



DIVERSITY AND INCLUSION: A LOCAL OR A GLOBAL ISSUE?

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ABSTRACT

Objective: This teaching case focuses on a multinational insurance firm from a developed country that decides to implement a global human resources program for diversity and inclusion (D&I) across all its branches, after realizing that some of them were already developing successful local initiatives on their own. This case is designed for graduate or undergraduate students in International Business or Human Resources disciplines, in Management and Business Administration courses. **Method:** This is an armchair case, based on both primary and secondary sources of information. Fictional company and character were created to illustrate the case, based on empirical evidence about many multinational insurance companies operating in Brazil. **Relevance / Originality:** This teaching case seeks to engage students in a discussion about how important it is to implement a D&I agenda in today's companies, and how multinational enterprises (MNEs) should manage the duality of establishing a global program in such a sensitive matter, in which local diversity is so crucial. The case provide instructors with is a dynamic and active-learning way of teaching traditional global strategy concepts. The contemporaneity and importance of the D&I thematic allows for interesting discussions of traditional concepts. **Theoretical contributions:** Students are put in the protagonist's shoes, thereby training their decision-making skills. Through dealing with issues of diversity and inclusion, students are expected to learn concepts of global strategy related to global integration (GI) versus local responsiveness (LR) strategies; subsidiaries and headquarters' roles and contexts and traditional and reverse transfer of practices/knowledge.

INTRODUCTION

It was around eleven in the morning on September 23, 2021. Maria closed her computer and leaned back on her chair. She had just given a presentation on Norway Insurance Co's Diversity and Inclusion (D&I) practices for the Brazilian insurance community, highlighting how important it was to engage as many employees in the discussion as possible and exploring how they had

been addressing D&I across industries, focusing on more than one diversity pillar at the same time. Her presentation was part of the Dive In Festival, "a global movement in the insurance sector to support the development of inclusive workplace cultures" that takes place in more than 30 countries since its birth in 2015. But having delivered her presentation and closing her computer, she couldn't help but feel like a bit of a fraud for giving this presentation considering the past week's events.

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Maria Garcia¹ was a 42-year-old Brazilian black woman. She had been working for the Brazilian subsidiary of a global insurance company — Norway Insurance Co — for over 20 years. She had grown both professionally and personally with the company, having started out as a shy intern and working her way up to being a respected Human Resources (HR) director. During this time, she gained confidence and began advocating for more diversity and inclusion in the workplace. She especially called for more equity and fairness in terms of hiring, training, and career advancement policies. From her own experience as a woman of color, a mother, and someone from the periphery of power (first as an intern, then as an employee of a subsidiary in an emerging market), she always understood the importance of an inclusive and fair work environment, even when the topic was unspoken within the organization. Yet Maria never missed an opportunity to bring the Brazilian subsidiary's attention to the issue. Since she had been appointed HR director, Maria's team successfully started debating D&I issues amongst employees, and they gradually implemented several changes looking to make the work environment more diverse and inclusive. Her superiors were happy about the good response from staff and the results achieved thus far, especially in terms of improving the company's image internally and with customers. But, obviously, there was still a long way to go.

Coincidentally, a week before her Dive In presentation, she opened an email from the global human resources division announcing they would soon receive a Global D&I policy and that it would be implemented in the following months. At first, Maria was very excited: "Finally! Such an important issue being taken seriously by headquarters!" Two days later, every unit from the group received the primary guidelines about the global program. But after carefully examining it, she was no longer so thrilled: The policy seemed very generic — too "European" and inflexible; it did not take into consideration the peculiarities of the regions, or what had already been accomplished by some of the subsidiaries worldwide. "Norway is in northern Europe, with a very different reality from ours," she argued to a colleague. "How

can we have the same D&I policy?" She realized that some of the pillars, such as gender, ethnicity, and racial and cultural inclusion, were being treated completely differently and in a separate way. Thus far, Maria's team had been focused on inserting the debate in an intersectional way, for example, by promoting colored women to leadership positions and starting conversations about gender identity and sexual orientation between employees from different age groups. However, headquarters wanted to focus on other dimensions entirely, such as the inclusion of refugees. "But, at least, now the bosses care," she thought to herself. "Human resources issues were not usually on the global agenda."

Maria did not know if she could (or should) fight the global D&I policy and air her thoughts on allowing more autonomy to international affiliates and creating a global forum to promote the sharing of experiences. So, she decided to take the Dive In Festival opportunity to listen to other companies' presentations on their D&I programs as well as to discuss the issue with colleagues from other companies attending the event. What she learned was that many multinationals had successfully implemented global D&I policies in subsidiaries, and they were indeed very different from one another. A colleague, Carlos, shared his experience:

At our company, the global policy and guidelines support our diversity management practices and help set priority themes and goals. It is now part of the company's strategy, and, even though we respond to those global guidelines, we do have autonomy to decide how we will address each theme.

Julia, another colleague, said: "Maria, think of it as being heard; headquarters is finally making it a high priority. From our experience, addressing the same issue internationally, together with all subsidiaries, is extremely significant and really helps move the agenda forward."

