
e. are from my ethnic group	5	4	3	2	1	A66

..continued next page..→

SECTION IV: RELATIONS WITH SUPERIORS

Please circle the appropriate number:

Strongly Agree Agree Neither Agree Nor Disagree Disagree Strongly Disagree

Part 1: At This Company

1	If I have problems at work, I know my immediate boss would try and help.	5	4	3	2	1	A67
2	My immediate boss praises me when I do a good job.	5	4	3	2	1	A68
3	I feel that I am trusted by my immediate boss to do a good job.	5	4	3	2	1	A69
4	My immediate boss encourages me to speak up when I disagree with a decision.	5	4	3	2	1	A70
5	I feel respected by top management in this company for my contributions to company success.	5	4	3	2	1	A71

Part 2: At the Unilever Head Office

1	I can expect to be recognized by the Unilever head office when I make an outstanding contribution.	5	4	3	2	1	A72
2	I feel that the Unilever head office trusts employees here to make the right decisions.	5	4	3	2	1	A73
3	I feel respected by top management in the Unilever head office for my contributions to company success.	5	4	3	2	1	A74

SECTION V: ABOUT WORK

Part 1: For This Company

1	Please circle the <u>one</u> opinion that most closely describes your views.						A75
	a. My job is so important to me that I'm always doing more than is required of me.				5		
	b. I often do more than I really need to do in my job.				4		
	c. Once in a while I do more than is required, but this should not be a permanent situation.				3		
	d. I do exactly what is required of me, and cannot see why I should do more than that.				2		
	e. I only do what is absolutely necessary on the job.				1		

Please circle the appropriate number:

Strongly Agree Agree Neither Agree Nor Disagree Disagree Strongly Disagree

2	My job is repetitive.	5	4	3	2	1	A76
3	I can make my own decisions in carrying out my job.	5	4	3	2	1	A77
4	I am often under a lot of pressure in my job.	5	4	3	2	1	A78

..continued next page..→

		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
5	In my department there are enough people to enable us to do the job well.	5	4	3	2	1	A79
6	In my job I have very little contact with colleagues or clients.	5	4	3	2	1	A80
7	My work is important for the success of this company.	5	4	3	2	1	A81
8	I would make best efforts to carry out a change in company policy, even if I do not agree with it.	5	4	3	2	1	A82
9	In my work I like to feel that I am making some effort, not just for myself, but for this company as well.	5	4	3	2	1	A83
10	I would accept a new assignment, even if it is not my first choice, if management feels it is in the company's best interest.	5	4	3	2	1	A84
11	I go along with organisational changes, but only in order to keep my job.	5	4	3	2	1	A85
12	I don't mind putting in overtime when it's busy, so long I get time off when there is less to do.	5	4	3	2	1	A86
13	I'm willing to put myself out to help this company.	5	4	3	2	1	A87
14	How hard I work for this company is directly linked to how much I am rewarded.	5	4	3	2	1	A88
15	I try to contribute to this company by suggesting ways to improve the quality of work in my department.	5	4	3	2	1	A89
16	I only put extra effort into my job if I see an immediate reward.	5	4	3	2	1	A90
17	I often think about how to improve the performance of this company.	5	4	3	2	1	A91
18	The only reason I would take on additional work is if it got me ahead in this company.	5	4	3	2	1	A92
19	Working overtime is OK with me if doing so benefits this company.	5	4	3	2	1	A93
20	I don't mind taking on additional duties and responsibilities to benefit this company.	5	4	3	2	1	A94
Part 2: For Unilever							
21	I try to contribute by suggesting ways to increase Unilever's success in this country.	5	4	3	2	1	A95
22	I often given thought to how Unilever could improve its global performance.	5	4	3	2	1	A96
23	I would do my best to implement policy changes introduced by Unilever head office, even if I do not agree with them.	5	4	3	2	1	A97
...continued next page..→							

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
24 Taking on additional duties and responsibilities is fine with me if doing so benefits Unilever as a whole.	5	4	3	2	1	A98
25 I please me to think that my efforts benefit not only me, but Unilever as a whole.	5	4	3	2	1	A99
26 I'm willing to put myself out to help the Unilever head office or another Unilever company.	5	4	3	2	1	A100
27 I would accept a new assignment, even if it is not my first choice, if the Unilever head office feels it is in the best interest of Unilever as a whole.	5	4	3	2	1	A101
28 I don't mind working overtime if I think it will contribute to Unilever's overall success.	5	4	3	2	1	A102
SECTION VI: ABOUT JOB SATISFACTION						
Please circle the appropriate number:						
	Very Satisfied	Satisfied	Neither Satisfied Nor Dissatisfied	Dissatisfied	Very Dissatisfied	
1 How satisfied are you with the following in your current position?						
a. Salary	5	4	3	2	1	A103
b. Other company benefits	5	4	3	2	1	A104
c. Job security	5	4	3	2	1	A105
d. Daily responsibilities	5	4	3	2	1	A106
e. Variety in your work	5	4	3	2	1	A107
f. Level of decision making	5	4	3	2	1	A108
g. Training opportunities	5	4	3	2	1	A109
h. Promotion opportunities	5	4	3	2	1	A110
i. Friendliness of working environment	5	4	3	2	1	A111
j. Fairness of rewards	5	4	3	2	1	A112
2 Which <u>one</u> of the above aspects of your job are you most satisfied with? (please specify one letter, a-j) ____						A113
3 Which <u>one</u> of the above aspects of your job are you least satisfied with? (please specify one letter, a-j) ____						A114
Please circle the appropriate number:						
	Very Important	Important	Neither Important Nor Unimportant	Unimportant	Not At All Important	
4 How important is it to you that your total compensation (salary plus other benefits) be comparable to that given to:						
a. colleagues of similar rank in this company	5	4	3	2	1	A115
b. colleagues of similar rank at other offices in Unilever's global network	5	4	3	2	1	A116
c. colleagues of similar rank in the Unilever head office	5	4	3	2	1	A117
d. employees of similar rank in other companies in the industry	5	4	3	2	1	A118

