Gordon Institute of Business Science
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Factors that influence the adaptation of human resources practices in South African subsidiaries of multinationals

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Abstract

Although research has been conducted on the adaptation of multinational corporations' (MNC) Human Resources policies and practices from their international headquarters to their local subsidiaries, few studies have been conducted on African subsidiaries. Little is therefore known about how HR practices are adapted to the specific operating environment in South Africa, however research suggests that adaptation takes place on the local subsidiary side due to specific interconnected local factors. This study examined the adaptation process, the factors affecting it, and the required competencies in order to gain insight into what influences the process and how this affects the final hybrid policy.

In this qualitative study, semi-structured interviews were conducted virtually with 12 senior HR and talent managers from the local subsidiaries of 12 well-established MNCS. Their perspectives regarding the adaptation of HR practices, with a special focus on recruitment and selection, were explored. Their responses were content analysed through an adaptation lens.

The study adds to the body of literature on doing international business in South Africa. It discovered that there are six stages to the HR policy adaptation process, and five main competencies that are required to enhance the success of the process. Additionally, the study discovered two unique factors that influence the adaptation of recruitment and selection practices. A Shintsha model is proposed which presents the study's main findings.

Keywords

Adaptation, diffusion, adoption, legislation, Shintsha.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Ahmad Tayel

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Abbreviations

BBBEE:	Broad-based Black Economic Empowerment
EEA:	Employment Equity Act
EOB:	Environment of Business
HIV:	Human Immunodeficiency Virus
HR:	Human Resources
HQ:	Headquarters
MNC:	Multinational Corporation

CHAPTER ONE: INTRODUCTION

1. Introduction to the Research Problem

This study explored the adaptation process for Human Resources (HR) practices in South African subsidiaries of multinational corporations (MNCs). The process is affected by the dual pressures of diffusion from MNC's headquarter (HQ) and the adoption from MNCs' local subsidiaries. The outcome of each adaptation process has resulted in hybrid policies that are designed for the South African context. Special focus was placed on recruitment and selection adaptation factors when policies are transferred from the MNCs' HQs to the South African subsidiaries. In addition, the study assessed which competencies are required within the South African subsidiaries to enhance the prospect of a successful adaptation. The researcher identified five factors that might influence the adaptation process of HR practices in the subsidiaries as a starting point.

Based upon this study's interviews, analysis and discussions, the final findings regarding the adaptation process, the factors that influence HR practices and the required competencies are illustrated in the Shintsha model. Moreover, the factors that influence the recruitment and selection practices in the South African subsidiaries were determined at the end of the research process.

1.1 Background: HR practices and HR practices transfer

Ybema, Tinka and Karen (2020) argued that an organisation's HR practices are normally in line with its short-term goals and strategies, such as selecting the right employee for the right job, as well as with its long-term goals, such as enhancing the organisation's sustainable employability. HR practices do not follow a one size fits all approach; Fleischmann, Koster and Schippers (as cited in Ybema, van Vuuren & van Dam, 2020) found that the amount and nature of HR practices change in relation to the size and type of the organisation. One organisation might need to implement more HR practices in comparison to others, for example, due to its size or the nature of the business.

Moreover, they found that the bigger the size and the more complex the organisational structure, the more costly the implementation get. This in line with what Ybema, Tinka and Karen (2020) found is that the implementation of a greater number of HR practices requires more money and manpower, which large organisations have greater access to than small ones. Although companies invest in HR practices to achieve their strategic goals, they are not always successful, as Veth, Emans, van der Heijden, Korzilius and De Lange (2015) noted. Additionally, these authors stated that even after implementation, HR practices in some companies go unnoticed or unused, i.e. they are only effective when employees use and implement them.

In order for HR practices to be effective, employees need to perceive them as being important and good (Jiang, Hu, & Lepak, 2017). According to Wang, Kim, Rafferty and Sanders (2020), employees see HR practices as having three main components, with the first component being the content of the practices, i.e. the message that the employer is trying to convey to the employees through these HR practices. For example, HR practices of high-performance organisations should convey the message that the employer is loyal and looks favourably on the employees. The second component is if the HR practices consider the employees' views in the design and the implementation phases, i.e. whether their opinions are seen to matter or not. A common finding is that a better organisational outcome will result if employees perceive the HR practices as robust, and if the employees' understanding of the HR practices is in line with management's intention (Wang, Kim, Rafferty & Sanders, 2020).

The last component is about employees questioning why these HR practices are there in the first place and why they are motivated by management. Employees in this scenario try to understand the underlying reasons for the implementation of the policies. The effectiveness of HR practices thus depends on the way employees perceive them. According to Björkman and Welch (2015), employees may manage to understand the difference between the first and the second components, however they tend to struggle with the third one. This suggests that HR practices are immensely complex, that each organisation has its own HR practices that suit its operation and size, and that the manner in which employees interpret HR practices is crucial for the successful implementation of those practices.

1.2 Research Problem

The research problem is concerned with inadequate data regarding the adaptation of HR practices when they are transferred from MNCs' headquarters to their South African subsidiaries. Numerous studies have been conducted on the transfer of HR practices from the headquarters of MNCs, but these have largely centred on transfers from Japanese, South Korean and European companies to host countries such as China (Jiang & Yahiaoui, 2019), Brazil (Geary, Aguzzoli, & Lengler, 2017), the United Kingdom (Williams, & Lee, 2016), Spain (Lertxundi & Landeta, 2012) and Tunisia (Yahiaoui, 2015). In relation to this study, little research seems to have been undertaken on the adaptation of HR practices from MNCs to subsidiaries in Africa, with even fewer conducted in the South African context.

This research paper set out to contribute to the literature regarding the HR adaptation process, the factors that influence it, and the required competencies needed for the adaptation of HR practices from MNCs to their subsidiaries in South Africa. Most extant HR practice studies focus on the intersection between HR practices, organisational performance, the improvement of employees' engagement levels and the motivational level (Guest & Conway, as cited in Ybema, van Vuuren & van Dam, 2020).

Consistency of HR practices across subsidiaries is important to MNCs. HR practices normally vary from one group of employees to another in the same organisation, depending on how they are managed. This affects the consistency of HR practices which is needed in order to better outcomes (Lertxundi & Landeta, 2012). The potential to improve individual performance with the intended consequence of deriving valuable ideas is strongly influenced by an organisation's practice fit (Ichniowski & Shaw, 2003).

This research paper examined the country lens of South Africa to determine what factors and competencies are relevant for the adaptation of HR practices. The transfer of HR practices under study were those that take place from an MNC's headquarters to its South African subsidiaries. The research paper first focused on the adaptation of HR practices in general, paying special attention to recruitment and selection practices as these are amongst the most important processes required to find the right employees who can fulfil the job and the organisation's requirements (Chytiri, Filippaios & Chytiris, 2018). In order to achieve the best possible understanding of the adaptation process of HR practices, its influential factors and required competencies, this research tracked the adaptation process from the HQs of MNCs to their South Africa subsidiaries to gain a better understanding from the points of view of 12 HR heads of South African subsidiaries.

1.3 Research Purpose

The study aimed to answer the following overarching research questions:

- What factors influence the adaptation of human resource practices from the head offices of multinational corporations to their subsidiaries in South Africa?

- What factors affect the adaptation of policies and practices regarding the recruitment and selection of staff?

Additionally, the following underlying questions were answered: Why did the local offices have to adapt the HR practices and what triggered this? Who was the initiator of the adaptation process and why? What control did the local subsidiary have over the formulation and the implementation of the HR practices? What was the flow of the adaptation process in general? What factors influenced the adaptation process? Which of these factors were more dominant in the South African context? Who were the main stakeholders during the adaptation process and how did they find the negotiation process? How long was the adaptation process and why is that? What were the interviewees' feelings overall in respect of the process? What are the key drivers for the adaptation process? Who were the biggest winners after the completion of the adaptation process? What is necessary to achieve successful adaptation? What are the most important competencies needed during the process? Which factors affect the recruitment and selection adaptation process? To what extent do these factors shape the new hybrid practices? What do the hybrid practices look like and what does this tell us?

1.4 Significance of the Research for Business and Theory

As consistency of HR practices is important for MNCs operating in South Africa, there is a need to understand how to transfer and adapt them effectively. This research examined that adaptation, its influential factors, and required competencies. The study's starting point was the hybridisation model that was used to discover which adaptation factors took place during the transfer of HR practices from a French MNC to its local subsidiaries in Tunisia (Yahiaoui, 2015).

As per research studies like that of Jiang and Yahiaoui (2019), the aim of this research paper was to determine, through engagements with participants, how adaptation took place during the transferral of HR practices, what factors influenced the adaptation, and what the final hybrid policies were. This research paper outlines the pressures imposed by the HQs in terms of diffusion, as well as the local pressure in terms of adoption. Diffusion and adoption are discussed in detail in Chapter Two. The added value in this research came from using South African companies as the subsidiaries, and deeply examining how three factors – labour laws, level and quality of education, and health – influenced adaptation during the transfer of HR practices from MNCs' HQs.

1.5 Research Scope

An exploratory study was carried out to determine and understand the factors that influence the adaptation of HR practices in the South African subsidiaries of MNCs. While many studies have identified what influences the adaptation of HR practices during the transfer from HQs to host countries (Geary, Aguzzoli, & Lengler, 2017; Jiang & Yahiaoui, 2019; Williams, & Lee, 2016; Yahiaoui, 2015), few recent studies have been conducted on South African subsidiaries. As mentioned above, this study sought to fill this literature and business gap by exploring the adaptation process within the South African context.

The aim of the study was to achieve a deep understanding of what factors affect the adaptation and to what extent they influence and shape the HR practice. In addition, the intention was to ascertain what competencies are required to achieve a successful adaptation of HR practices in South Africa. The study proposed five factors as a starting point and used the modified hybridisation model, which is a nondetermined process that produces unpredictable results (Yahiaoui, 2015), to provide context to the adaptation process. This enabled the interviewees to determine which factors influence adaptation during a transfer and the extent thereof. This research paper was informed by experts and managers in the field of HR.

Data were gathered through semi-structured interviews which covered two areas, the first of which concerned the adaptation process of HR practices, its influential factors and required competencies. The second concerned the adaptation factors focusing on recruitment and selection practices. The interviewees were the HR heads of the South African subsidiaries. The interview questions pertained to how they perceive their HR practices, how different they are from their HQ's practices, the factors that influenced the adaptation, how powerful these factors were, and what competencies were required during the process.