Although the issue had been gaining the attention of the insurance industry in the past few years, many insurance companies in Brazil did not have formal D&I practices, or even an internal group calling attention to

¹ Fictional character.

it. In some cases, the headquarters had decided not to implement a global D&I program, but rather to incentivize each subsidiary to handle the issue internally and then share the results, best practices, or any problems they might have faced. The general understanding at the event was that a global policy would clearly help to underscore the urgency of the matter as long as the subsidiary maintained a certain level of autonomy to adapt some of the practices to the local context.

But Maria remained unconvinced. Now they would have to comply with global pre-defined goals, key performance indicators, monitoring, plus regional and global reporting. Did it really need to be so standardized and homogenous? Was there any room for adaptation and feedback?

1. DIVERSITY AND INCLUSION

Although the issue of D&I in the workplace had been on corporate agendas for a while, its relevance and outcomes were far from being considered homogenous worldwide. While some countries were praised for their egalitarian values and opportunities, others struggled with hierarchical social structures that projected onto the work environment. Multinational enterprises (MNEs) have always played a pivotal role when it comes to this reality, not only because they had to manage a diverse, multinational workforce and cope with different legislation concerning D&I in every country where they operate, but also due to pressures to spread their influence and try to accelerate the pace of change in the world. But having a diverse workforce and effectively managing diversity and inclusion were two very different things given that the latter requires real organizational investment.

Managing D&I globally involves planning, coordinating, and implementing a business arrangement with strategies, policies, initiatives, training, and development of activities aiming at accommodating individuals with different backgrounds, identities, beliefs, values, and characteristics to achieve organizational and personal improvement objectives. Organizations should move beyond legal compliance and ensure equal access to employment, promotions, and opportunities, to actively encourage diversity in the workplace on a voluntary basis. Recent studies suggest that diverse teams outperform homogenous

ones in terms of innovation, enhanced organizational flexibility, adaptation, and also have lower levels of turnover and absenteeism. Specifically in the insurance industry, where risk management is core, diversity of thought is expected to help organizations better identify, prepare for, and address risk in conventional and more creative ways. Nevertheless, some argue that, if not properly managed, promoting diversity is just as likely to produce benefits as it is to impede smooth group functioning. For this reason, a company that actively chooses to embrace diversity and promote inclusiveness in the workplace must be aware that the change needs to be taken seriously, or else they might face a backlash of some sort.

According to Fortune and Deloitte's 2021 Chief Executive Office Survey, the majority of CEOs (68%) said their focus on D&I issues had increased recently, and 45% of them saw "building a diverse, equitable and inclusive workforce" as one of their top challenges. The insurance industry saw a burst of international associations being formed to promote D&I across its firms over the last years. Examples include the Gender Inclusion Network (GIN); the LGBTQ+ Insurance Network (Link); the Insurance Cultural Awareness Network (iCAN); the Insurance Disability, Ability & Wellbeing Network (iDAWN); to name just a few. This movement seems to have made an impact; indeed, more than 70% of the 2021 Excellence in Risk Management Survey respondents believed that diversity, equity, and inclusion have increased in their organizations over the last five years (RIMS, 2021). Among those, 73% said their company had a formal program and 19% reported plans for establishing one within the next year. The majority of the effort was concentrated on the hiring process (58% of companies are said to consider D&I when hiring new staff), followed by the internal promotion process (38% of companies). However, 18% of companies had yet to include D&I considerations in their people management. In terms of measurements, less than a quarter of respondents said their company had established performance metrics to measure D&I results regularly. Another 12% used informal measures, and 24% were planning on introducing D&I metrics in the near future.

1.1. Local context: Brazil

According to the Brazilian Institute for Enterprises and Social Responsibility (Ethos), in 2016, 90 to 95%

of the highest positions in Brazilian businesses were occupied by white men, and not a single one of them had any disability (mental, physical, visual, or hearing). On the other hand, the Brazilian Institute of Geography and Statistics (IBGE, 2022) indicated that women accounted for 51% of the population, and self-declared black and brown people had outnumbered the white population since 2007. This perception of inequality and underrepresentation in the workplace was also a reality in the Brazilian insurance market, which had been recently taking some steps to change this scenario. The movement started out by acknowledging the gender gap; indeed, a study by the National Insurance School highlighted that although women represented the majority of the sector's employees (57% in 2012), they accounted for only 20% of executive level positions². This imbalance led to the founding of an association of women in the insurance market (AMMS) who sought more opportunities, equal pay for equal work, and women's networking. Later on, in 2018, some of the largest Brazilian insurers decided to found the Institute for Diversity and Inclusion in the Insurance Sector (IDIS), aimed at raising awareness, engaging all stakeholders in the matter, encouraging pertinent initiatives, and tracking diversity figures.

2. THE COMPANY

2.1. Globally

Norway Insurance Co was a leading multi-line insurer that operated globally. Since its founding in 1910, they had applied their expertise and experience to provide customers with "the best protection for the things they value." The customers included individuals, small businesses, mid- and large-sized companies as well as multinational corporations, with products and services available in more than 200 countries. The company had been strong and well-positioned in North America, Europe, the Middle East, and Africa, where most of its income came from. But they also had growing exposure to Latin America and Asia Pacific, aiming to be a truly global insurer. At the time, they had more than 53,000 employees in 127 countries spread over 55 subsidiaries. The ratio

of men and women was 50/50 throughout the entire company, including the Board of Directors.