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		Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
5	I would hesitate to leave this company, even if it were not doing well financially.	5	4	3	2	1	A119
6	I regularly watch for suitable job openings at other companies.	5	4	3	2	1	A120
7	The offer of a bit more money with another employer would seriously make me think of changing my job.	5	4	3	2	1	A121
8	How long I stay with this company depends on how quickly I move ahead in my career.	5	4	3	2	1	A122
9	If I decided to quit, I could find a similar job with similar pay within the next six months.	5	4	3	2	1	A123
10	How long I stay with this company is directly linked to how well I'm rewarded.	5	4	3	2	1	A124
11	If I could, I would like to stay with this or another Unilever company until I retire.	5	4	3	2	1	A125
12	A company that offered better promotion opportunities could easily attract me.	5	4	3	2	1	A126
13	Even if Unilever as a whole were going through a rough period, I would be reluctant to move to another company.	5	4	3	2	1	A127

SECTION VII: ABOUT CAREER ASPIRATIONS

Please tick the appropriate response:

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1 If you were given appropriate opportunities, where would you like to be when you retire? <i>(please select one)</i></p> <p>a. Same company, same position _____ 1</p> <p>b. Same company, higher position _____ 2</p> <p>c. Senior management of this company _____ 3</p> <p>d. Board of Directors of this company _____ 4</p> <p>e. Senior management at Unilever's London head office _____ 5</p> <p>f. Board of Directors at Unilever's London head office _____ 6</p> <p>g. With another company _____ 7</p> <p>h. Self-employed _____ 8</p> | <p>A128</p> |
| <p>2 Do you think any of the following will keep you from achieving your career goals <u>in this company</u>?</p> | |
| <p>a. Your nationality</p> <p>b. Your educational background</p> <p>c. Lack of specific skills</p> <p>d. Lack of international exposure</p> <p>e. Lack of support from my supervisor</p> <p>f. Lack of appreciation for your potential</p> <p>g. Your family or social obligations</p> | <p>Yes___ 1 No___ 2 A129</p> <p>Yes___ 1 No___ 2 A130</p> <p>Yes___ 1 No___ 2 A131</p> <p>Yes___ 1 No___ 2 A132</p> <p>Yes___ 1 No___ 2 A133</p> <p>Yes___ 1 No___ 2 A134</p> <p>Yes___ 1 No___ 2 A135</p> |

...continued next page..→

h. Your gender	Yes___ 1	No___ 2	A136
i. Other personal characteristics (race, religion)	Yes___ 1	No___ 2	A137
j. Other (please specify)_____	Yes___ 1	No___ 2	A138
3 Will any of the following keep you from achieving your career goals <u>within Unilever</u> as a global corporation?			
a. Your nationality	Yes___ 1	No___ 2	A139
b. Your educational background	Yes___ 1	No___ 2	A140
c. Lack of specific skills	Yes___ 1	No___ 2	A141
d. Lack of international exposure	Yes___ 1	No___ 2	A142
e. Lack of support from my supervisor	Yes___ 1	No___ 2	A143
f. Lack of appreciation for your potential	Yes___ 1	No___ 2	A144
g. Your family or social obligations	Yes___ 1	No___ 2	A145
h. Your gender	Yes___ 1	No___ 2	A146
i. Other personal characteristics (race, religion)	Yes___ 1	No___ 2	A147
j. Other (please specify)_____	Yes___ 1	No___ 2	A148

SECTION VIII: ABOUT CAREER OPPORTUNITIES

Please circle the appropriate number:

Strongly Agree Agree Neither Agree Nor Disagree Disagree Strongly Disagree

Part 1: At This Company

1	I am provided with the training I need to move up the corporate ladder in this company.	5	4	3	2	1	A149
2	I am confident that I will always be assessed fairly for promotion by this company.	5	4	3	2	1	A150
3	Nationality is not a barrier to promotion to any position within this company.	5	4	3	2	1	A151
4	The most important positions at this company are reserved for foreigners.	5	4	3	2	1	A152
5	I believe that I have the opportunity to achieve my full career potential by working for this company.	5	4	3	2	1	A153

Part 2: At Unilever

1	Unilever is committed to providing employees worldwide with the training they need to be considered for promotion.	5	4	3	2	1	A154
2	Unilever employees worldwide are promoted to international management positions based on merit.	5	4	3	2	1	A155
3	Senior management positions at the Unilever head office are mostly reserved for British and Dutch employees.	5	4	3	2	1	A156

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	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	
4 Nationality is not a barrier to promotion to any position within Unilever's worldwide companies, including the Unilever head office.	5	4	3	2	1	A157
5 I believe that Unilever as a global corporation provides me with the opportunity to achieve my full career potential.	5	4	3	2	1	A158

SECTION IX: ABOUT YOU

Please provide the information requested in the appropriate blank:

- | | | | |
|---|------------------------------------------------------------------------------------------------------|--------------------------------|------|
| 1 | What is your nationality? | _____ | A159 |
| 2 | What country are you currently working in? | _____ | A160 |
| 3 | What department are you currently working in? | _____ | A161 |
| 4 | What year did you first join this (or another Unilever) company? | _____ | A162 |
| | If you were initially hired by another Unilever company, what year did you transfer to this company? | _____ | A163 |
| 5 | Please tick whether you are: | Male___ 1 Female___ 2 | A164 |
| 6 | Please tick whether you are: | 25 or under _____ 1 | A165 |
| | | 26 to 35 _____ 2 | |
| | | 36 to 45 _____ 3 | |
| | | over 45 _____ 4 | |
| 7 | Please tick the level of your position: | Junior management _____ 1 | A166 |
| | | Middle management _____ 2 | |
| | | Senior management _____ 3 | |

Please tick the appropriate response:

- | | | | | |
|----|--------------------------------------------------------------|----------|---------|------|
| 8 | Are you a university graduate? | Yes___ 1 | No___ 2 | A167 |
| 9 | Do you hold a Master's degree? | Yes___ 1 | No___ 2 | A168 |
| 10 | Have you received any formal education abroad? | Yes___ 1 | No___ 2 | A169 |
| 11 | Have you ever been sent overseas for job training? | Yes___ 1 | No___ 2 | A170 |
| 12 | Have you ever been sent on an overseas work assignment? | Yes___ 1 | No___ 2 | A171 |
| 13 | Is the nationality of your immediate boss the same as yours? | Yes___ 1 | No___ 2 | A172 |

- THE END -

(Thank you for completing this questionnaire)

Appendix II: Factor analyses

Table II.1	Factor analysis of items measuring the hypothesised antecedents of organisational identification: India (chapter 5)
Table II.2	Factor analysis of items measuring the hypothesised antecedents of organisational identification: Pakistan (chapter 5)
Table II.3	Factor analysis of items measuring two forms of local identification: India and Pakistan (chapter 6)
Table II.4	Factor analysis of items measuring two forms of global identification: India and Pakistan (chapter 6)
Table II.5	Factor analysis of items measuring values-based identification with two organisational levels: India and Pakistan (chapter 6)
Table II.6	Factor analysis of items measuring SIT-based identification with two organisational levels of : India and Pakistan (chapter 6)
Table II.7	Two-factor extraction of items measuring LID-Values and GID-Values: Pakistan (chapter 6)
Table II.8	Factor analysis of items measuring the four identification constructs: India (chapter 6)
Table II.9	Factor analysis of items measuring the four identification constructs: Pakistan (chapter 6)
Table II.10	Factor analysis of items measuring work effort: India and Pakistan (chapter 7)
Table II.11	Factor analysis of items measuring intention to stay: India and Pakistan (chapter 7)
Table II.12	Factor analysis of items measuring instrumental motivation for work effort and intention to stay: India and Pakistan (chapter 7)

Table II.1 Factor analysis of items measuring the hypothesised antecedents of organisational identification: India

	F 1	F 2	F 3	F 4	F 5	F 6	F 7	F 8	F 9
<i>Support of Superiors-L</i>									
Boss helpful	.82	-.05	.03	.19	.12	.05	.04	-.02	.00
Boss praises	.81	.10	.13	-.09	.04	.02	.10	.01	.04
Boss encourages voice	.80	.09	.12	.05	.09	-.04	-.04	-.02	-.05
Boss trusts	.80	-.01	-.02	.15	-.12	.06	-.07	.16	.03
<i>No Nationality Barrier-G</i>									
Top Jobs not reserved	.04	.80	.03	.06	.05	.04	-.04	-.04	.07
Nationality not bar- career	.03	.77	.08	.07	.26	.12	-.06	-.08	-.01
Nationality not bar- Position	.08	.76	-.13	.22	.21		.06	.00	.11
<i>Cultural Similarity</i>									
Shared cultural background	.10	.01	.85	.06	-.02	-.06	.15	.09	-.09
Shared social background	.11	.05	.85	.00	-.02	-.02	.06	.15	-.07
Shared language	.07	-.27	.70	.13	.14	.10	-.01	-.18	.05
Shared religion	.00	-.05	.44	.13	.35	-.18	-.02	-.07	.41
<i>Career Opportunity-L/G</i>									
Can fulfill potential-L	.04	-.09	.15	.78	-.04	.10	.23	-.06	.03
Assessed fairly-L	.14	.11	.10	.76	-.09	.07	.09	.08	.07
Can fulfill potential-G	.05	.29	.06	.66	.24	.10	-.09	-.02	-.10
Merit promotion-G	.13	.26	-.18	.54	.28	.04	.06	.27	-.24
<i>Support of Superiors-G</i>									
HO recognizes achievement	.05	.30	.05	.09	.79	.02	.16	.09	.04
HO respects my contribution	.08	.24	.13	-.06	.76	.07	.12	.01	-.09
HO trusts us	.02	.03	-.22	.37	.49	.08	-.24	.31	.27
<i>Prestige & Distinct.-L/G</i>									
Industry leader-G	-.11	.01	.02	.07	.18	.74	-.14	-.02	.01
Good reputation-L	.07	.12	-.01	.07	-.09	.72	.05	.00	-.07
Good reputation-G	.06	-.09	-.00	.21	.39	.68	-.01	-.13	.04
Industry leader-L	.11	-.08	-.06	-.01	-.15	.59	.05	.26	.08
<i>Sense of Shared Fate-L/G</i>									
Persnl success- local co.	.05	-.06	.12	.08	.04	.01	.91	-.06	-.01
Persnl success- global org	-.02	-.02	.04	.13	.13	-.04	.88	.03	-.03
<i>No Nationality Barrier-L</i>									
Nationality not bar-position	.12	-.09	.10	.09	.13	.01	-.04	.83	-.02
Top jobs not reserved	-.10	.34	-.00	-.03	-.05	.35	.02	.42	.22
Nationality not bar-career	.03	.16	-.11	-.06	-.03	.06	-.02	.05	.86
Eigenvalues	4.33	3.08	2.27	2.12	1.69	1.45	1.25	1.19	1.04
% Variance Explained	16.00	11.40	8.40	7.90	6.30	5.40	4.60	4.40	3.80
KMO = .69									

Note. Item loadings defining factors are in boldface.

Note. 'L' and 'G' refer to Local Company and Global Organisation, respectively.