The following chapter examines the literature that were used to aid this study. These provided insights into the relevant theories, academic terminologies and research gaps that led to the research questions.

CHAPTER TWO: LITERATURE REVIEW

2. Literature Review

2.1 Introduction

2.1.1 Adaptation in Other Countries

Numerous country-specific studies have examined the adaptation of HR practices. Very little has been done within Africa, however, and even less work has been done recently in this field of South Africa to the extent of the knowledge gathered from the literature review. A recent study by Yahiaoui (2015) on adaptation phenomena illustrated the process of hybridisation analysis of the transferral of French MNCs' "HR practices from headquarters to their foreign subsidiaries" (p. 1665), but the study had the same geographical limitation as previous studies as it was limited to French companies that only operate in Tunisia. This research used the hybridisation model to discover HR practice adaptation factors in the South Africa subsidiaries of MNCs.

According to Lertxundi and Landeta (2012, p. 1788), "the readiness of multinational corporations to export their human resource management (HRM) systems to their subsidiaries abroad, depending on the perceived quality of the system and the differences in the cultural contexts of the headquarters and subsidiaries". Myloni, Harzing and Mirza (2004) considered the cultural and institutional framework of the focus country and the impact it has on the transferral of HRM practices from multinational companies (MNCs) to their subsidiaries in Greece, and whether it resembles the local practices. They found that "subsidiaries have adapted their HRM practices to a considerable extent, although some practices are more localized than others. Specifically, practices that do not fit well with Greek culture or contrast with employee regulations show a low level of transfer" (Lertxundi & Landeta, 2012, p. 1788). In addition, they noticed significant ongoing cultural changes within the local firms and that "the institutional environment is gradually becoming more relaxed, leaving more room to manoeuvre for MNCs".

Based on extant literature and similar studies, this research used the theory of the hybridisation process shown in Figure 1 to offer context to the study in order to find out which adaptation factors shape the process considering the pressure imposed by the MNC parent company (diffusion) and pressure from the South African subsidiaries (adoption). The outputs are the hybrid HR practices and policies, following the reinvention of the transferred and local practices by various stakeholders (Yahiaoui, 2015).

2.1.2 Adaptation Versus Adoption

In many literature reviews, the terms 'adoption' and 'adaptation' were used interchangeably. This section defines each term as it is important to know the difference between both, which one is used in this study, and how it is used. Adoption has been used in many studies as describing the decision that the subsidiary takes to implement HR practices according to its own understanding of those practices, where some practices can be adopted and some cannot (Björkman & Lervik, 2007; Khan, Wood, Tarba, Rao-Nicholson & He, 2019).

Adaptation, on the other hand, is how the subsidiaries adapt HR practices to fit the local context. Adjustment could be necessary due to the local institutional system, employees' level of competence (Jiang & Yahiaoui, 2019), the local country culture and background (Lertxundi & Landeta, 2012), and/or the local environmental conditions (James & Jones, 2014).

According to these definitions, and as per the hybridisation model in Figure 1, adoption is part of the adaptation process. In this study, the adaptation process was the focus which was tested though the hybridisation model with all its components, where adoption is just one of the two inputs next to diffusion. The study focused on adaptation and not adoption in order to ascertain what influences the process in South Africa as a whole.

2.2 Hybridisation Model

2.2.1 Model Background and Evolution

This study focused on two areas of the adaptation of HR practices: HR practices in general, and recruitment and selection practices. The starting point was the modified hybridisation model (as shown in Figure 1) where Boyer (as cited in Yahiaoui, 2015) defined hybridisation as the process that get shaped by many factors like legislation, stakeholders, organisational pressure and other factors. This process is influenced by two inputs – diffusion and adaptation. The process is also affected by factors such as the political environment, the national legal system, labour markets and available skills in the market. Diffusion depends on the transferred policy used by the parent company and is influenced by the size and structure of the MNC (Dowling, Schuler & Welsch, as cited in Yahiaoui, 2015), but “adaptation involves adjusting the transferred practices to suit the local institutional system” (Yahiaoui, 2015, p. 1666).

Figure 1: The hybridisation model

Source: Djelic (1998)

The hybridisation process developed by Djelic (as cited by Yahiaoui, 2015) in Figure 1 “comprises a multi-level process composed of headquarter policies, the perceptions, the interpretations and the attitudes of internal stakeholders, the isomorphic pressures, the interactions between stakeholders and between these and the company’s environment” (p. 1865).

2.2.2 First Model Input – Diffusion

The diffusion of HR practices is the practice of gradually accepting and implementing the HR policies of a foreign holding company by a HR department of a local national subsidiary in the host country. Reverse diffusion is also possible (Chiang, Lemański, & Birtch, 2017). Ferner and Varul (2000) advised that different types of channels of diffusion are possible, and can include, but are not limited to, daily unstructured systems and events and more structured mechanisms and events. Sometimes these are actively encouraged by an HQ or a subsidiary, or sometimes it can happen in a more organic and gradual fashion. The subsidiary can be apathetic or resistant towards diffusion. A combination of instructive and receptive strategies is used by the HQ and its subsidiary. The HQ would like to see as much as possible of its practices implemented, and the subsidiary would try to convince HQ of the validity and value of its own existing methods and practices (Rose & Kumar, as cited in Chiang, Lemański & Birtch, 2017).

Tactics and implementation methods hinge on the relationship between the various players, including institutions, employers, employees, shareholders and customers. There are also internal and external politics and economics at play (Edwards & Rothbard, as cited in Thite, Wilkinson & Shah, 2012). Furthermore Chiang, Lemański and Birtch (2017) added that visiting staff from HQ, or international head hunting, international work groups or committees, can play a role in the diffusion process. They added that diffusion has a greater chance of taking place in countries where the subsidiary has greater revenue potential, like in an emerging market, and if HQ therefore use the strategy to actively look for ways to streamline operations by implementing diffusion.

For diffusion to work effectively in a multi-national context, HR policies and the process itself must be adjusted to the local norms and culture. It also must comply with the local institutions. Managers must either be willing or coaxed into cooperation for a successful transfer (Patel, Sinha, Bhanugopan, Boyle, & Bray, 2018). Hofstede (as cited in Thite, Wilkinson & Shah, 2012) assessed that integration, organisation, delegation and the control of HR practices depends on the differences between the economies, politics, and socio-economic factors between HQ and its subsidiary.

2.2.3 Second Model Input – Adoption

The adoption of HR practices by local subsidiaries from multinational firms does not take place in a sterile and isolated environment; it is influenced by factors such as local culture, institutions, history, business environment, and politics. European cultures and practices differ from African cultural norms and practices, for example (Jackson, as cited in Horwitz, 2012). Furthermore, Horwitz (2012) argued that South Africa has a local cultural system called Ubuntu that encounters foreign belief systems, practices, norms, policy, and standards. In many firms, there is tacit and explicit knowledge that foreign systems and best practice methods can be used to streamline business, enhance performance, and harmonise global cooperation. Horwitz and Smith (as cited in Horwitz, 2012) found that best practice in some multinational companies comes when cultures mix and standardise, forming a best practice policy that suits both the multinational company and its subsidiary. This was seen when SAB merged its policies with its Polish subsidiaries.

As local subsidiaries adopt the policies and traditions of their multinational parents, they also conform to other external factors like structural and economic reforms (Wang, Bruning & Peng, 2007). This includes educational reforms, such as the use of overseas textbooks and MBA programmes (Wang, Bruning & Peng, 2007).

When implementing Western performance-based practices, there should be an understanding that this can influence the sales, marketing and HR goals of the subsidiary. There is thus a need for a quality and effective workforce that can implement these new practices to optimise the local subsidiary (Pfeffer & Veiga, as citied by Wang, Bruning & Peng, 2007). Björkman and Lervik (2007) argued that any adoption must be integral, functional, and combined with existing practices, i.e. it cannot simply be a façade for the policies of the HQ. Although HR practices can be informal and formal in organisation and can change and evolve according to the wishes of the stakeholders (Thite, Wilkinson, & Shah, 2012), Brunsson (as cited in Björkman & Lervik, 2007) emphasised the importance of making the adoption process formal. There should thus be some form of a push to have the local subsidiary successfully adopt the HQ's practices in an effective and measurable way, as opposed to a ceremonial or face value way. This is often not done, however, in order to keep the preferred way of doing business for the subsidiary.

For a successful HR adoption process to take place in the context of a local subsidiary, all relevant variables should be considered, especially in light of the rapid expansion of multinationals in emerging markets (Warner, as cited in Horwitz, 2012). Not all practices should be adopted, however. Khan, Wood, Tarba, Rao-Nicholson and He (2019) found that a mixed model of local and foreign practices can be developed, while Wood, Dibben and Ogden (as cited in Khan, Wood, Tarba, Rao-Nicholson & He, 2019) found that when companies adopt foreign HR practices it may give them a competitive edge.

2.2.4 Reinvention Leading to the Hybrid HR Policy South Africa

As noticed in adaptation examples of other countries, diffusion from the head office, adoption by the local subsidiary, and the unique South African context result in a reinvention that leads to a hybrid HRM policy. The output of the adaptation at the end of the process is hybrid policies. As no recent studies have investigated the adaptation of MNC policies in South Africa, this study will fill an important gap in the literature.

2.3 Proposed Factors that Shape the Adaptation Process

2.3.1 Introduction

Adaptation is not a predetermined process thus it produces unexpected outcomes. The hybridisation model was selected in order to enrich the interviews and keep the discussions as open as possible. In this study, five factors that could influence the adaptation of HR practices were chosen, with a special focus on the adaptaion of selection and requirement practices. These factors were the environment of business, legislation, Broad-Based Black Economic Empowerment (BBBEE), level and quality of education, and health.

Most of the proposed factors were affected or shaped by South Africa’s history of apartheid. According to the South African government (2015a; 2015b; 2019a), apartheid was an ideology and system of state-sponsored racial segregation, discrimination and oppression. After South Africa became independent from the British Empire, elections were held in 1961 in which Black Africans could not vote. The National Party won a landslide victory running on a platform of promises aimed at its core constituency, the White, Christian, Afrikaans-speaking minority. These promises included the promotion of Afrikaner rights and privileges.

After the transition to democracy and the installation of a predominantly Black government, a series of laws were instituted to replace the apartheid laws which had disenfranchised people of colour, provided English and Afrikaans speaking Whites with the most privileges, separated the various racial groups into different living areas, provided the best economic opportunities to Whites, and stifled union activity.