As a centenary company, Norway Insurance Co's strategy has focused on the long term, aiming to be a profitable, yet responsible and impactful business. The company planned on going above and beyond to meet customer needs and expectations, soon becoming entirely customer-led, yet still searching for innovative ways to keep its business and operations as simple as possible. Their competitive edge has been driven by (i) a solid financial position, which enabled them to invest in future growth and convey the necessary trust to their clients and shareholders; (ii) the skills and expertise of their workforce, which they strived to attract, develop, and retain; and (iii) a diversified position, geographically and in terms of product portfolio, both used to exploit market changes.

2.2. The Brazilian subsidiary

Present in Brazil since the 1980s, Norway Insurance Co's first investment in the country was made through a small representative office, which aimed at serving some of the company's previous multinational clients that were establishing activities locally. Gradually, the insurer became interested in investing more in its Brazilian operations, and after acquiring some existing companies and expanding its portfolio of products and services, the subsidiary reached a significant size. There were three units of representation in the country, all reporting to the São Paulo office. In 2021, Norway BR was one of the six subsidiaries in Latin America and 55 worldwide, which served more than 200 countries.

Although the multinational's presence in Latin America dates to the 1960s, the Brazilian subsidiary earned its spot little by little, its operations gaining in importance in parallel with the country's economic development. By the end of 2021, the subsidiary in Brazil was responsible for more than 3% of total employees, and accounted for almost 5% of total revenue of the MNE. Those figures, aligned with Brazil's central role in the region and almost forty years of presence and experience, meant they had a say in the MNE's important decisions and in formulating policies.

² See Galiza and Monteiro (2013).

3. CORPORATE DIVERSITY AND INCLUSION INITIATIVES

Norway Insurance Co operated physically in 55 countries, many of which had their own D&I practices, either motivated by decision-makers' personal objectives or to comply with legal requirements and customer/employee demands. After a few years of developing dispersed and uncoordinated initiatives, Norway Insurance Co decided to create a D&I Division and a unified global policy. If initially some units engaged in D&I just to comply with the laws, headquarters viewed D&I as beneficial to business. They believed a company that cared for D&I would develop better relationships with customers. They hoped to be able to contribute to a "brighter future, where voices are diverse, behaviors are inclusive, and actions drive equity, so that people feel a sense of belonging."

3.1. The global initiative

At the time, Norway Insurance Co was already aware of D&I issues and was recognized globally for its egalitarian and fair work environment. Women accounted for at least half of all employees, even at executive levels, as can be seen in Table 1. There was also an "equal pay for equivalent work" initiative starting to blossom internationally. A few of the subsidiaries worldwide were already engaged in diversity initiatives, including the Brazilian and Chilean ones who had paved the way by participating in their respective Pride Weeks. In terms of D&I external commitments and certifications, the Brazil and Chile subsidiaries had already joined the UN Global Compact LGBT+ Initiative, signed the UN Women's Empowerment Prin-

Table 1. Norway Insurance Co's gender distribution.

Region	% of female managers	% of female employees
Europe, Middle East, and Africa	34.4	49.7
North America	43.4	53.5
Latin America	42.9	59.1
Asia-Pacific	43.3	61.1
Headquarters	25.1	48
Total	37.8	54.3

Source: adapted from company reports.

ciples, and hoped to engage incrementally with even more international initiatives in the future. However, there were a few aspects that deserved additional attention from all units of the MNE, for instance, the ethnic diversity of the company (Table 2).

When headquarters decided to unify those dispersed attempts in a global directive, their aim was to recognize the local efforts being made and expand them even more so that this could become an important global asset in people management. The global policy was developed with the aid of a Harvard University professor who specialized in D&I studies. It stated that only an inclusive workforce would be able to properly serve a rapidly changing, multicultural, and diverse society. The D&I concept was embraced as a way of ensuring that their employees from all over the world would be selected, treated, and awarded the same way, and their global interaction should have no bias or prejudice based on where they came from or how relevant their subsidiary was for the company. According to this global policy vision and objective, a serious D&I awareness program was designed, and several goals were set. The company planned, for example, to attain 35% diversity in upper management within five years.

The global policy made it mandatory for subsidiaries to:

- Have a formal annual D&I strategic plan, including benchmarks and aspirations, diversity metrics, and key performance indicators (KPIs);
- Adhere to and prioritize the globally defined diversity pillar of the year (e.g., gender, race, LGBTQIA+),

Table 2. Norway Insurance Co's ethnicity distribution.

Ethnicity	% of managers	% of total employees
American Indian/ Alaskan Native	0.5	0.5
Asian	11.3	12.1
Black or African American	6.2	8.3
Hispanic or Latino	5.3	7.4
Native Hawaiian or Pacific Islander	0.2	0.3
Two or more ethnicities	2.4	3.0
White	74.1	68.4

Source: adapted from company reports.

etc.), as mutually selected by D&I regional leaders. The first-year focus would be on refugees;

- Be transparent with D&I facts and figures, providing reports to the regional leader, who would then report to HQ;
- Ensure recruitment, training, development and promotion of diverse talent and skills at all job levels;
- Communicate and collaborate in global teams to scale and shape initiatives.