Table II.2 Factor analysis of items measuring the hypothesised antecedents of organisational identification: Pakistan

	F 1	F 2	F 3	F 4	F 5	F 6	F 7
<i>Support of Superiors-G</i>							
HO respects my contribution	.79	.10	.21	.01	.09	.15	.09
HO recognizes achievement	.76	.27	.13	.02	-.06	.11	.22
HO trusts us	.75	.07	.02	.12	.05	.09	-.10
<i>No Nationality Barrier-G</i>							
Top jobs not reserved	.65	.20	.02	.14	.35	.11	-.03
Nationality not bar- career	.61	.01	-.02	.06	.38	.20	-.30
Nationality not bar-position	.59	.05	.01	.16	.47	.16	-.06
<i>Support of Superiors-L</i>							
Boss praises	.12	.87	-.02	-.01	.12	.13	.10
Boss helpful	.07	.86	.03	-.07	.08	.07	.13
Boss encourages voice	.19	.83	-.03	.19	.00	-.01	-.10
Boss trusts	.06	.74	-.05	.10	.07	.15	-.12
<i>Cultural Similarity</i>							
Shared social background	.01	.03	.89	-.02	-.10	.00	-.03
Shared cultural background	-.02	-.07	.84	.09	-.09	.06	.08
Shared language	-.01	-.04	.77	.13	.17	-.17	.09
Shared religion	.05	.02	.74	-.08	.01	.33	-.02
<i>Prestige & Distinctiveness-L/G</i>							
Industry leader-L	.16	.08	.01	.78	.03	.10	-.03
Industry leader-G	.03	-.05	.15	.77	-.02	-.13	.15
Good reputation-G	.06	.09	-.05	.67	-.14	.12	.22
Good reputation-L	.02	.23	.02	.47	.27	.39	.23
<i>No Nationality Barrier-L</i>							
Nationality not bar-career	.28	.09	.02	-.12	.81	-.08	.12
Nationality not bar- position	.16	.13	-.04	-.03	.80	.23	.12
Top jobs not reserved	.61	.05	-.26	-.04	-.11	.04	.20
<i>Career Opportunity-L/G</i>							
Can fulfill potential-L	.24	.12	.13	.01	.06	.79	.04
Can fulfill potential-G	.44	.07	.03	.14	.16	.62	-.02
Assessed fairly-L	.26	.41	.00	.05	-.02	.53	.06
Merit promotion-G	.65	.05	.01	.16	.47	.16	-.06
<i>Sense of Shared Fate-L/G</i>							
Personal success- global org.	.15	.07	.01	.18	.02	.00	.85
Personal success- local co.	-.03	-.06	-.07	.19	.16	.10	.82
Eigenvalues	6.73	2.98	2.52	2.29	1.55	1.24	1.13
% Variance Explained	24.90	11.00	9.30	8.50	5.70	4.60	4.20
KMO = .74							

Note. Item loadings defining factors are in boldface.

Note. 'L' and 'G' refer to Local Company and Global Organisation, respectively.

**Table II.3 Factor analysis of items measuring two forms of local identification:
India and Pakistan**

	Factor 1		Factor 2	
	India	Pakistan	India	Pakistan
LID-Values				
My values and the values of this company are the same.	.84	.89	.25	.13
The practices of this company are in line with my ...	.85	.80	.17	.29
I share the goals of this company.	.79	.79	.12	.17
What this company stands for is important to me.	.75	.86	.13	.18
LID-SIT				
In this company we have capable and sensible people...	.20	.27	.69	.76
This company is likely to be successful in the future.	.03	.10	.73	.81
I am proud to tell others that I am an employee...	.22	.17	.69	.77
Eigenvalues	3.18	3.59	1.13	1.30
% Variance Explained	45.40	51.30	16.20	18.60
KMO	.82	.83		

Note. Item loadings defining factors are in boldface.

**Table II.4 Factor analysis of items measuring two forms of global identification:
India and Pakistan**

	Factor 1		Factor 2	
	India	Pakistan	India	Pakistan
GID-Values				
I see no difference between my values and Unilever's...	.88	.84	.18	.18
Unilever represents values that are important to me.	.84	.86	.15	.18
Unilever's worldwide practices express my own values.	.86	.82	.15	.20
My goals are the same as Unilever's.	.72	.75	.27	.25
GID-SIT				
I expect that Unilever's global businesses will be successful.	.08	.11	.84	.84
I am proud to tell people that I am part of Unilever's f family...	.15	.23	.73	.72
Top management at the Unilever head office are competent...	.40	.25	.69	.79
Eigenvalues	3.57	3.61	1.22	1.23
% Variance Explained	51.10	51.60	17.40	17.60
KMO	.84	.84		

Note. Item loadings defining factors are in boldface.

Table II.5 Factor analysis of items measuring values-based identification with two organisational levels: India and Pakistan

India

	Factor 1	Factor 2
<i>Global Identification</i>		
I see no difference between my values and Unilever's corporate values.	.85	.28
Unilever represents values that are important to me.	.83	.20
Unilever's worldwide practices express my own values.	.81	.31
My goals are the same as Unilever's.	.75	.21
<i>Local Identification</i>		
My values and the values of this company are the same.	.18	.87
The practices of this company are in line with my personal values.	.21	.86
What this company stands for is important to me.	.25	.70
I share the goals of this company.	.38	.69
Eigenvalues	4.43	1.23
% Variance Explained	55.40	15.30
KMO = .86		

Note. Item loadings defining factors are in boldface.

Pakistan

	Factor 1
<i>Local and Global Identification</i>	
My values and the values of this company are the same.	.84
What this company stands for is important to me.	.83
I see no difference between my values and Unilever's corporate values.	.82
Unilever represents values that are important to me.	.80
Unilever's worldwide practices express my own values.	.79
The practices of this company are in line with my personal values.	.79
I share the goals of this company.	.75
My goals are the same as Unilever's.	.74
Eigenvalue	5.09
% Variance Explained	63.60
KMO = .91	

Table II.6 Factor analysis of items measuring SIT-based identification with two organisational levels: India and Pakistan

India

	Factor 1	Factor 2
<i>Global Identification</i>		
I expect that Unilever's global businesses will be successful.	.88	-.18
Top management at the Unilever head office are competent ...	.72	.20
I am proud to tell people that I am part of Unilever's global family...	.67	.31
<i>Local Identification</i>		
This company is likely to be successful in the future.	.63	.27
In this company we have capable and sensible people ...	.08	.81
I am proud to tell others that I am an employee of this company.	.19	.77
Eigenvalues	2.47	1.16
% Variance Explained	41.20	19.30
KMO = .64		

Note. Item loadings defining factors are in boldface.