Against the backdrop of these laws, there was a lot of armed resistance and non-violent protest. Apartheid also caused an international uproar, and strict sanctions were implemented against South Africa. The situation made the country ungovernable, forcing the government to relax the laws, free political prisoners, and enter negotiations with opposition parties and resistance movements.

Although apartheid was banned in 1991 and South Africa became a democracy in 1994, the legacy of apartheid is still very much present in all spheres of society, especially in the economy. To ameliorate and rectify this legacy, government has instituted numerous programmes to uplift the poor, particularly Black women.

According to (South African government, 2015a; 2015b; 2019a), These include:

1. Broad-Based Black Economic Empowerment
2. The Employment Equity Act
3. The Expanded Public Works Programme
4. The Reconstruction and Development Programme
5. The Land Acquisition Grant 2019)

2.3.2 Environment of Business (EOB)

According to the World Economic Forum (WEF) (2019), South Africa ranks 60th in the world when it comes to competitiveness (of 141 countries). Competitiveness consists of several pillars, and each pillar has a score and a metric which determines a country’s ranking.

In sub-Saharan Africa South Africa ranks second, but globally it is far behind a country like Singapore, which ranked 1st, or China, which ranked 28th overall. South Africa is part of the BRICS group of nations together with China, Brazil, India and Russia. It is ahead of India (68th) and Brazil (71st), but lags Russia, which occupies 43rd position.

The country has good financial markets, which includes credit facilities, equity markets, and insurance companies. It also has a reasonably well-developed transportation infrastructure and has one of the largest markets in Africa. South Africa’s GDP is 702 billion USD, putting it in 30th position. As a percentage of GDP, South Africa’s imports are 35.3, putting the country in 90th place (World Economic Forum, 2019).

With regard to technology governance, i.e. the policies that a country implements for technological growth, South Africa ranks 73rd. Technology governance is necessary to enable innovation and to be able to anticipate changes in existing technology (World Economic Forum, 2019).

With regard to institutional quality, South Africa is ranked 55th in the world, which is improving, albeit unevenly. This includes the governmental balance of power, overall administrative effectiveness of the public sector, and overall corporate governance. These are at positions 16, 39 and 26 in the world respectively. These positive factors, however, are offset by safety and security, which are ranked at just 135th in the world. The transparency of governmental policies, actions and records is also poor at 62nd in the world. Government adaptability to changing conditions is even worse, coming in at 100th place (World Economic Forum, 2019).

Business dynamics is being stifled by poor bankruptcy regulations and difficulties in starting businesses. The labour market is also very inflexible due to law and union pressure. This has resulted in a low ranking of 111th place. A lack of flexibility for the determination of wages sits at 134th place, while the hiring of foreign labour is problematic, with the country having an even worse ranking of 123rd place (World Economic Forum, 2019).

Regarding exports, South Africa is vulnerable because of a dependency on mineral exports, with the economic outlook being negative. This has a bad effect on unemployment, which is already low at an estimated 27%. The WEF(2019) therefore recommends structural reforms be implemented (World Economic Forum, 2019).

With regard to macroeconomic stability, South Africa sits at 107th place. With regard to workforce skills, as mentioned by the WEF (2019), the following metrics are of importance for this research:

- 40th place for staff training.
- 119th place for the quality of vocational training.

- 102nd place for skillset of graduates.
- 126th place with regard to the ease of finding skilled employees.
- 73rd position for school life expectancy with mean of 10.1 years.
- 95th place for critical thinking value in teaching.

The labour market is also cause for concern given its inflexibility:

- The rights of workers (26).
- The ease of hiring and firing practices (129).
- Cooperation in labour employer relations (139).
- Flexibility of wage determination (134).
- Active labour market policies (110).
- The ease of hiring foreign workers (123).
- Pay and productivity (83).

2.3.3 Legislation

2.3.3.1 Labour Law System

The Labour Relations Act (2018) was written in a way so as to protect employees. Other laws that benefit employees supersede the Labour Laws, or any clause in a contract that has a less favourable outcome. Multinational corporations wishing to do business in South Africa must obey South African labour laws. These laws cover, amongst others, areas such as at what time labour can begin and how long a working day should be. Overtime may be worked if an employee agrees, to a maximum of ten hours per week at 1.5 times the hourly wage. Rest periods should also be provided during times of work and paid leave is mandatory. Labour law falls under the auspices of the Occupational Health and Safety Act (South African Government, 1993), which oversees the well-being of employees. An annual sick leave cycle of 36 months is also provided, during which time an employee shall be remunerated for one day of sick leave every 26 working days. Proof of illness or injury is to be provided by a recognised medical practitioner.

With regard to labour contracts, all expectations must be included in the contract, including leave days, remuneration, signatures and addresses. All aspects and the nature of the work must be included, as well as the responsibilities, and the employee must be informed of all their rights. With regard to the termination of a contract, an employee must be given a week's notice if they have been working for four weeks, two weeks if they have been working for less than a year, and a month if the employee has been working for a year or more. This can be circumvented by an agreement, however, employer or employee may not give a notice period of more than one month. Termination may not run concurrent with leave periods. The termination must be in writing and must be explained orally in case an employee does not understand it. Termination of a contract may be disputed in terms of the Labour Relations Act. An employer can also terminate immediately if full remuneration is paid for the period. In case accommodation is provided, it shall remain in place until the lawful termination of the contract. In case of a company's operational requirements, severance pay shall be paid of one week for every year of employment for the employee. This can be circumvented by offering suitable alternative employment. If there is a dispute, the Commission for Conciliation, Mediation and Arbitration (CCMA) may become involved, or the relative sector Council. An employee shall be offered a service certificate upon leaving a company. With regard to termination, the burden of proof falls upon the employer.

2.3.3.2 Employment Equity Act

According to the Western Cape Government (2019), the Employment Equity Act (EEA) was promulgated in 1998 as the Employment Equity Act, No 55 of 1998. The purpose of the law was to protect an individual's right against any possible discrimination. This happened as a reaction to South Africa's apartheid history. The law targets equity amongst employees, thus discrimination against any employee on the ground of race, colour, belief, disability, birth, language, age, HIV status or any other reason is not allowed. In addition, the law implements affirmative action measures to ensure that previously disadvantaged groups (Black people, women and people with disabilities) have equal opportunities in the workplace. Ideally, a company's demographics should be representative of the country, including the previously disadvantaged groups, in all levels of the workforce. As HIV status and medical conditions might affect this selection, the Act allows discrimination only if it is justifiable by the Labour Court, or if it is required by legislation. In addition, psychological testing can be applied only if it is scientifically valid and can be applied to everyone and not just certain groups.

Employers are responsible for the preparation and implementation of the EEA. They must have a yearly plan containing affirmative action measures that can be numerically measured. Each action must be done timeously, be internally monitored, and have a dedicated overseer. In the case of alleged unfair discrimination reported to the CCMA, the employer must address the case within six months, and if it is not resolved, it has to be escalated to the Labour Court. Unfair dismissal is covered by the Labour Relations Act (Labour Relations Act, 2018).

De Beer, Rothmann and Pienaar (2016) found that the EEA has had a negative impact on White male employees' job security, in comparison to Black males. No link between job insecurity and turnover intention was found for White males. Designated groups (Black African, Coloureds (mixed race) and South African Indians) tend to have higher turnover when they perceive more available career opportunities.

Wöcke and Sutherland (2008) found that the EEA has a different impact on different groupings when it comes to loyalty to the company and psychological employment contracts. Black African groups perceived EEA as having a positive effect on their work opportunities and rewards, other groups were less likely to focus on developing their own marketability or transferability. They also found that EEA had weakened the linkage between job satisfaction and labour turnover, with the exception of the White male group which showed higher loyalty to the company due to their lower chance of mobility. The authors recommended that MNCs operating in South Africa adhere to the legislative environment and follow market best practice. In an interesting study by Jain, Horwitz and Wilkin (2012), the authors asserted that the EEA was "borrowed and bent" from the legislation of other countries, especially Canada.

2.3.4 BBBEE

BBBEE, or Broad-Based Black Economic Empowerment, is an affirmative action-based labour law and regulation in South Africa (South African Government, 2019b). BBBEE is a remedy that has been applied as a nation-building exercise to stabilise society, and as a way to narrow the gap between rich and poor, and to deracialise the economy and make it more participative (Horwitz, 2012). This means that a certain number of historically disadvantaged members of a community must be employed in an organisation. Equity targets and goals, along with chronological timetables, exist to meet these targets. In terms of new recruits and the promotion of current employees, annual reports must be submitted to the Department of Labour to measure compliance.

According to Reddy and Hamann (2018), BBBEE is a regulation that must be measured to be fair and effective. This is achieved using a metrics system (scorecard). The metrics include factors such as direct ownership of shares and resources by previously disadvantaged groups; their participation in the company on all levels of the employment hierarchy; and the human resource mechanisms to achieve this, especially in terms of career advancement. Other actions may also be utilised, for example buying from Black-owned suppliers and providing health care and education to the community. Licenses for mines are renewed if companies can show improvements in their BBBEE scorecards.

Moreover, they added that one way of enforcing BBBEE is by allowing the special selection of compliant companies with regard to government procurement for goods, services and infrastructure projects. There is a lot of variance in industries, as well as the size and market of the participants to the BBBEE. BBBEE measures are not applied with the same standard across the board, to gauge the compliance or noncompliance of companies. Additionally, with regard to motivation, some companies view it as an obstacle, seeing it as bureaucracy, additional taxation and/or disregarding free trade, while others have highlighted some benefits, including a diverse workforce with a variety of skills. There is, however, a broadening context of MNCs operating in South Africa within the context of corporate social responsibility (CSR), i.e. they are already familiar with the country's CSR and BBBEE requirements.

Furthermore, Reddy and Hamann (2018) found that MNCs from the home country may already be exposed to the concept of social responsibility, may not be totally unfamiliar with the concept of BBBEE, and may not be that averse to it. They might see any commitment in a different country merely as an added obligation, as they already follow the rules of governance in their own countries. In home countries where there is little commitment to corporate social responsibility, there may be a form of resistance to BBBEE, however the BBBEE scorecard has been made a bit more lenient for large MNCs. This is because the sharing of equity has been more of an issue for MNCs, however many MNCs rely on contracts and tenders provided by the South African government, especially in the hydrocarbons and mining sectors. Other companies in the private sector, such as financial institutions, are also strongly affected by BBBEE.