For Norway Insurance Co, having a diverse workforce meant a chance at “better meeting the needs of a diverse customer base.” Thus, they wanted to make sure that D&I was integrated into all of their processes to make a sustainable impact in the world.

3.2. The Brazilian initiative

When Maria was promoted to HR Director back in 2015, she finally felt like she would be able to push the D&I agenda and make an impact, just as she had always wanted. She viewed this agenda as a way of developing a work environment where everyone, regardless of who they were or what they did for the business, felt equally involved and supported. More importantly, she understood the importance of taking the initiative to overcome inequalities, thereby giving minorities the opportunity to occupy certain spaces to achieve a more diverse and inclusive workplace in the long run. Even before obtaining this position, she had been part of informal groups that brought together voluntary representatives of the company’s minorities and discussed how they could raise awareness of the importance of making Norway Insurance Co a more diverse environment. The group would meet after work at least once a month and put together events, webinars, and expositions on what it meant to embrace D&I in a company. They would discuss why this mattered and talk about issues such as unconscious bias, for instance. However, as a group, they realized they needed a formal and supported program to make a real change in company policy. In Maria’s words:

Up until 2015, Norway Insurance’s formal actions towards D&I were purely to comply with local re-

quirements. There was a Brazilian law that compelled the company to hire a percentage of employees with physical or mental disabilities according to the total number of workers. As such, the human resources team was focused on meeting that standard and making sure that those people would feel included and not discriminated against by their counterparts. [...] And we had our informal group of people meeting occasionally to try and raise awareness about other minorities that needed greater representation and inclusion in our organization. We were encouraged by our bosses at the time to ‘keep up the good work,’ but we did not have the resources to do more than just raising awareness about the issue.

But Maria was unable to pinpoint exactly what prompted the changes that enabled the inclusion of D&I in the company’s agenda:

It was not a sudden overnight change; it happened gradually, and a lot of factors contributed to it. Obviously, I was personally motivated to work on it, but the decision was aligned with our counterparts in the insurance sector and, more importantly, with our customers’ vision on the subject. Norway Insurance BR realized we needed to better reflect the market in which we were inserted, so it was necessary to act consistently and determine metrics, goals, and planning.

Given the local context, including Maria’s own background, the initial focus of the Brazilian subsidiary of Norway Insurance Co was on gender identity, age, sexual orientation, social mobility, faith, mental health, and physical disabilities. When possible, they tried to work on more than one pillar at the same time, for example launching a first job program for young adults with no qualifications. So far, the Brazilian subsidiary has had the autonomy and room to act, although its actions were always consistent with the stated values of the main office. The issue of D&I might have ignited first in the Brazilian subsidiary due to the country’s history and context, with a higher degree of social disparities and racial issues than Norway and many other subsidiaries in developed contexts. As a result, some of Norway Insurance Co’s subsidiaries were far ahead of headquarters in terms

of D&I initiatives and were even being recognized and praised for them. In 2020, for example, the Brazilian subsidiary was awarded for being one of the most diverse organizations in the country, according to a local Diversity Guide.

4. NEXT STEPS

Maria decided she should bring her discomfort to headquarters' attention: "Maybe other subsidiaries would do the same," she thought. So, she replied to the D&I policy email very politely, asking for a virtual meeting to discuss aspects of it and volunteering to contribute to the initiative. To her surprise, she got a positive response, including an invitation for a meeting the following day — she had not expected them to be so nimble and responsive! Now what? What should she suggest? Should she suggest point-by-point changes? Or total freedom for the subsidiaries? Or should she just volunteer to join the global D&I committee as a regional leader?

5. TEACHING NOTES

5.1. Target audience

This case is indicated for students in either International Business or Human Resources disciplines, in Management and Business Administration courses, at graduate or undergraduate level.

Due to the richness of the case and contemporaneity of the theme, this case could be used to address diversity and inclusion issues under different lenses (e.g., anthropological or sociological). However, should this be the case, different teaching notes would be necessary.

5.2. Sources of information

This is an armchair case, based on both primary and secondary sources of information gathered during field research on D&I in the insurance industry. Fictional company and character were created to illustrate the case, based on empirical evidence about many multinational insurance companies operating in Brazil. Primary data consisted of observations made during events/presentations (Dive In Festival) and semi-structured interviews with human resources employees from the companies that attended the event over the years. Secondary data

were also searched, including media articles, websites, and industry and company reports.

5.3. Learning objectives

The purpose of this case, as in all teaching cases, is to put students in the protagonist's shoes and thereby provide them with training in decision-making. Specifically, the case deals with issues of D&I. Students are expected to learn concepts of global strategy related to:

- global integration (GI) *versus* local responsiveness (LR) strategies;
- subsidiaries and headquarters' roles and contexts;
- traditional and reverse transfer of practices/knowledge.

In doing so, they should be able to:

- consider the alternatives and choose the best strategy to solve a disagreement within a global a multinational context (LO1);
- analyze if there is a best strategy to manage D&I in a global company (LO1);
- reflect on whether and why the local context impacts D&I and the success of other initiatives (LO2);
- identify the conditions necessary for a smooth transfer of practices in both a traditional and reverse flow (LO3).