Pakistan

	Factor 1
Local and Global Identification	
Top management at the Unilever head office are competent ...	.78
This company is likely to be successful in the future.	.76
In this company we have capable and sensible people ...	.74
I expect that Unilever's global businesses will be successful.	.73
I am proud to tell people that I am part of Unilever's global family ...	.73
I am proud to tell others that I am an employee of this company.	.73
Eigenvalue	3.33
% Variance Explained	55.60
KMO = .76	

**Table II.7 Two-factor extraction of items measuring LID-Values and GID-Values:
Pakistan**

	Factor 1	Factor 2
<i>Local Identification</i>		
The practices of this company are in line with my personal values.	.80	.32
My values and the values of this company are the same.	.79	.40
What this company stands for is important to me.	.78	.40
I share the goals of this company.	.77	.29
<i>Global Identification</i>		
Unilever represents values that are important to me.	.31	.83
Unilever's worldwide practices express my own values.	.34	.78
I see no difference between my values and Unilever's corporate values.	.40	.76
My goals are the same as Unilever's.	.32	.73
Eigenvalues	5.09	0.75
% Variance Explained	63.60	9.40
KMO = .91		

Note. Item loadings defining factors are in boldface.

**Table II.8 Factor analysis of items measuring the four identification constructs:
India**

	Factor 1	Factor 2	Factor 3
<i>GID-Values</i>			
Unilever represents values that are important to me.	.81	.18	.09
I see no difference between my values and Unilever's ...	.78	.29	.18
My goals are the same as Unilever's.	.78	.11	.14
Unilever's worldwide practices express my own values.	.77	.29	.13
<i>LID-Values</i>			
My values and the values of this company are the same.	.29	.81	.05
The practices of this company are in line with my personal values	.35	.76	.01
What this company stands for is important to me.	.34	.66	-.03
I share the goals of this company.	.50	.57	.07
<i>LID-SIT</i>			
I am proud to tell others that I am an employee of this company.	-.15	.59	.43
In this company we have capable and sensible people ...	.03	.50	.29
This company is likely to be successful in the future.	-.05	.24	.71
<i>GID-SIT</i>			
I am proud to tell people that I am part of Unilever's ...	.16	.12	.73
I expect that Unilever's global businesses will be successful.	.30	-.10	.71
Top management at the Unilever head office are competent ...	.51	.07	.58
Eigenvalues	5.33	1.70	1.50
% Variance Explained	38.10	12.10	10.70
KMO = .84			

Note. Item loadings defining factors are in boldface.

**Table II.9 Factor analysis of items measuring the four identification constructs:
Pakistan**

	Factor 1	Factor 2
<i>LID-Values</i>		
My values and the values of this company are the same.	.84	.16
What this company stands for is important to me.	.82	.17
The practices of this company are in line with my personal values.	.72	.32
I share the goals of this company.	.72	.20
<i>GID-Values</i>		
I see no difference between my values and Unilever's ...	.79	.20
Unilever represents values that are important to me.	.78	.20
Unilever's worldwide practices express my own values.	.74	.24
My goals are the same as Unilever's.	.72	.21
<i>GID-SIT</i>		
I expect that Unilever's global businesses will be successful.	.13	.76
Top management at the Unilever head office are competent ...	.25	.73
I am proud to tell people that I am part of Unilever's ...	.24	.68
<i>LID-SIT</i>		
This company is likely to be successful in the future.	.07	.78
In this company we have capable and sensible people ...	.29	.69
I am proud to tell others that I am an employee of this company.	.24	.67
Eigenvalues	6.52	1.95
% Variance Explained	46.50	13.90
KMO = .85		

Note. Item loadings defining factors are in boldface.

Table II.10 Factor analysis of items measuring work effort: India and Pakistan

India

	Factor 1	Factor 2
<i>Effort for Global Organisation</i>		
I don't mind working overtime if I think it will contribute to Unilever's ...	.86	.16
Taking on additional duties and responsibilities is fine with me ...	.86	.11
It pleases me to think that my efforts benefit not only me, but Unilever ...	.83	.12
I'm willing to put myself out to help the Unilever head office ...	.72	.29
<i>Effort for Local Company</i>		
I'm willing to put myself out to help this company.	.12	.83
In my work I like to feel that I am making some effort, not just for myself ...	.04	.77
I don't mind taking on additional duties and responsibilities to benefit this company.	.34	.63
Working overtime is OK with me if doing so benefits this company.	.47	.49
Eigenvalues	3.75	1.32
% Variance Explained	46.90	16.50
KMO = .83		

Note. Item loadings defining factors are in boldface.

Pakistan

	Factor 1	Factor 2
<i>Effort for Global Organisation</i>		
Taking on additional duties and responsibilities is fine with me ...	.76	.39
It pleases me to think that my efforts benefit not only me, but Unilever ...	.56	.57
I don't mind working overtime if I think it will contribute to Unilever's ...	.67	.46
I'm willing to put myself out to help the Unilever head office ...	.32	.73
<i>Effort for Local Company</i>		
I'm willing to put myself out to help this company.	.04	.84
In my work I like to feel that I am making some effort, not just for myself ...	.43	.47
I don't mind taking on additional duties and responsibilities to benefit this company.	.82	.02
Working overtime is OK with me if doing so benefits this company.	.74	.17
Eigenvalues	3.97	1.04
% Variance Explained	49.60	13.00
KMO = .82		

Note. Item loadings defining factors are in boldface.

Table II.11 Factor analysis of items measuring intention to stay: India and Pakistan

	India	Pakistan
Even if Unilever as a whole were going through a rough period, I ...	.83	.73
I would hesitate to leave this company, even if it were not doing well ...	.81	.74
If I could, I would like to stay with this or another Unilever company ...	.70	.64
I regularly watch for suitable job openings at other companies (R).	.59	.68
Eigenvalues	2.17	1.95
% Variance Explained	54.20	48.80
KMO	.70	.61

Table II.12 Factor analysis of items measuring instrumental motivation for work effort and intention to stay: India and Pakistan

India

	Factor 1	Factor 2
<i>Motivation to Stay</i>		
How long I stay with this company depends on how quickly I move ahead...	.84	.06
How long I stay with this company is directly linked to how well I'm rewarded.	.83	.15
A company that offered better promotion opportunities could easily attract me.	.70	.15
<i>Motivation for Effort</i>		
I only put extra effort into my job if I see an immediate reward.	.05	.83
The only reason I would take on additional work is if it got me ahead ...	.11	.79
How hard I work for this company is directly linked to how much I am rewarded.	.32	.63
Eigenvalues	2.45	1.30
% Variance Explained	40.80	21.60
KMO = .69		

Note. Item loadings defining factors are in boldface.