2.3.5 Level of Education and Education Outcome

Education is seen in almost all countries as a benchmark of excellence and development of the economy (World Bank, 2018a). The strength of a nation is often measured by its education as a whole, and therefore has received increased attention (Symaco, as cited in Wolhuter, 2014). In South Africa, however, Wolhuter (2014) noted that the education sector is hampered by high drop-out rates, poor quality, budget deficits, and the prevailing opinion (shared by entrepreneurs, business leaders, managers, HR personnel, students, university and college lecturers, teachers, and the parents of students) that the education system is poor. This is viewed as one of South Africa’s greatest challenges.

Wolhuter (2014) published 15 indicators for education systems in order to measure the metric of Comparative Education, including literacy rates among adults and adolescents; differences in literacy rates between males and females; participation in pre-primary, primary and high schools; the percentage spent of the country’s GDP on education as a whole; the percentage of teachers to students; the per capita amount of daily newspapers; and the per capita amount of radios. Wolhuter found that there is low primary and secondary school participation, and few learners make it to the university level. To make matters worse, the quality of education being received is bad, particularly when one considers the amount of money spent on it by government. With regard to B.Ed. degrees, 26% of South African primary school teachers do not have such a qualification (Smith & Motivans, as cited in Wolhuter, 2014).

To illustrate the challenges of the country, as well as the potential hope that education can bring, only 5% of South African graduates are unemployed. For diplomas and other forms of training it goes up to 16%, rising to 29% for students with only a high school education. Only 58% of those with less than a high school qualification are employed (Centre for Development & Enterprise, 2013a). Technical and Vocational Education and Training (TVET) Colleges and the Sector Education and Training

Authority (SETA) have been established by the government to address the severe skills shortage being experienced by South African businesses, however these are known for their poor quality of education and their inability to equip learners with useful and practical skills for the workplace (Centre for Development & Enterprise, 2013b).

2.3.6 Health

According to StatsSA (2017), South Africa is particularly affected by a high prevalence of infectious diseases, non-infectious diseases, child mortality rates, and physical trauma. Over seven million South Africans are infected with tuberculosis, which usually goes hand-in-hand with HIV. Diabetes and high blood pressure are the second and third most common afflictions. As is the case with education, the World Bank (2018b) stated that health is mostly predicted by socio-economic factors.

Poor health also affects educational outcomes and poor nutrition affects learning ability, i.e. they are good predictors of success or failure later in life. Socio-economically challenged individuals are thus prone to being affected by all aspects of the sphere of health. According to Levinsohn, McLaren, Shisana and Zuma (2013), poor health reduces the participation of the labour force in the labour market, and untreated HIV reduces workforce participation by 10%.

2.4 Recruitment and Selection Practices

2.4.1 Introduction

In Human Resources, the recruitment and selection practices and processes identify, target and place people into the best job position for both them and the company, optimising efficiency, savings and job satisfaction (Chytiri, Filippaios & Chytiris, 2018). Recruitment is the process of informing people of available positions, and then inviting suitable candidates to apply for the said positions. Selection is the process that takes people, who took up the invitation to apply, and carefully places them in the positions using prerequisites (Torrington, Hall, Taylor & Atkinson, as cited in Chytiri, Filippaios and Chytiris, 2018). Furthermore, Chytiri, Filippaios and Chytiris (2018) stated that HRM systems are interconnected in such a way that the quality and effectiveness of one affects the quality and effectiveness of the other. For example, if there is poor selection but good training, a standard candidate may grow into the job quicker. On the contrary, if a good candidate is targeted and selected, s/he will need little or no training.

According to Jiang and Yahiaoui (2019), there are many different strategies a company can utilise to transfer HR practices. These strategies revolve around ethnicity, regionalism, polycentricity and geography. With regard to ethnicity, MNCs prefer to stick with their own nationals when sending employees overseas, i.e. they try to instil their culture into the Subsidiary as this will enable them to exert greater control. With regard to polycentricity, there is a greater emphasis on the use of host country employees, who are deployed at every level in the country. This enables host country managers to act with greater independence. With regard to regionalism, employees of MNCs can be deployed throughout the region of operation. The region will be assigned certain practices and standards that should be adhered to. With regard to geocentricism, MNCs are merely concerned about the merit of local employees, and not that much with filling positions in the host county with HQ staff. Furthermore, companies that more closely follow the practices and strategies of their headquarters have a higher chance of conforming to a single standard; standardisation is difficult if the host has practices and strategies more closely related to their own region.

2.4.2 Recruitment and Selection Adaptation in Other Countries

The following are some examples from the literature on how MNCs adapt recruitment and selection practise in the host countries and why. According to Jianga and Yahiaoui (2019), French MNCs in China are very hands-on with regard to the recruitment processes of their Chinese subsidiaries, which are standardised between the two countries. This includes personnel selection criteria, job descriptions, tools as an external recruitment, volunteering and referrals. Headquarters need to do approvals to the final selection, and the company intranet is used extensively. The philosophy behind this is to ease the mobility of employees within the company. Additionally, the HQ prefers newly graduated employees from foreign universities, especially graduates from French universities, as the recruits will be familiar with French values, the French language, and the culture. This makes the training and induction processes easier. Once a basic structure is established, the French MNCs transfer responsibility for the recruitment of low-level managers and employees over to the Chinese subsidiaries themselves. Jianga and Yahiaoui (2019) concluded that recruitment and selection got adapted is in host countries because of cultural and/or legal differences. Different strategies are also used depending on the host country's culture and context.

Comparatively, Yahiaoui (2015) found that French companies operating in Tunisia usually only give contracts to new employees who have finished a successful internship or trial period. In France, the ranking of the graduate's university seems to be important (Yagoubi, 2003). The local subsidiary in Tunisia hybridised most of HR practices including recruitment and selection practices, for example, unlike in France, Tunisia has a hierarchical, family-orientated system where elder people need to be respected by their juniors, as age is assigned a higher metric than in French MNCs. This difference between HQ and the subsidiary is due to the lack of experienced HR managers who are skilled enough for their job description and the misalignment between business, government, and the universities. In addition, recruitment planning and forecasting was also hybridised because of strong local pressures from the unions.

With regard to recruitment and selection practices, the similarities between the French headquarters and the local Tunisian subsidiary include the practices of internal recruitment, the integration time of new employees, interview guidelines, HR planning and forecasting, termination of employment and leave dates, and calculation of the recruitment budget. The differences include that the Tunisian subsidiaries use relational skills as opposed to the French use of technical skills, the Tunisians use "Wasta" (which is a recommendation of a friend that influences the decision to hire someone) instead of traditional French sourcing methods, and recruitment is done more on the basis of tenure and empathy, as opposed to skills-based recruitment.

In Greek subsidiaries, the selection process varies dramatically from HQ and the subsidiary. References, word of mouth, CVs, personal interviews, and other subjective methods are used, as opposed to personality tests. If the CEO is Greek, then he influences the selection process (Chytiri, Filippaios & Chytiris, 2018).

According to Maharjan and Sekiguchi (2017), in India, Japanese MNCs often prefer to hire new graduates, but seem to be less concerned about their major field of study than if they studied subjects that may benefit their operations. Additionally, in the selection process, less importance is assigned to functional and technical skills than general intelligence and personality type. Work experience and the ability to fit into an organisation seem to be the key features for Japanese MNCs in India. The recruitment departments look for candidates who will be team players, and try to ascertain if they appreciate the company culture.

Although ethics, a good attitude and company loyalty are sought after, someone with experience is often chosen because of the competitive nature of the market. The authors feel that it sometimes takes too much time to hire new candidates. Investigating new recruits is especially important for Japanese MNCs in India, however, to ensure the maintenance of the company philosophy of being team orientated. However, this is still hybridised by the local institutions. Key positions are only held by Japanese nationals, which has prompted Indian individuals to leave. Japanese companies stay true to their company values, recruiting only those individuals who fit into the organisation, who prefers team-based work, who are team players, who will not think of leaving the company, and who prefer a flat organisational structure with a more egalitarian environment. Therefore, Japanese MNCs in India hybridise recruitment and selection because of cultural similarities between Japan and India, i.e. Japanese-style management is applicable. Along with culture influence, the labour market and company best practices are taken into consideration (Maharjan & Sekiguchi, 2017).

In Australia, Indian MNCs mainly prefer to use expatriates, according to 15 sample organisations (Patel, Sinha, Bhanugopan, Boyle & Bray, 2018). This is especially true in IT companies, where most of the employees are of Indian origin and sometimes use cross border employees to fill their available positions. The reason for this is the onshore-onsite preference of doing business, with Indian managers running operations and preferring to use Indian tech personnel.

In contrast, Kang and Shen (2013) found that in China, Korean companies recruit Chinese nationals. They value criteria like experience, technical expertise, inter and intra personality factors, openness and acceptance of different cultures, and adaptability to novel environments. They also look at the family situations of candidates. A Korean firm's selection process used to include written tests and interviews, but these written tests have now been replaced by psychometric tests. University ranking, theoretical knowledge and moral attitude are also known to have been used. Common methods of recruitment include internet recruitment webpages, an online company recruitment page, job recruitment centres, head hunting agencies, and university recruitment days. To recruit senior employees, head-hunter agencies are typically used. Korean companies provide agencies with their recruitment prerequisites, and then save time by letting them do the job. For less senior positions, the internet is used extensively. Korean companies generally prefer to recruit new graduates from top Chinese universities by doing presentations at the universities.

2.5 Conclusion

This research aimed to determine what the adaptation factors are in human resources practices in South African subsidiaries of MNCs. Due to the South African history of apartheid, many unique political, economic, socio-cultural, technological, legal and environmental aspects have been developed. In addition, South Africa's poor position in terms of competitiveness means that there is huge gap when it comes to labour market flexibility and the skills of the current workforce. According to the literature reviewed, this suggests that MNCs' HR practices need to adapt to the South African context.

CHAPTER THREE: RESEARCH QUESTIONS

3. Research Questions

The literature on the adaptation process of HR practices for MNCs and which factors influence the adaptation process to result in hybrid HR practices was reviewed in the previous chapter. While many views were noted in the literature review to show the effect of different factors on the adaptation process, the below were selected for further analysis.

First, there has to be some adaptation when a MNC moves to a host country, as per the examples of China (Jiang & Yahiaoui, 2019), Brazil (Geary, Aguzzoli, & Lengler, 2017) and the United Kingdom (Williams, & Lee, 2016). Secondly, HQ would like to see as many of its practices implemented as possible, while the subsidiary will try to convince the HQ of the validity and value of its own methods and practices (Rose & Kumar, as cited in Chiang, Lemański & Birtch, 2017). Thirdly, South Africa’s unique history and its laws have an impact on the local HR practices.