5.4. Theoretical linkages

Table 3 compiles main theoretical linkages/ references to support instructors in their teaching. It also links the learning objectives of the case to concepts and theories to be learned, to the respective question (from the teaching plan), and to the necessary references for teaching. The "main readings" are mandatory for instructors, whereas the additional references are just recommended. Instructors are free to choose which learning objectives (and associated bibliography/ assignment questions) they would like to explore in the classroom, according to the courses' own framework. Please note that some of the references appear more than once in the table (as they address/ are used in more than one learning objective/ assignment question) and that none is mandatory for the students (only the case itself). But instructors can recommend these

readings as additional literature for those interested in deepening their understanding of the subject.

Bartlett and Ghoshal (1989)'s book is a seminal reading for understanding MNEs' global management and the debate between the local, global or transnational approach. The book's fourth chapter is a good summary and should be enough for instructors to be able to help students in answering question 1a. In order to understand how this broad concept is applied specifically to the context of D&I management, two references are suggested as mandatory for the instructor (question 1b). Nishii and Özbilgin (2007) outline a conceptual framework for diversity management, whereas Oppong (2018) advocates for the concept of "best fit" in the transfer of D&I practices between HQs and its subsidiaries, which is

similar to Bartlett and Ghoshal (1989)'s definition for the transnational approach. Bartlett and Ghoshal (1986)'s article is a main reading for the instructor willing to delve into the role/relevance assumed by subsidiaries (questions 2a and 2b), as they present a typology differentiating between strategic leaders, contributors, implementers and black hole. Lastly, two suggestions are made as main references for the instructor who wishes to address and deepen the issues of transfer/ reverse transfer of practices in the context of MNEs (question 3). Ferner, Edwards and Tempel's work (2012) uses an institutional approach to empirically investigate the transfer of D&I practices, making suggestions as to when the transfer is more likely to be effective. Kogut and Mello (2017) provide an overview on reverse knowledge transfer (RKT)

Table 3. Theoretical linkages.

Learning objective	Concepts/Theories	Discussion Question	Main references	Additional references
1	D&I Global Management	Question 1a. Should companies have global HR policies (if we are all the same) or local ones (if we are different)? To what extent should such policies be standardized or adapted?	Bartlett & Ghoshal (1989, Part I)*	
1	Global Strategies (LR x GI)	Question 1b. Do you agree with Maria? Is the hybrid/ transnational approach the best approach for D&I?	Nishii and Özbilgin (2007) Oppong (2018)	Alhejji et al. (2018) Bešić and Hirt (2016) Yahiaoui (2015)
2	Subsidiaries and HQ roles/ relationships	Question 2a. Should all units/ subsidiaries be treated the same in a multinational organization? Question 2b. From the case in hand, what do you think should be the role of the Brazilian subsidiary of Norway's Insurance Co? If you were in Maria's position, would you volunteer as Latam leader for this new D&I global program?	Bartlett and Ghoshal (1986)	
3	Transfer of D&I Practices	Question 3. Regardless of the strategy chosen, how can practices or policies be shared or transferred between units?	Ferner et al. (2012)	Fernando (2020) Kostova and Roth (2002)
3	Reverse Transfer of Practices	Question 3. Regardless of the strategy chosen, how can practices or policies be shared or transferred between units?	Kogut and Mello (2017)	

D&I: diversity and inclusion; HQ: headquarters; LR: local responsiveness; GI: global integration; *there is also a good review from *The Academy of Management Review* (Norcia, 1991).

and all its concepts, also offering insights as to how the RKT can take place and benefit MNEs.

5.5. Suggested teaching plan

This teaching plan assumes students have previously read the case. This case is designed to be taught in a 120-minute class, as follows:

- beginning of session — divide students into small groups of 4–5 students for a discussion of assignment questions (5 minutes);
- discussion of assignment questions in small groups (25 minutes);
- case introduction (10 minutes);
- analysis (about 60 minutes);
- closure (about 20 minutes).

5.5.1. Assignment/warm-up questions

After splitting the students into groups, the following questions could be displayed on the board to guide them in a warm-up:

- Why is D&I important for companies?;
- Is D&I different for local or global companies?;
- Is the concept of D&I understood the same way by different countries and companies? How does it differ and why?;
- What type of diversity do you feel is most important to companies?;
- If you were an HR director of a multinational, how would you manage D&I globally?

5.5.2. Case introduction

The instructor can start the class by showing a 3-minute video (<https://www.youtube.com/watch?v=jD8tjhVO1Tc>) as a warm-up. This video is a TV ad called “All that we share” from TV2, a government-owned television station in Denmark. After a brief discussion of the video/ impressions of it, the instructor can prompt the initial question:

Opening question: Is diversity and inclusion currently a general concern of organizations and society?

Students are expected to discuss whether everyone in society values D&I, or everyone in an organization, and, finally, everyone globally. Instructors should, inspired by the video, prompt the transition question: How different are we all?