Pakistan

	Factor 1	Factor 2
<i>Motivation to Stay</i>		
How long I stay with this company depends on how quickly I move ahead....	.87	.03
How long I stay with this company is directly linked to how well I'm rewarded.	.82	.22
A company that offered better promotion opportunities could easily attract me.	.82	.03
<i>Motivation for Effort</i>		
I only put extra effort into my job if I see an immediate reward.	.12	.71
The only reason I would take on additional work is if it got me ahead ...	.37	.72
How hard I work for this company is directly linked to how much I am rewarded.	-.11	.76
Eigenvalues	2.56	1.36
% Variance Explained	42.70	22.70
KMO = .72		

Note. Item loadings defining factors are in boldface.

Appendix III: Correlations among variables in the research model
(Pearson's two-tailed test; total sample)

	Mean	SD	N	1	2	3	4	5	6
Control Variables									
1. Age ^a	2.83	.88	315	---					
2. Gender ^b	1.11	.31	309	-.15*	---				
3. Tenure	10.75	9.20	313	.67***	-.04	---			
4. Middle Mgt. ^c	.55	.50	313	-.13*	.04	-.05	---		
5. Senior Mgt. ^c	.31	.46	313	.31***	-.12*	.15**	-.74***	---	
6. Masters Degree ^d	1.30	.46	311	.20***	-.11+	.25***	.05	-.06	---
7. Education Abroad ^d	1.78	.41	309	-.07	.11+	.10+	.01	-.04	.06
8. Training Abroad ^d	1.56	.50	313	-.22***	.07	-.13*	.24***	-.36***	-.05
9. Posting Abroad ^d	1.84	.37	307	-.14*	.07	.02	.11+	-.18**	-.06
Subsidiary									
10. Subsidiary ^e	1.38	.49	317	.05	-.01	.04	-.10+	-.17**	.12*
Antecedents									
<i>Local Company</i>									
11. Prestige/Distinct.	4.44	.52	317	.07	-.04	.10+	-.05	.09+	-.01
12. Support of Superiors	3.85	.73	317	.06	.04	.06	-.02	.02	.02
13. Career Opportunity	3.36	.81	317	-.06	-.12*	.03	-.03	.02	.05
14. No Nationality Barrier	3.85	.61	292	.04	-.06	.05	-.01	.08	.05
15. Positive Interpersonal	4.12	.69	309	.18**	-.01	.24***	-.11+	.09	.07
16. Cultural Similarity	2.54	.82	314	.03	-.04	.14*	-.02	.05	.04
<i>Global Organisation</i>									
17. Prestige/Distinct.	4.17	.54	317	.09	-.06	.14*	-.14*	.06	.08
18. Support of Superiors	3.37	.69	314	.22***	-.17**	.18**	-.15**	.08	.14*
19. Career Opportunity	3.36	.70	310	.06	-.04	.14*	-.14*	.08	.12*
20. No Nationality Barrier	3.03	.86	285	.33***	-.06	.25***	-.05	-.01	.24***
21. Positive Interpersonal	3.51	1.07	225	.16*	-.09	.14*	-.28***	.21**	.16*
22. Sense of Shared Fate	3.87	.86	316	-.02	-.10+	-.05	-.09	.03	-.01
Org. Identification									
<i>Local Company</i>									
23. LID-Values	3.96	.63	316	.14*	-.15*	.12*	-.13*	.16**	-.05
24. LID-SIT	4.29	.58	317	.11+	-.09	.17**	-.00	.13*	.03
25. LID-(Values + SIT)	4.11	.51	317	.16**	-.14*	.17**	-.10+	.17**	-.02
<i>Global Organisation</i>									
26. GID-Values	3.55	.60	314	.20***	-.09	.14*	-.22***	.16**	.04
27. GID-SIT	4.04	.51	316	.18**	-.13*	.21***	-.08	.06	.05
28. GID-(Values + SIT)	3.76	.48	316	.23***	-.12*	.19**	-.20***	.14*	.05
Outcomes									
29. Effort for Local Co.	4.15	.46	316	.11*	-.02	.10+	-.14*	.12*	-.02
30. Effort for Global Org.	3.97	.58	309	.10+	.03	.06	-.16**	-.01	.03
31. Intention to Stay	3.67	.65	317	.28***	-.19**	.24***	-.03	.04	.09
Instrumental									
32. Work Effort	2.36	.69	315	-.17**	-.05	-.05	-.01	-.05	-.06
33. Intention to Stay	3.42	.82	315	-.44***	.00	-.38***	-.05	-.03	-.20***

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

^a Age bands: 1=<25; 2=26-35; 3=36-44; 4=>45

^b 1=male; 2=female

^c Dummy variable= 1,0

^d 1=yes; 2=no

^e 1=India; 2=Pakistan

Appendix III (cont.)