Research Question One:
What factors influence the adaptation of human resource practices from the head offices of multinational corporations to their subsidiaries in South Africa?

The literature on MNCs’ adaptation processes for recruitment and selection practices, as well as research on the factors that influence those processes resulting in hybrid recruitment and selection practices, were reviewed in the previous chapter. Although recruitment and selection practices are part of the HR practice and are interconnected, this study paid special attention to which unique factors impact recruitment and selection, as it is critical to find the right employees to fill both a job’s and an organisation’s requirements (Chytiri, Filippaios & Chytiris, 2018). Although the factors that influence the adaptation of recruitment and selection practices in host countries were demonstrated in the literature, the below angles were selected.

Research question two, as presented below, was designed to gain insights regarding the adaptation of recruitment and selection policies and practices.

Research Question Two: What factors affect the adaptation of policies and practices regarding the recruitment and selection of staff?

CHAPTER FOUR: RESEARCH METHODOLOGY

4. Research Methodology

4.1 Introduction

This chapter outlines the research methodology and design that were used to answer the research questions. A qualitative approach was utilised to explore the factors that influenced the adaptation of the HR practices, with a special focus on recruitment and selection practices. Data were collected through semi-structured interviews, which were conducted with 12 South African subsidiaries' senior HR managers. The data were then analysed and categorised according to the established themes.

4.2 Choice of Research Methodology and Design

The main research question aimed to discover what factors influence the adaptation process of HR practices by exploring the process in the context of South African subsidiaries of MNCs through a philosophy of interpretivism. Using this lens, the researcher gained an in-depth understanding of the factors that influence the adaptation process. Although five factors were initially proposed by the researcher, he remained open to adding more in order to get the best possible results for the study. The hybridisation model (Yahiaoui, 2015) and the five proposed factors offered the context (as a starting point) for this study to inform the design of the final adaptation process model.

A deductive approach was followed during the research in order to support the analysis of the data. Using this approach helped the researcher "to discover, through the respondent descriptions of practice transfer and adoption, how the hybridization process of HRM practices occurred" (Yahiaoui, 2015, p. 1765). Onweugbuzie (2002) mentioned that purists believe that a mono methodology is the only choice of research approach, i.e. a researcher must choose to conduct either a qualitative or quantitative study. This researcher chose a mono methodology due to the qualitative nature of the study.

This study explored the adaptation of HR practices through the lens of 12 South African subsidiaries' senior HR managers, and was conducted as an exploratory, qualitative study. The researcher used an explorative approach because "it enables an extensive examination of a single instance of a phenomenon of interest (Hussey & Hussey, as cited in Yahiaoui, 2015, p.1765)

Roulston (2010) also stated that if a student needed to explore a research topic in-depth, they should use a qualitative design.

The phenomenology methodology was used to find the factors of the adaptation process through the lived experiences (Saunders, Lewis & Thornhill, 2016) of the subsidiaries' HR heads. Semi-structured interviews were the chosen method for the study's data collection, in order to gain more insight into the topic. Blandford (2013) asserted that semi-structured interviews in qualitative studies have to be conducted through interviews and observations. As this study was conducted in 2020 when South Africa underwent a long lockdown due to Covid-19, the study approached changed from face-to-face to virtual semi-structured interviews, as face-to-face meetings became unsafe. Semi-structured interviews were the right approach to take in order to find answers to the "how" and "why" questions (Creswell, 1998). Because of time constraints, a cross-sectional study was used as the interviews were once-off. Bryman (2006, p. 97) stated that in qualitative studies, the "semi-structured interview within a cross-sectional design tended to predominate". This worked well with this research's explorative approach in order to collect the required data for analysis.

4.3 Population

The target population that was considered for this study was MNCs that operated in Gauteng, South Africa, in the mining, engineering and fast-moving consumer goods (FMCG) segments. These segments were considered as a result of the snowball sampling technique. Within the MNCs, HR and talent managers were targeted as they would be familiar with the adaptation process and their responses would give more insight to the study. According to Saunders, Lewis and Thornhill (2016), a study's population is comprised of all the potential participants, from which a sample is taken.

4.4 Unit of Analysis

The unit of analysis was the opinions of the HR managers of the South African subsidiaries. Their answers to the researcher's questions reflected a deep understanding of the adaptation process and allowed the researcher to gather quality data. According to Saunders, Lewis and Thornhill (2016, p. 611), “the unit of analysis may focus on individual words, based on identifying and counting particular words in the content of your sample”, which was the outcome of this study's interview coding. Guest, Bunce and Johnson (as cited in Saunders, Lewis & Thornhill, 2016, p. 638) advised that a unit of analysis could be “an individual participant (i.e., transcript), and data items of the individual codes (i.e., expressions of themes)”.

After the interviews, the researcher used a larger unit of analysis in the form of phrases, sentences and paragraphs from each of the 12 interviews. Saunders, Lewis and Thornhill (2016, p. 638) noted that these “larger units (sentences or paragraphs) may be used where it is important to contextualise content in order to be able to categorise its meaning”.

4.5 Sampling Method and Size

The sample frame in this study consisted of 12 senior HR and talent managers for the South African subsidiaries of 12 MNCs within the population. The sample frame of senior HR and talent managers for the subsidiaries was adequate for this study because of their role, years of experience in the HR field, and their involvement in many adaptation processes for several HR practices. The interviewees gave in-depth answers that enriched the study's data. Additionally, as they had learnt from their mistakes, they could advise what to do to make the process more successful, what not to do to avoid process failure, and what the required competencies for the process are. The company selection criteria were based on two factors, i.e. the companies needed to be MNCs with HQs outside of South Africa, and they had to operate in the province of Gauteng, South Africa. The study used volunteer non-probability sampling and also relied on the snowball sampling technique. This occurs when volunteer respondents extend recommendations for additional interviewees within their networks. The volunteer respondents were approached through the interviewer's personal and professional networks (Saunders, Lewis & Thornhill, 2016). The reason for choosing this method was that physical access proved to be difficult and individual person accessibility was complicated due to the Covid-19 pandemic.

Ultimately, the sample consisted of 12 senior HR and talent managers from the South African subsidiaries of MNCs. According to Saunders, Lewis and Thornhill (2016) sample sizes for non-probability sampling is uncertain, however they advised that the recommended number should be between five and 25. Patton (as cited in Saunders, Lewis & Thornhill, 2016) argued that there are no set rules for a sample sizes in qualitative studies, however.

Data saturation was reached after the ninth interview. The researcher used the definition of saturation as defined by Guest, Bunce and Johnson (as cited in Saunders, Lewis & Thornhill, 2016), i.e. it is the point at which no new information or themes are observed in the data. The authors also found that saturation occurs within the first 12 interviews, although basic elements for metatheses are present as early as six interviews.

Table 1 reflects the sample details per company involved in the interviews. The company names and the identities of the interviewees are not stated, as per the consent forms signed by the researcher and the interviewees. This is in line with the Gordon Institute of Business Science's (GIBS) ethics process. Each interviewee is represented in Table 1 by his or her title, their company's industry segment, and their HQ country. The table further shows that the sample came from three industries (mining, engineering and FMCG) and the HQs are located in five countries (France, United Kingdom, Switzerland, United States and Australia). Additionally, Table 1 shows that the interviewees were the HR heads in their respective companies, thus their experience allowed them to answer the questions as they had been involved in several adaptation processes for HR practices.

Table 1: Sample companies – HQ and South African subsidiary

Industry	HQ	Title
Engineering	France	HR Director
Coal mining	United Kingdom	HR Manager (Head of Department)
Engineering	Switzerland	HR Manager
Engineering	United States	EMEA Talent Acquisition Manager
Iron Ore mining	United Kingdom	Talent Manager
Engineering	United Kingdom	HR Manager
Engineering	Switzerland	Learning, Development & Talent Business Partner
FMCG	United States	HR Business Partner
Engineering	United States	Global Compensation Programme Manager
FMCG	Switzerland	Total Rewards Manager - Asia, Oceania & Sub-Saharan Africa
FMCG	United States	Total Rewards Manager - Sub-Saharan Africa
Engineering	Australia	HR Africa Leader (HR Director)

4.6 Measurement Instrument and Data Collection Tool

The instrument used to collect the data was a questionnaire (shown in Appendix B), which was used during the virtual, semi-structured interviews. This questionnaire consisted of a set of open-ended questions, and each person was asked to respond to the same set of questions in a predetermined order, as advised by Saunders, Lewis and Thornhill (2016). These questions were selected to gain insight into the two research questions and were based on the literature reviewed. The order of the set of the open-ended questions was selected to match the order of the adaptation process flow gleaned from the literature. Jacob and Furgerson (2012) advised students to use open-ended questions in order to uncover as much about the participants and their situations as possible.

The first draft of the questionnaire was tested through a pilot interview, after which some alterations were made to achieve the final questionnaire (see Appendix B).

The questions centred around how the adaptation of HR practices takes place, with a special focus on recruitment and selection. The means and strategies for implementing the practices were also considered.

4.7 Data Gathering Process and Collection Method

Data were collected from participant responses and observations during virtual, semi-structured interviews. The decision to go virtual was due to the Covid-19 lockdown in South Africa. Microsoft Teams was the chosen programme used to conduct and record the interviews. Each interview ranged from 40 minutes to 80 minutes, depending on the interviewees' style of response. Around 20% of the interviewees gave direct answers while the remining 80% preferred to give the interviewer some context first, before they answered the questions. The semi-structured interviews were analysed qualitatively.

Saunders, Lewis and Thornhill (2016) advised that semi-structured interviews are likely to be the most advantageous approach when trying to obtain data, where the questions are either complex or open-ended, and where the order and logic of the questions may need to be varied. The interviewees were quite engaged as the topic was related to their experience, however when their responses were not clear or were too short, the researcher asked follow-up questions to encourage the interviewees to talk more. This was in line with Guest, Bunce and Johnson's (as cited in Saunders, Lewis & Thornhill, 2016) advice to ask sub questions only if a participant's response to the initial question does not cover the topic.

4.8 Data Analysis Approach

Prior to the data analysis, the researcher coded and grouped the responses and observations based on the interviews. A preliminary analysis using the pilot test data had to be undertaken to ensure that the data collected help with the creation of the investigative questions. Thematic analysis, which was defined by Braun and Clarke (2006, p. 81) as the "foundational method for qualitative analysis", took place through transcription and observation of the interviews, code generation, and manually creating themes and thematic maps.