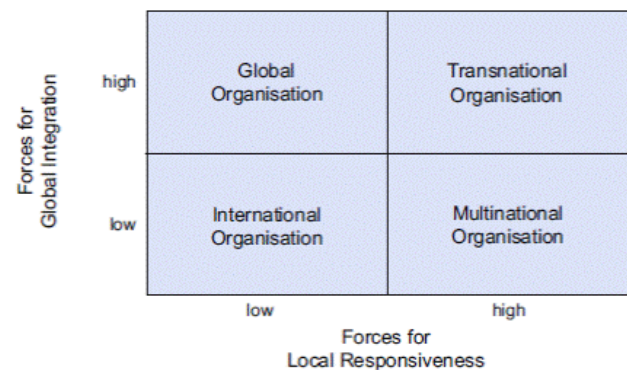
The objective of this video and transition question is to lead students to reflect on whether local or global D&I issues exist, and if so, whether multinationals should deal with them via local or global policies.

5.5.3. Analysis

Moving forward, the instructor can start posing questions that will directly address the concepts and theories students are expected to learn inductively from the case. At their discretion, the instructor may select a couple of the questions or apply them all in one class, according to the discipline’s objectives. The readings indicated in the Theoretical Linkages table are also optional for students and should be assigned according to the chosen questions.

Discussion question 1a. Should companies have global HR policies (if we are all the same) or local ones (if we are different)? To what extent should such policies be standardized or adapted?

One of global firms’ main challenges when it comes to strategic international human resource management (SIHRM) is aligned with the great and enduring dilemma of MNEs in prioritizing either integration, coordination, and globalization advantages in relation to differentiation, responsiveness, and localization advantages (Bartlett & Ghoshal, 1989). The choice between standardization or adaptation can be understood as the institutional duality subsidiaries face to accommodate both home and host countries’ institutional pressures. Recently, scholars have called for a compromise in terms of the glob-



Source: adapted from Bartlett and Ghoshal (1989).

Figure 1. Global strategies.

al integration (GI) *versus* local responsiveness (LR) challenge, arguing that HR practices should be adopted to fit both home and host country environments and emphasizing concepts such as hybridization (Yahiaoui, 2015) and synergy (Oppong, 2018). But long before that, Bartlett and Ghoshal (1989) had already come up with the following four global strategies, as depicted in Figure 1:

Bartlett and Ghoshal (1989) developed these four global strategies based on and/or to guide MNEs in their strategic dilemma of how much to standardize their products (aiming to reap scale benefits and thus cost reductions) and how much to respond to local needs and cultural differences (aiming to increase product acceptance and thus revenues). However, this dilemma applies to all sorts of MNE strategic decisions regarding how much to centralize and how much to customize, including D&I management strategies. According to the authors:

- An international organization would have low need/ pressure for global integration and low need/ pressure for local responsiveness. Thus, these companies would ordinarily just replicate their parents' business model and policies abroad;
- A multinational organization, on the other hand, despite also having low need/ pressure for global integration, faces high need/ pressure for local responsiveness. This usually is the case in consumer goods industries or in policies/ strategies in which cultural aspects really matter;
- Over time, D&I management studies have tended to consider the multi-domestic approach as the most appropriate one, given the primordial role played by cultural distance in this specific realm. Researchers argue that simply adopting the same practices across subsidiaries might result in a lack of legitimacy and relevance within different societal contexts because every country has its own minorities and cultural patterns of diversity (Bešić & Hirt, 2016);
- Moving to the upper part of the figure, a global organization is often the result of an environment with high pressure for global integration and low pressure for local responsiveness. In addition to the obvious scale advantages, such an environment gives the parent company the opportunity for tighter control and maximum efficiency. However, this also takes away flex-

ibility at the local level. So, high pressure for global integration and low pressure for local responsiveness is usually recommended/ used in very global industries, in which global and standardized trends/ products are the norm. A global approach might be more sustainable in the long term as it allows leveraging of corporate resources, support, and experience;

- Finally, a midway alternative would be a transnational alternative, adequate for when organizations need to attend to both global integration and local needs. It is a flexible approach in which the norm is to standardize whenever possible and adapt when appropriate. By trying to coordinate both realities (global and local), such an approach can promote learning and knowledge sharing within the organization;
 - Some students might associate this strategy with the term "glocal approach"/ "glocalization," or the expression "think global, act local." These terms are usually used in Marketing disciplines;
 - Just as a reference, other HR authors use different terminologies to refer to similar concepts, for example: "the ultimate approach" (Nishii & Özbilgin, 2007), "synergy" (Oppong, 2018), and "hybridization" (Yahiaoui, 2015).

Discussion question 1b. Do you agree with Maria? Is the hybrid/ transnational approach the best approach for D&I?

According to Oppong (2018), MNEs need to adopt consistent patterns of IHRM to incentivize flexibility and innovation across all subsidiaries in order to remain competitive. However, if they attempt to integrate their values and best practices, they risk losing some understanding of critical local environmental factors; or, if they become too locally-driven in their people management approach, they might lose some control and awareness of the whole. There seems to be no single answer for all firms, all HR practices, or even for the same firm at all times. Schuler, Dowling and De Cieri (1993) have stated that one way to accomplish this balance of control, competitiveness, flexibility, and learning transfer while managing IHR is by defining a general human resources philosophy, which would set out the main

parameters on how to treat employees, regardless of their location. Then, HR policies would be put in place to specify certain aspects of the philosophy and serve as guidance to units implementing their own HR practices, namely the activities that directly impact employees worldwide.