Correlations among variables in the research model

	7	8	9	10	11	12	13	14	15
Control Variables									
1. Age									
2. Gender									
3. Tenure									
4. Middle Mgt.									
5. Senior Mgt.									
6. Masters Degree									
7. Education Abroad	.---								
8. Training Abroad	.07	.---							
9. Posting Abroad	.13*	.21***	.---						
Subsidiary									
10. Subsidiary	-.23***	-.19**	-.11*	.---					
Antecedents									
<i>Local Company</i>									
11. Prestige/Distinct.	.04	.04	.04	-.19**	.---				
12. Support of Superiors	.11*	-.02	.03	-.05	.19**	.---			
13. Career Opportunity	.18**	.03	.07	-.17**	.21***	.29***	.---		
14. No Nationality Barrier	.16**	.08	.04	-.46***	.24***	.18**	.27***	.---	
15. Positive Interpersonal	.11+	-.00	.09	-.05	.19**	.13*	.24***	.08	.---
16. Cultural Similarity	.11+	.01	.04	-.02	.02	.09+	.14*	-.05	.19**
<i>Global Organisation</i>									
17. Prestige/Distinct.	-.06	-.08	-.04	.22***	.38***	.01	.07	-.02	.16**
18. Support of Superiors	.11*	-.08	-.05	.10+	.14*	.19**	.24***	.23***	.17**
19. Career Opportunity	.14*	-.02	.07	-.10+	.25***	.21***	.52***	.34***	.14*
20. No Nationality Barrier	.19**	.03	.03	-.11+	.16**	.18**	.24***	.39***	.18**
21. Positive Interpersonal		.08	-.19**	-.16	.22**	.04	.08	.11	-.06
22. Sense of Shared Fate	-.12*	-.02	-.02	-.02	.10+	.08	.20***	.07	.17**
Org. Identification									
<i>Local Company</i>									
23. LID-Values	.05	-.07	.03	-.11+	.34***	.21***	.37***	.19**	.17**
24. LID-SIT	.15*	.14*	.10	-.47***	.52***	.34***	.37***	.50***	.25***
25. LID-(Values + SIT)	.10+	.02	.07	-.30***	.49***	.32***	.44***	.38***	.24***
<i>Global Organisation</i>									
26. GID-Values	-.01	-.13*	-.02	.07	.31***	.15*	.25***	.16**	.12*
27. GID-SIT	.01	-.03	-.02	.03	.38***	.14*	.26***	.18**	.21***
28. GID-(Values + SIT)	-.01	-.11+	-.03	.07	.39***	.16**	.29***	.19**	.18**
Outcomes									
29. Effort for Local Co.	.04	-.05	.04	-.02	.33***	.06	.08	.14*	.18**
30. Effort for Global Org.	-.00	-.08	-.03	.14*	.22***	-.03	.07	.04	.03
31. Intention to Stay	.15*	.11+	-.00	-.04	.21***	.24***	.24***	.26***	.10+
Instrumental									
32. Work Effort	-.06	-.06	.02	.05	-.09	-.08	.07	-.12*	-.08
33. Intention to Stay	-.12*	-.06	-.02	.12*	-.13*	-.17**	-.20***	-.22***	-.19**

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

Appendix III (cont.)

Correlations among variables in the research model

	16	17	18	19	20	21	22	23	24
Control Variables									
1. Age									
2. Gender									
3. Tenure									
4. Middle Mgt.									
5. Senior Mgt.									
6. Masters Degree									
7. Education Abroad									
8. Training Abroad									
9. Posting Abroad									
Subsidiary									
10. Subsidiary									
Antecedents									
<i>Local Company</i>									
11. Prestige/Distinct.									
12. Support of Superiors									
13. Career Opportunity									
14. No Nationality Barrier									
15. Positive Interpersonal									
16. Cultural Similarity	---								
<i>Global Organisation</i>									
17. Prestige/Distinct.	.10+	---							
18. Support of Superiors	.12*	.21***	---						
19. Career Opportunity	.03	.18**	.50***	---					
20. No Nationality Barrier	-.07	.08	.49***	.53***	---				
21. Positive Interpersonal	.07	.09	.34***	.19**	.23**	---			
22. Sense of Shared Fate	.14*	.10+	.06	.13*	-.00	-.02	---		
Org. Identification									
<i>Local Company</i>									
23. LID-Values	.01	.12*	.30***	.35***	.20**	.16*	.14*	---	
24. LID-SIT	.10+	.16**	.23***	.39***	.34***	-.04	.14*	.40***	---
25. LID-(Val + SIT)	.06	.16**	.32***	.43***	.30***	.10	.17**	.90***	.76***
<i>Global Organisation</i>									
26. GID-Values	.07	.27***	.43***	.45***	.29***	.34***	.15**	.63***	.29***
27. GID-SIT	.10+	.55***	.39***	.39***	.31***	.22**	.16**	.31***	.47***
28. GID-(Val + SIT)	.09	.45***	.48***	.49***	.35***	.34***	.18**	.58***	.41***
Outcomes									
29. Effort for Local Co.	-.09	.14*	.15*	.16**	.11+	.10	.15**	.30***	.24***
30. Effort for Global Org.	-.08	.23***	.29***	.29***	.25***	.17*	.13*	.20**	.05
31. Intention to Stay	-.07	.14*	.27***	.32***	.41***	.06	.10+	.36***	.35***
Instrumental									
32. Work Effort	.25***	.03	.02	-.06	-.11+	.03	-.05	-.11*	-.14*
33. Intention to Stay	.06	-.02	-.25***	-.25***	-.46***	-.04	-.06	-.11*	-.26***

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

Appendix III (cont.)

Correlations among variables in the research model

	25	26	27	28	29	30	31	32	33
Control Variables									
1. Age									
2. Gender									
3. Tenure									
4. Middle Mgt.									
5. Senior Mgt.									
6. Masters Degree									
7. Education Abroad									
8. Training Abroad									
9. Posting Abroad									
Subsidiary									
10. Subsidiary									
Antecedents									
<i>Local Company</i>									
11. Prestige/Distinct.									
12. Support of Superiors									
13. Career Opportunity									
14. No Nationality Barrier									
15. Positive Interpersonal									
16. Cultural Similarity									
<i>Global Organisation</i>									
17. Prestige/Distinct.									
18. Support of Superiors									
19. Career Opportunity									
20. No Nationality Barrier									
21. Positive Interpersonal									
22. Sense of Shared Fate									
Org. Identification									
<i>Local Company</i>									
23. LID-Values									
24. LID-SIT									
25. LID-(Val + SIT)	.---								
<i>Global Organisation</i>									
26. GID-Values	.58***	.---							
27. GID-SIT	.45***	.45***	.---						
28. GID-(Val + SIT)	.61***	.91***	.78***	.---					
Outcomes									
29. Effort for Local Co.	.33***	.30***	.19**	.30***	.---				
30. Effort for Global Org.	.17**	.40***	.26***	.41***	.55***	.---			
31. Intention to Stay	.42***	.31***	.25***	.32***	.22***	.16**	.---		
Instrumental									
32. Work Effort	-.15**	-.09	-.01	-.06	-.21***	-.05	-.25***	.---	
33. Intention to Stay	-.20***	-.08	-.18**	-.14*	-.01	-.02	-.43***	.31***	.---