Coding was done by going through the answers to each question and finding the most repeated constructs within the interviewees' answers. The second step was to count their frequently and listed all constructs according to their frequency ranking. Theme creation was done by identifying the common patten between the generated codes. This process was iterative and lengthy. The time spent on coding, concluding and tabling depends on the length of each question's answer and the complexity of the question itself. The time spent on theme creation was longer, however, taking between one and three days per theme due to the iterative nature of the process.

Thematic analysis was used to help the researcher comprehend the large and disparate amounts of qualitative data collected, to integrate the related data drawn from the transcripts and observations, and finally to draw and verify the conclusions (Saunders, Lewis & Thornhill, 2016).

4.9 Strategies to Ensure Quality of Data

The researcher needed to ensure that the data collection was rigorous so that the study was valid (Morse, Barrett, Mayan, Olson & Spier, 2002). In this research, the interviewee validation technique was used to assist the credibility of the research, i.e. the research data was sent to the participants to enable them to confirm their accuracy. They were permitted to comment on the data and correct them to validate them (Cayla, as cited in Saunders, Lewis & Thornhill, 2016).

As the researcher used semi-structured interviews, some biases were introduced including interviewer and interviewee biases, observer bias and social desirability bias. Techniques such as advance interview notifications, field notes, analytic memos, and the avoidance of leading questions were used, thereby reducing these biases in order to increase the level of reliability/dependability of this study (Saunders, Lewis & Thornhill, 2016).

4.10 Research Ethics

All the interviewees were asked to complete the Ethical Clearance Consent Form provided by GIBS to ensure confidentiality. It was explained to the interviewees that participating in the interviews was voluntary, and that they could withdraw at any time if they felt uncomfortable. The researcher obtained ethical clearance from GIBS (see Appendix C).

4.11 Research Limitations

The first limitation was the snowball technique, the likelihood of a sample being representative was low (Saunders, Lewis & Thornhill, 2016). The sample came from companies that had been operating in South Africa for an exceptionally long time; different data may have been collected if the companies had been operating in South Africa for less than ten years. The second limitation to this research was cultural barriers, as the interviews were conducted by a non-South African citizen, and the study was conducted in South Africa where the cultures are diverse and localised. The third limitation was that face-to-face meetings were not possible due to the Covid-19 lockdown. The fourth limitation was the introduced biases and assumptions of the interviewer, which may have affected the results. The fifth limitation was the biases combined with the non-probability sampling methods, which might have led into a closed cycle of respondents and eliminated some key potential respondents from the research. This might have led to the generalisation of the results. The sixth limitation was that the results cannot be generalised for all MNCs in South Africa due to the relatively small sample size.

CHAPTER FIVE: RESULTS

5. Results

5.1. Introduction

Chapter Five presents the key findings of interviews conducted with 12 senior HR and talent managers for 12 reputable South African subsidiaries of MNCs. The interviews were held with the aim of answering the two research questions posed in Chapter Three regarding the adaptation of HR policies with a special focus on recruitment and selection practices.

This section provides details of all the interviewees' backgrounds and contexts, and offers information to help the reader achieve a better understanding of all the interviews conducted. In this chapter, a qualitative analysis of the outcome of each research question is done in order to figure out the key themes. Quotations are included to support the analysis.

5.2 Interview Participants and Context

The names of all the interviewees have been changed to their job titles as listed in Table 3. As per the consent form in Appendix B, there is no mention of the interviewees' names or their companies to protect their identities. From the population of MNCs operating in South Africa, senior Human Resource and talent managers from 12 companies were interviewed, focusing on mining, engineering and FMCG.

Table 2: Demographics of companies sampled

No	HQ Geographic Location	Industry	Years in South Africa	Staff Size
1	France	Engineering	94	+1,200
2	United Kingdom	Coal mining	103	+1,200
3	Switzerland	Engineering	113	+600
4	United States	Engineering	110	+1,300
5	United Kingdom	Iron ore mining	+100	+1,000
6	United Kingdom	Engineering	11	2,300
7	Switzerland	Engineering	113	+900
8	United States	FMCG	150	1,400
9	United States	Engineering	74	+1,000
10	Switzerland	FMCG	102	+4,000
11	United States	FMCG	25	+17,000
12	Australia	Engineering	70	1,500

The sampled companies were well-established and large MNCs, which had been operating in South Africa for a range of 11 to 150 years and a mean of 89 years. The range of local employees were between 600 to 17,000, with a mean of 2,783 employees. The companies' head offices were located in the United States of America, France, the United Kingdom, Switzerland and Australia.

Table 3: Demographics of the interviewees

No	Job title	Years with the company	Total years of experience
1	HR Director	6	14
2	HR Manager (Head of Department)	9	25
3	HR Manager	8	17
4	EMEA Talent Acquisition Manager	13	20
5	Talent Manager	2	18
6	HR Manager	2	19
7	Learning, Development & Talent Partner	6	15
8	HR Business Partner	8	13
9	Global Compensation Programme Manager	12	27
10	Total Rewards Manager - Asia, Oceania & sub-Saharan Africa	10	26
11	Total Rewards Manager - sub-Saharan Africa	2	24
12	HR Africa Leader (HR Director)	4	19

Almost all of the interviewees had more than 15 years of experience and had been part of adaptation processes in their current or previous roles. Their level of experience gave the study good quality data and in-depth information about how and why companies adapt HR practices for South Africa.

5.3 Results: Research Question One

> **Research Question One:**
>
> What factors influence the adaptation of human resource practices from the head offices of multinational corporations to their subsidiaries in South Africa?

In order to answer the first research question, 11 sub-questions were asked. These questions were designed in a way to gain a better understanding of whether the head office or the subsidiary in South Africa decided on the adaptation, what the key drivers were for the South African subsidiaries to change the HQs' HR practices, why they could not be implemented as is, who the main stakeholders were and their degree of influence, and how the interviewees perceived the adaptation process for themselves and the company. At the end, three more sub-questions regarding the necessary competencies for the adaptation process were asked. By analysing the answers to the sub-questions, the researcher was able to determine what forces affect the adaptation of HR practices in the South African context.

5.3.1 Sub-Question One: Percentage of HR Policies and Practices decided by HQ and Percentage decided by the Operation in South Africa

The first sub-question was asked in order to assess what percentage of HR practices and procedures are decided by HQs and what percentage are decided by the South African subsidiaries. The aim of this question was to find out whether the HQs or the subsidiaries have more control over the adaptation process. The below table was built based on the interviewees' responses to this question; the left column represents the percentage of HQ control over the HR practices' adaptation; the middle column represents the percentage of the South African subsidiaries' control; and column three is for frequency (repetition) of answers. Rows are in ascending order based on column one.

Table 4: Control split between the HQs and the subsidiaries

HQ %	SA %	Frequency
20%	80%	4
35%	65%	1
60%	40%	1
70%	30%	3
80%	20%	2
90%	10%	1
53%	47%	

The average of the sample was 53% for the head office and 47% for the South African subsidiaries, however the table indicates a bimodal distribution. It seems that companies from the USA tend to have more control over HR practices than European companies.

One manager who gave a ratio of 80% and 20% said:

"There are policies that they decided, and you have to implement it as is. You don't touch it and there are some that we have to adopt a little bit, which we call the South African policies at the end."

Another manager who reported a 20% and 80% split said:

"Those policies are easily interchangeable; they are regulated by the head office and then companies localise those policies that they use to manage day-to-day interactions with employees."

5.3.2 Sub-Question Two: Reasons for Adaptation

The second sub-question was concerned with the main obstacles to the South African subsidiaries implementing the HQs' HR practices as they were. The aim of the question was to find out the main reasons for the adaptations. The below table was built based on the interviewees' responses to the second sub-question. The left column represents the ranking of these reasons, where the most important reason is ranked as 1 and the least important is ranked as 10. The ranking is based on the frequency of the construct which is registered in column number three. The second column offers the reasons for the adaptation of the HQs' HR practices.

Table 5: Reasons for adaptation of HR practices in RSA

Rank	Construct	Frequency
1	Legislation (Labour Relations Act)	12
2	Employment Equity Act	6
3	Apartheid (enhancing diversity)	5
4	Business culture (leadership style)	4
5	Local market standard (best practices)	4
6	Quality of education in RSA	2
7	BBBEE (mining charter)	2
8	Poverty in RSA	1
9	Triple bottom line (social responsibility)	1
10	Implementability (not implementable in SA)	1

The interviewees agreed that legislation is the biggest reason for adapting international HR practices for South Africa. One manager who emphasised the importance of legislation said:

"…the local legislation would take precedence, so I would say the framework, strategy and the philosophy are conceptualised at the global from the trouble perspective with the cost to be cascaded down and allowing for that local Taylor, and based on the local legislation."

A key legislation is the Employment Equity Act (EEA), which was mentioned in 50% of the interview responses. This talks to the country's history of apartheid and the necessity of empowering previously disadvantaged people. A manager who spoke about EEA said:

"Because of different legislations, so France for example, will have a policy which in France is going to be based on French legislation, whereas in South Africa it has to be converted to South African legislation. For example, in South Africa, you must have employment equity, whereas in France you would not have employment equity."

Apartheid, business culture (leadership style) and best market practices were the second most common comment. Leadership style was defined by one manager as:

"People managed very differently in leadership styles in different countries… very very different, so in some countries they have a lot stricter leadership style, the head office was one of those."

Another manager who supported the market best practices view said:

"It's really what's the standard in that market, and if you wanting to attract talents in that market, you have to have something that's competitive. So, either a competitive package like an attractive car or pensioner provident fund policies."

The quality of education, BBBEE, poverty, social responsibility in terms of hiring from the surrounding communities and implementability were minor reasons for adaptation.

5.3.3 Sub-Question Three: Policy Adaptation Process

The third sub-question was concerned with how the subsidiary approach the adaptation process, and what procedures it follows to come to the final hybrid policy. Each interviewee was requested to choose a policy and talk about how the subsidiary adapted it. As per Figure 2 below, all the interviewees agreed that there were three main steps: policy transfer from HQ, the South African adaptation process (which has different elements depending on the process and the company's procedures), and the hybrid policy at the end. The aim of this question was to find out how different companies adapt different policies and what elements are involved in the process. Table 6 was built based on the interviewees' responses for the third sub-question. The first column on the left is the interview number, the second column is the policy selected by the interviewees where they were involved in the adaptation process, the third column contains all the steps and elements that were required during the adaptation process, and the last column indicates whether a pilot project was needed before the final implementation.