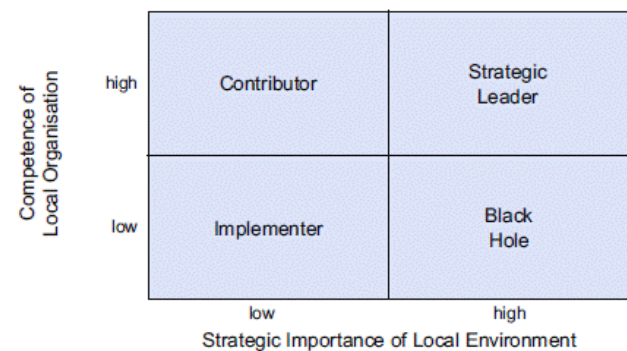
Recent studies have tended to consider the multi-domestic approach as the most prominent one (Oppong, 2018). Adopting the same practices across subsidiaries might result in a lack of legitimacy and relevance within different societal contexts because every country has unique demographics in terms of minorities and cultural patterns of diversity (Bešić & Hirt, 2016). Usually, mistakes are made when (a) HQs seek to impose their practices on a host country that does not face the same diversity issues; or (b) the host country is not interested in actually changing the existing inequality structure (if the instructor wants an example, please refer to the transfer of gender inclusion practices by a British multinational in Saudi Arabia reported in Alhejji, Ng, Garavan and Carbery (2018)). On the other hand, some say that the global approach might be more sustainable in the long term due to the support of the MNE as a whole and its corporate resources and experience. In this situation, the top-down approach may have taken longer to be implemented but was the right choice, as they had a central core in all operations.

Keeping in mind that there may be no one right answer for all MNEs, D&I researchers often advocate the “best fit” approach (Bešić & Hirt, 2016; Nishii & Özbilgin, 2007), defined individually according to the MNE’s organizational structure, strategic objectives, and the different environments in which it operates. In this approach, the HQ should support its subsidiaries and provide a unified philosophy and structure to encourage them to develop their locally embedded practices. The “ultimate approach” should “facilitate knowledge creation, disseminate and organize initiatives across domestic diversity management offices, equip local units with the necessary skills and resources to move their diversity initiatives forward based on shared experiences in the branch network, and develop global strategies that transcend the narrower perspectives that emanate from domestic networks” (Nishii & Özbilgin, 2007, p. 1885).

Discussion question 2a. Should all units/ subsidiaries be treated the same in a multinational organization?

Bartlett and Ghoshal (1986) argue for assigning different roles to subsidiaries (strategic leaders, contributors, implementers, and ‘black hole’) depending on the strategic importance of their local environment to HQ and the competence of their local teams (Figure 2). With differentiated subsidiary roles and more dispersed responsibilities, HQ could better explore underutilized human assets and capabilities, better detect opportunities, and develop more appropriate responses to threats.

- A subsidiary located in a market of less importance than HQ and that does qualify as high in competence would assume the role of an ‘implementer’ of global policies/ strategies because it would not have the capacity or the need to formulate its own;
- If, however, the subsidiary is located in a market of less importance than HQ but is highly qualified, it can act as a ‘contributor,’ aiding HQ in designing/ planning global policies/ strategies given that it is certainly overqualified for local needs;
- Moving to the right side of Figure 2, if the subsidiary is located in a highly important market and is highly competent, it can act as a ‘strategic leader,’ taking the lead of a region. For example, subsidiaries with strategic leadership roles would be of key importance to HQ, becoming a partner when it comes to important decisions and formulating policy;
- Moving to the last quadrant, subsidiaries located in highly important markets but lacking the necessary capabilities/ competencies to conduct business properly are called black holes. The MNC must find a solution and “manage its way out of it” (Bartlett & Ghoshal, 1986).



Source: adapted from Bartlett and Ghoshal (1986).

Figure 2. Role of subsidiaries.

Discussion question 2b. From the case in hand, what do you think should be the role of the Brazilian subsidiary of Norway's Insurance Co? If you were in Maria's position, would you volunteer as Latam leader for this new D&I global program?

The case presents evidence that the Brazilian subsidiary already acts as a strategic leader representing the Latin America region. For instance:

"Gradually, the insurer became interested in investing more in their Brazilian operations, and after acquiring some existing companies and expanding their portfolio of products and services, the subsidiary reached a significant size."

Although the multinational's presence in Latin America began in the 1960s, the Brazilian subsidiary earned its spot little by little as its operations gained importance along with the country's economic development. By the end of 2021, the subsidiary in Brazil employed more than 3% of total employees and accounted for almost 5% of the MNE's total revenue. Those figures, aligned with Brazil's central role in the region and almost 40 years of presence and experience, meant they had a say in the MNE's important decisions and usually helped in formulating policies.

In addition, given that the specific matter of D&I was already being formally discussed by the Brazilian subsidiary as early as 2015, something for which they were publicly recognized (one of the "most diverse organizations in the country" according to a local diversity guide in 2020), it is expected that HQ will acknowledge their competencies and assign them the role of strategic regional leader in the D&I global program so they can help design and formulate policies. This should guide students' reflections about the following and last question.

Discussion question 3. Regardless of the strategy chosen, how can practices or policies be shared or transferred between units?