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

Appendix IV: Reliability analysis of variables in the research model
(Figures in table are standardised alpha coefficients)

	Total Sample	India	Pakistan
Antecedents of Organisational Identification			
Prestige & Distinctiveness of the Organisation			
<i>Local Company</i>	.44	.47	.53
<i>Global Organisation</i>	.66	.68	.60
<i>(Combined Local + Global)</i>	(.64)	(.65)	(.71)
Support of Superiors			
<i>Local Company</i>	.85	.84	.86
<i>Global Organisation</i>	.75	.71	.81
No Nationality Barrier			
<i>Local Company</i>	.60	.30	.68
<i>Global Organisation</i>	.80	.80	.79
Career Opportunity			
<i>Local Company</i>	.70	.71	.67
<i>Global Organisation</i>	.63	.62	.65
<i>(Combined Local + Global)</i>	(.75)	(.72)	(.76)
Cultural Similarity			
<i>Local Company</i>	.79	.74	.86
Sense of Shared Fate			
<i>Global Organisation</i>	.84	.86	.80
Organisational Identification			
<i>Local Company</i>			
LID-Values	.85	.84	.88
LID-SIT	.71	.53	.72
LID (Values + SIT)	.82	.78	.84
<i>Global Organisation</i>			
GID-Values	.86	.87	.87
GID-SIT	.69	.70	.73
GID (Values + SIT)	.83	.83	.84
Outcomes of Organisational Identification			
Willingness to Exert Effort			
<i>Local Company</i>	.66	.68	.64
<i>Global Organisation</i>	.86	.87	.84
Intention to Stay	.68	.71	.65
Instrumental Motivation			
Effort linked to Reward	.62	.64	.59
Staying linked to Reward	.77	.73	.81

Appendix V.1: Interaction effect of LID and GID: four separate ID constructs
(Multiple regression analysis)

	Effort for Local Co.	Effort for Global Org.	Intention to Stay
Control Variables			
Age	-.05	-.06	.09
Gender	.06	.10	-.22***
Tenure	.06	.08	.07
Middle Management	.12	-.09	.06
Senior Management	.26*	-.09	.07
Master's Degree	-.01	.03	-.07
Formal Education Abroad	-.00	-.07	.12*
Job Training Abroad	-.05	-.10	.11+
Job Posting Abroad	.05	.01	-.06
Subsidiary	.18*	.18*	.09
Antecedents of Org. ID			
<i>Local Company</i>			
Prestige & Distinctiveness	.28***	.21**	.05
Support of Superiors	-.03	-.16*	.15*
No Nationality Barrier	.09	.06	.06
Career Opportunity	-.06	-.12	-.01
Positive Interpersonal	.12+	-.10	-.02
Cultural Similarity	-.16*	-.07	-.10+
<i>Global Organisation</i>			
Prestige & Distinctiveness	-.12	-.04	-.01
Support of Superiors	.14	.31***	-.04
No Nationality Barrier	.03	.17*	.18*
Career Opportunity	-.06	.05	.06
Positive Interpersonal	-.23*	-.22*	-.07
Negative Interpersonal	-.15+	-.16*	-.06
Sense of Shared Fate	.13+	.10	.07
Organisational Identification			
Values-based ID			
Low Local, Low Global	-.08	-.07	-.21**
High Local, Low Global	-.05	-.12(.098)	-.07
Low Local, High Global	-.04	-.04	-.03
SIT-based ID			
Low Local, Low Global	-.02	.06	-.01
High Local, Low Global	.04	.08	-.01
Low Local, High Global	.07	.03	.03
Instrumental Motivation	-.11	-.05	-.24**
Adjusted R ² (N)	.14** (239)	.23*** (237)	.36*** (240)

+p<.10; *p<.05; **p<.01; ***p<.001

Appendix V.2: Interaction effect of LID and GID: composite ID constructs
(Multiple regression analysis)

	Effort for Local Co.	Effort for Global Org.	Intention to Stay
Control Variables			
Age	-.03	-.03	.08
Gender	.06	.12*	-.22***
Tenure	.05	.06	.06
Middle Management	.11	-.09	.04
Senior Management	.25*	-.08	.06
Master's Degree	-.00	.03	-.05
Formal Education Abroad	-.00	-.07	.11+
Job Training Abroad	-.04	-.10	.10+
Job Posting Abroad	.03	.01	-.05
Subsidiary	.18*	.16*	.13+
Antecedents of Org. ID			
<i>Local Company</i>			
Prestige & Distinctiveness	.25***	.23**	.03
Support of Superiors	-.03	-.16*	.15**
No Nationality Barrier	.09	.05	.05
Career Opportunity	-.06	-.12	-.02
Positive Interpersonal	.11+	-.10	-.03
Cultural Similarity	-.14*	-.05	-.11+
<i>Global Organisation</i>			
Prestige & Distinctiveness	-.12	-.08	.01
Support of Superiors	.14	.32***	-.05
No Nationality Barrier	.02	.16+	.16*
Career Opportunity	-.06	.06	.11
Positive Interpersonal	-.23*	-.22**	-.04
Negative Interpersonal	-.15+	-.18*	-.05
Sense of Shared Fate	.11+	.10	.06
Organisational Identification			
Values + SIT ID			
Low Local, Low Global	-.09	.01	-.20*
High Local, Low Global	-.05	-.15*	.03
Low Local, High Global	-.06	-.03	-.01
Instrumental Motivation	-.11	-.06	-.23**
Adjusted R²	.14***	.25***	.36***
(N)	(240)	(238)	(241)

+ = $p < .10$; * = $p < .05$; ** = $p < .01$; *** = $p < .001$

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