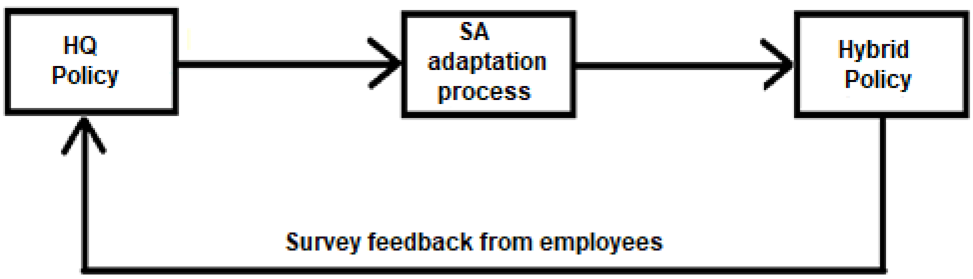

Figure 2: Generic diagram to analyse policy adapting

Source: Researcher's own (2020)

Table 6: Specific process adaptation elements

	Selected policy	Adaptation elements (steps) involved	Pilot project
1	Training Policy	• Apply legislation • Consult with stakeholders • Document the process • Quality control (quality management system) • Communicate the policy	No
2	Harassment (anti-bullying) Policy	• Consult with stakeholders • Document the process • Alignment between different business units • Change management process to get buy-in	Yes
3	Talent Management Policy	• Consult with stakeholders • Document the process • Alignment between different business units • Apply legislation lens	No
4	Car Policy	• Consult with stakeholders • Compare to the market's best practices • Get HQ approval	No
5	Gender, Diversity and Inclusion Policy	• Consult with stakeholders • Alignment between different business units • Apply legislation lens	No
6	Maternity Leave Policy	• Consult with stakeholders • Alignment between different business units • Apply legislation lens • Compare to the market's best practices	No
7	Recruitment & Selection	• Consult with stakeholders • Alignment between different business units • Apply legislation lens • Compare to the market's best practices	No
8	Anti-Gender Violence Policy	• Consult with stakeholders • Apply legislation lens • Communicate the hybrid policy	Yes
9	Global Mobility Policy.	• Consult with stakeholders • Alignment between different business units • Compare to the market's best practices	No
10	Business Travel Policy	• Consult with stakeholders • Change management process to get buy-in	No

		• Compare to the market's best practices • Get the HQ approval	
11	Performance Management Policy	• Consult with stakeholders • Document the process • Apply Legislation lens • Communication of the hybrid policy	Yes
12	Code of Conduct (Business Integrity)	• Apply legislation lens	No

According to the interviewees, most policies come from the HQs as guidelines with no fine details, before being adapted to the South African context by involving several elements (steps). These elements differ from policy to policy as per Table 6. At the end, the final policy is a hybrid policy that is implemented locally. Some hybrid policies are implemented immediately, while others are tested as a pilot project to seek feedback from employees before the final implementation. Table 7 analyses the ranking of the process elements mentioned in the table above, where the most repeated element (or step) ranks the highest. The left column of the table represents the ranking of the elements of the adaptation process, where the most common element is ranked as 1 and the least is ranked as 9. The second column represents the name of the element and the third column is for the frequency which caused the ranking.

Table 7: Process adaptation element ranking

Rank	Construct	Frequency
1	Consultation with stakeholders	10
2	Apply legislation lens	7
3	Alignment between different business units	5
4	Compare to the market's best practices	5
5	Documentation of the process	4
6	Get the HQ approval	3
7	Change management process to get buy-in	2
8	Communication of the hybrid policy	2
9	Quality control (quality management system)	1

‘Consultation with stakeholders’ was a dominant element across nearly all the process adaptations. Legislation was the second most common element, which appeared in more than half of the responses. One manager who emphasised the importance of applying the legislations lens said:

"It was one of the key things that we needed to make adjustments to because it needs to adhere to other legislation in country which is employment equity. Because if we do not meet that then we may risk losing our mining license to operate."

In 40% of the selected policies, alignment between different business units and the comparison to the market's best practices and documentation of the process were used in the adaptation process. A manager who spoke about business alignment said:

"After the HQ HR meeting with us, you have another meeting in the hiring process to make sure that you align with the business and hearing to everything."

While the HQ approval on the final policies appeared in a quarter of the responses, change management process to get buy-in, communication of the new policy, and document quality control were not common elements.

The figure below highlights the process based on the analysis:

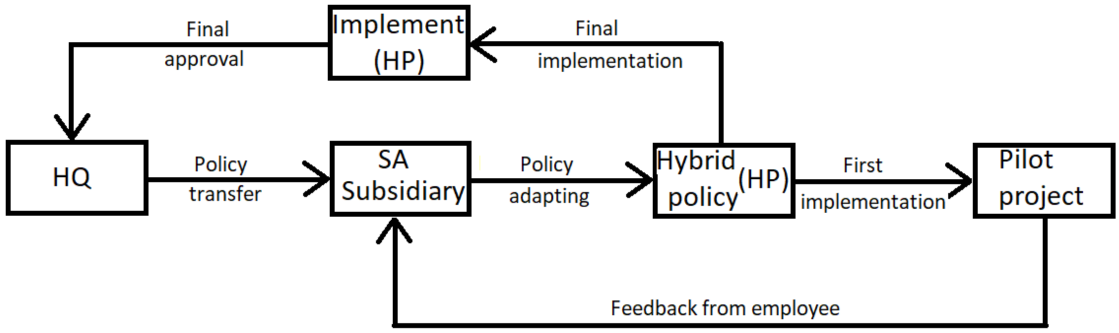

Figure 3: Final diagram for policy adapting

Source: Researcher's own (2020)

5.3.4 Sub-Question Four: Adaptation Process Description

The fourth sub-question was concerned with how the interviewees described the process and how they experienced it. The aim of the question was to find out their feelings about the process. The below table was built based on the interviewees' responses to the fourth sub-question. The first column represents the ranking of the description, where the most common description is ranked as 1 and the least is ranked as 10. The second column represents the description of the process, while the third column represents the category of the description (positive, negative or neutral). The last column is for the frequency, which causes the ranking.

Table 8: Adaptation process description

Rank	Construct	Impression	Frequency
1	Long	Negative	8
2	Easy	Positive	4
3	Exhausting	Negative	4
4	Interesting	Positive	3
5	Consultative	Positive	3
6	Adversarial	Negative	2
7	Difficult	Negative	2
8	Iterative	Negative	2
9	Challenging	Negative	1
10	Frustrating	Negative	1

Two thirds of the interviewees perceived the process in a negative way; they described it using negative words such as long, exhausting, adversarial, difficult, iterative, challenging and frustrating. In the negative responses, all agreed that the process was long and consumed a fair amount of time due to the nature of the process itself. In the second category, one third of the interviewees described it as "exhausting":

"It's exhausting because you have to make them [stakeholders] *understand why we do things the way we do."*

There were fewer responses saying that the process is adversarial, difficult, iterative, challenging or frustrating. One manager who described the adaptation process as "adversarial" said:

"The process itself is pretty much a structured and engaging process. However, if you drive any process during a wage negotiation, you're going to get an adversarial kind of response."

On the other hand, one third of the interviewees perceived the process in a positive way, describing it with positive words like easy, interesting and consultative. In the positive responses, all described the process as "easy", but said that this was because of their long-term experience. In the second category of positive responses, 90% described it as "interesting" and "consultative":

"It is easy, however, it requires experience. If you ask another person with less experience than me, that person will say is difficult, and I will tell why, to be in a good position, you need to have the experience to make people understand the aim of the policy."

"I think very interesting, very energising because I don't know, maybe it's just for me. I love teaching, I love training, I love getting the satisfaction of knowing that I have imparted something to a next person to grow them, to change their perspective, to leave them as a better people."

5.3.5 Sub-Question Five: Adaptation Process Initiator

The fifth sub-question was concerned with who initiated the HR adaptation process. This indicated the level of control of the HQ vs. the local office, and the influence level of stakeholders. Table 9 below was built based on the interviewees' responses to the fifth sub-question. The first column represents the ranking of the description, where the most common description is ranked as one and the least is ranked as four. The second column represents the initiator and the third column is for the frequency which led to the ranking.

Table 9: Adaptation process initiator

Rank	Construct	Frequency
1	Local HR(the subsidiary)	8
2	HQ HR	2
3	Employees' feedback	1
4	Transformation leaders	1

Two thirds of the interviewees confirmed that local HR is the initiator for the adaptation process when they realise that it will not work as is. One manager who emphasised the local HR role said:

“So that's me, I mean as the head of HR as the HR director, that's your job."

HQ as an initiator represented only 15% of the responses:

“Functional head from group will initiate, say policy document from corporate and then be in touch with the functional head in South Africa. Then it is iterative process, so it's mainly started from the head office."

In a rare case and depending on the policy, sometimes the initiator might be employee feedback or transformation leaders. One manager who named the transformation leaders said:

“We, as transformation leaders, engage different stakeholders. For instance, an organised labour leadership, and then there is a tier of our management section managers.”

5.3.6 Sub-Question Six: Adaptation Process Key Drivers

The sixth sub-question was concerned about key drivers of the HR adaptation process. The aim of the question was to find out the most important elements that drive the adaptation process. Table 10 below was built based on the interviewees’ responses to this sub-question. The first column represents the ranking of the key drivers, where the most common driver is ranked as one and the least is ranked as eight. The second column represents the key driver name and the third column is for the frequency which caused the ranking.

Table 10: Adaptation process key drivers

Rank	Construct	Frequency
1	Legislation changing	6
2	Business needs	5
3	BBBEE	3
4	Talent attraction	2
5	Enhancing Return on Investment	1
6	Enhancing inclusion	1
7	Enhancing diversity (race)	1
8	Code of conduct	1

Again, and in line with Table 7 findings, half of the interviewees agreed that the differences in legislation are the biggest driver for adapting HR practices in South Africa, i.e. South Africa has many laws to protect employees’ rights. One manager who explained the consequences of ignoring the legislation said:

“"If you haven't ticked those boxes or you are not adapting a policy, this will come with negatives into the organisation and disadvantage the employees or put the company in a vulnerable situation."

Business needs is the second key driver, it was mentioned in 40% of responses. This was supported by another manager who said:

"In order for us to be able to implement that policy effectively we need to consider our organisational needs. If we think about the internal moves policy, there was a need for us to have mobility of skills to have seamless movement of talents of our technicians because you could understand that there was a shortage of technician in a number of locations."