To deploy D&I practices globally, MNEs need to share such practices and policies among units. Scholars have stated that efficient transfer of practice does not depend entirely on the strategy chosen by HQ

management but is also influenced by how the units embrace such transfers. The belief that subsidiaries are dependent and occupy lower positions in this hierarchy may justify transfers and implementation of a set of practices, yet not their internalization, which happens when employees attribute meaning and value to those practices. So, the actual transfer of practices in the MNE context depends not only on the HQ's intention but also on the subsidiaries who adopt them (i.e., willingness to learn and adopt). Kostova and Roth (2002) suggested that the variation of the adoption response reflects behavioral and attitudinal components, meaning the subsidiary can implement the practice and/or internalize a belief in the value of that practice, depending on how much or how well it translates into their institutional environment. This would explain Maria's resistance to accepting the global policy as initially proposed. Fernando (2020, p. 2147) highlights that subsidiaries' employees are "agentic subjects as opposed to passive recipients," especially when it comes to D&I issues.

Ferner et al. (2012) stated that, if subsidiaries' and HQ's interests are aligned, the former are likely to be supportive of the transfer of practices. According to the authors, the set of conditions most favorable to a successful transfer is:

- one where the institutional distance between the home and the host country is low;
- HQ actively supports transferring the practice;
- the subsidiary's interests are concordant and homogeneous (even amongst its many actors);
- HQ's power capabilities are relatively strong;
- dominance effects and institutional space are high.

A typical transfer of HR practices in a MNE flows from headquarters to the subsidiaries (traditional flow). However, a topic of increasing interest in international business has been the RTK witnessed in MNEs, which happens when subsidiaries transfer any type of knowledge or practice to their parent companies, following an unorthodox flow. MNEs can and have increasingly benefited from knowledge generated in those dispersed locations to create overall global value. Subsidiaries can contribute not only to HQs but among themselves, and such contributions are usually valuable to the MNE "when the subsidiary had access [to them] by virtue of being in a certain location, with certain players or in a certain context of

superior or different knowledge stock” (Kogut & Mello, 2017, p. 17). However, the actual transfer in such a non-traditional flow is not always easy. For the RKT to take place, HQ must:

- be aware of the knowledge or practice to be transferred;
- value it (or miss it);
- have the necessary absorptive capacity.

CLOSURE

The instructor can end the case with the following epilogue:

The Brazilian subsidiary of Norway Insurance Co became what we call a Strategic Regional Leader in D&I international management. According to Maria Garcia, it was always HQ’s plan to include the subsidiaries who had been working on the issue previously in the decision-making of their global D&I management program. As such, they were open to all suggestions that Maria and her colleagues had proposed. Maria was promoted to Latin American Director for Diversity issues at Norway Insurance Co, reporting directly to the global diversity director headquartered in Norway. Instead of focusing on a single pillar per year, they decided to work on several broad pillars simultaneously, so that each subsidiary could specify what that pillar meant in their context and how they would address it locally. For example, the “greater” pillar of race could be directed to include more Black, Asian, Hispanic, or Native people, depending on the local realities.

Furthermore, there was a lot of knowledge transfer/ transfer of best practices in both directions (traditional and reverse flows), facilitated by the shared vision; project teams’ structure; social/personal interactions for discussions; and, most importantly, and HQ being open to listen (absorptive capacity). The Brazilian experience and Maria’s experience were important to them because they brought diversity to the D&I team, especially given that Brazil had such a different and diverse context and successful D&I program already in place.



Note that the above epilogue is by no means “the right answer.” Many large multinationals have failed **and** become teaching cases. Moreover, several other multinationals have successfully chosen different paths, even in similar situations. The instructor can provide additional examples.

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DIVERSIDADE E INCLUSÃO: UMA QUESTÃO GLOBAL OU LOCAL?

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RESUMO

Objetivo: O presente caso de ensino foca em uma seguradora multinacional de um país desenvolvido, que decide implementar um programa global de recursos humanos para diversidade e inclusão (D&I) em suas subsidiárias, após perceber que algumas delas já desenvolviam iniciativas de sucesso por conta própria. O caso foi pensado para alunos de graduação ou pós-graduação em disciplinas de Negócios Internacionais ou Recursos Humanos, nos cursos de Gestão e Administração de Empresas. **Método:** Este é um caso fictício, baseado em fontes primárias e secundárias de dados. Uma personagem e empresa fictícias foram criadas para ilustrar o caso, baseado em evidências empíricas sobre multinacionais seguradoras operando no Brasil. **Relevância / Originalidade:** O caso busca engajar os alunos em uma discussão sobre o quão relevante é a implementação da agenda de D&I nas empresas hoje, e como as multinacionais podem gerenciar a dualidade de estabelecer um programa global para um assunto sensível, em que a diversidade local é tão importante. O caso fornece aos instrutores uma forma dinâmica e de metodologia ativa para ensinar conceitos tradicionais de estratégia global. A contemporaneidade e importância do tema de D&I fomentam uma interessante discussão dos conceitos tradicionais. **Contribuições Teóricas:** Os alunos são colocados no papel do protagonista, podendo assim treinar habilidades de tomada de decisão. Ao lidar com assuntos de diversidade e inclusão, espera-se que os alunos aprendam conceitos de estratégia global relacionados a estratégias de integração global (IG) versus responsividade local (RL); papéis e contextos das matrizes e subsidiárias; transferências tradicional e reversa de práticas e conhecimento.

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