BBBEE was the third driver in one third of the responses. Minor drivers that were mentioned only once or twice were policy dependant, such as talent attraction, enhancing Return on Investment, enhancing inclusion, enhancing diversity of race, and the code of conduct.

One manager who supported the inclusion driver said:

“Being somewhat empathetic means that there is something that has to be dealt with within our culture to create this enabling culture for everybody. I think that's really the key driver.”

Another manager who emphasised talent attraction said:

“It's talent development, you know when we want to build a talent pool. So, we get to align to meet the landscape within South Africa."

5.3.7 Sub-Question Seven: Adaptation Process Stakeholders

The seventh sub-question related to the stakeholders who are involved in the HR adaptation process. The aim of the question was to find out who they are, what their roles are, and what degree of influence they have on the adaptation process. Table 11 below was built based on the interviewees’ responses to the question. The first column represents the ranking of the stakeholder, where the most common stakeholder is ranked as one and the least is ranked as seven. The second column represents the stakeholder name and the third column is for the frequency which caused the ranking.

Table 11: Adaptation process stakeholders

Rank	Construct	Frequency
1	Senior management including HR (country leadership)	12
2	Professional employees	3
3	External service providers (people or service)	3
4	Legal department	3
5	Local communities	2
6	Finance department (when required for the policy)	2
7	Unions	1

All the interviewees agreed that leadership in terms of senior management is the number one stakeholder for adapting HR practices in South Africa. One manager who emphasised the role of senior management and the legal department said:

"I think the actual leadership in totality, but very importantly, we also involve our legal or legal entity. Also, just to verify their applicability of the policies within the framework of law in each in different countries."

All other stakeholders are by far ranked below the local business leadership (including the legal department). Professional employees, external service providers who provide the supply of human capital or service to the subsidiary, and the local legal department were just a quarter of the responses. Other stakeholders were mentioned once or twice such as local communities, the finance department (when required for the policy) and unions.

One manager who spoke about the community as a stakeholder said:

"It is important to add the community. We do engage community in in policies like training policy, because some of the training activities do involve the community, because we need to attract skills from the local communities that come for training."

5.3.8 Sub-Question Eight: Adaptation Process Period

The eighth sub-question was concerned about how long the adaptation process takes. The aim of the question was to find out the length of the process and why it takes that time. Table 12 below was built based on the interviewees' responses to the question. The first column represents the ranking of the period, where the most common time length is ranked as one and the least is ranked as four. The second column represents the period itself and the third column is for the frequency which caused the ranking.

Table 12: Adaptation process period

Rank	Period	Frequency
1	Two to three months	8
2	Two to three years	2
3	Six to nine months	1
4	Six to twelve months	1

Two-thirds of the interviewees agreed that the process of adaptation would normally take between two and three months:

"If there was an existing policy that just needed to be adopted to include an additional criterion, so that took us about two months to adjust."

In the second ranking, the period was extended up to three years:

"If it's a long-term vision strategy like hourly workforce, it's not an overnight thing. It might be up about three years because it would be implemented on a phased approach. Because it will depend on the business readiness as well."

One interviewee said that it would take from six to 12 months:

"We started because we got all information then we presented, then we waited for I would say 6 to 12 months. A lot of back and forth."

The mean of the period is around nine months. The discrepancy in the adaptation period was explained by the interviewees due to the nature of the process itself; it takes longer for long-term or sensitive policies, and it takes less time if it is for less complicated policy.

5.3.9 Sub-Question Nine: Adaptation Process Negotiation

The ninth sub-question was concerned with the amount of negotiation involved in the process of adaptation. The aim of the question was to find out how significant negotiation is in the adaptation process, as well as how much time it takes. Table 13 below was built based on the interviewees' responses. The first column represents the ranking of the amount of negotiation, where the most repeated construct is ranked as one and the least is ranked as four. The second column represents the amount of negotiation as described by the interviewees, and the third column is for the frequency which caused the ranking.

Table 13: Adaptation process negotiation

Rank	Construct	Frequency
1	Substantial amount of negotiation (>30% of the adaptation process time)	6
2	30% of the adaptation process time	2
3	Fair amount (<30% of the adaptation process time)	2
4	Not much negotiation	2

Half of the interviewees agreed that negotiation takes a substantial amount of time in the adaptation process (>30% of the adaptation process time). This is due to the number of stakeholders involved in the process and the complexity of the negotiation, as each stakeholder has their own interest they are trying to maintain, e.g. the HQ is interested in keeping control and the local subsidiary needs to negotiate and convince HQ why it needs to adapt. Another example is negotiation with employees; the first reactions to a changed policy are, 'How this will affect me?' and 'Will I be harmed or benefited?' This was supported by one manager who said:

"It takes a while because we have to give the first draft and then if they (stakeholders) didn't agree on the first draft, we modify it. We did the second one and once we did the second one, they needed to sign off. Well, not officially but we (HQ and the subsidiary) are still going back and forth."

In the second, third and fourth ranks, other respondents stated that it takes a fair amount to a very little amount of time (=< 30% of the adaptation process time):

"Fair amount. That's why I would have spoken about engaging the union leadership and engaging your leadership, it's maybe less negotiation, but more consultation."

"30% of the time is to convince them what you could, and you could not do."

5.3.10 Sub-Question Ten: HQ Final Signature

The tenth sub-question was a simple question that aimed to ascertain whether the local office needs the HQ to sign-off on the final hybrid policy or not. The aim of this question was like that of sub-question one, i.e. to find out the degree of control of the HQ over adaptation. Table 14 below was built based on the interviewees' responses to the question. The first column represents the ranking, while the middle column represents whether the local office needs HQ sign-off (yes or no). Column number three is for the frequency (the repetition) which caused the ranking.

Table 14: HQ final signature

Rank	Construct	Frequency
1	Yes	6
1	No	6

The interviewees were 50% - 50%, which confirms the results of sub-question one.

A manager who supported the "no" answer said:

""No, that becomes local, so, the head office will hear that there is a new policy because of the QMS system. Then, they may have an interest in reading it, but not necessarily in changing it."

Another manager who support the “no” answer said:

"Final policy? Yeah, so they not to dictate the policies because it's not like we change a whole lot of things, but they have the experience."

5.3.11 Sub-Question Eleven: Adaptation Process Benefits

The eleventh sub-question aimed to find out who ultimately benefited from the adaptation. Table 15 below was built based on the interviewees’ responses to the question, with the first column representing the ranking and the second column representing the party that benefited most. Column number three is for the frequency of the answers which caused the ranking.

Table 15: Adaptation process benefits

Rank	Construct	Frequency
1	Employees	7
2	Business units in South Africa	7
3	Headquarters	2
4	Communities	1
5	All stakeholders	1

The interviewees mentioned in 58% of their responses that employees and local business units in South Africa are the biggest winners of adapted policies. Employees benefit by having transparent policies that are in line with South African business norms that they are familiar with. This view was supported by a manager who said:

“The people who get company's calls or car allowances felt like they are worse off because the process wasn't very scientific in terms of hardwires calculated, now it's, it's very transparent!"

The business win comes when a company is compliant with South African legislation, which will protect its business license, and they can attract talent by adapting to the best practices in the market. One manager who suggested that the business is the most beneficial stakeholder said:

"Yeah the business itself, which means when you train the people in accordance to the adapted policy, you have got a better business tomorrow because then you start increasing efficiencies."

Less than 15% of the interviewees saw benefits for the HQ, local communities and all stakeholders. One manager who believed that the HQ benefited said:

"I think also there is a bigger benefit of the corporate company for some sort of standardisation as much as it will not be 100% as they intended, but most of it will be applied consistently around the world. But I think it's also quite important to note that we are one organisation at the end of the day, so whatever changes or adaptations we do, it is for the greater good of the company."

A manager who supported the idea that all stakeholders win said:

"The head office is happy that the rules are running, and you are happy because you find the middle ground between the standard rules and what people would accept."

5.3.12 Adaptation Recommendations and required competencies

This section summarises the most important recommendations that were gathered from the responses regarding HR practice adaptation in South Africa for MNCs. Three open sub-questions regarding the most important competencies required for the adaptation process were asked of all interviewees. The aim of the question was to find out what the most important recommendations and competencies are that will affect the adaptation process in a positive way. Table 16 below was built based on the interviewees' responses for the three open sub-questions. The first column represents the ranking of the recommendation or the competency, where the most common is ranked 1 and the least common is ranked 12. The second column represents the recommendation or the competency as described by interviewees, and the third column is for the frequency which caused the ranking.

Table 16: Adaptation process recommendation and required competencies

Rank	Construct	Frequency
1	Get stakeholders' feedback (active listening)	12
2	Know the SA macro and micro contexts	10
3	Strong negotiation skills (consultation)	9
4	Competent decision-making (strong leadership style)	8
5	Agility to learn on the job	6
6	Vision based on previous experience	5
7	Change agent	4
8	Align with business needs	4
9	Open-minded	3
10	Emotional Intelligence	3
11	Neutrality (not in any party's favour)	2
12	Documentation of the process	2

The interviewees largely agreed that getting stakeholders' feedback by active listening is the most important competency required for successful adaptation:

"I think to get people to understand "why" is to listen to them. You have to listen to other people's opinions on why it should or shouldn't be done, can or can't be done. It would be interacting with many stakeholders at the end of the day."

Knowing the South African macro (country economic performance) and micro (industry economic performance) environments was the second most important competency, which appeared in nearly 85% of the responses. The interviewees explained that if you do not know your country's and industry's conditions, you will not be able to adapt to what is needed:

"I would say it is understanding the local context, context through its legislation. This is a very important competence, very important."

In two thirds of the responses, strong leadership with good negotiation and decision-making skills appeared to be sought after. The interviewees explained that you have to push back and not just accept everything if you believe it will not work locally, then you need to negotiate to explain your point. One manager who emphasised these points said:

“We don’t just accept anything, we always pushback and we say no but why? And this and we question. But I think that creates a very good discussion to understand why they have done it and explain why. We do it a certain way and then to try and find that middle ground to say OK, this is what you want and why do you need it?”

Nearly half of the responses confirmed that agility to learn on the job and vision based on experience are important competencies. An interviewees explained that you need to adapt the HR practices while you are looking at the future impact of the hybrid policy:

“*Then people with a vision who can see the future so that when you implement the policy you are telling people this is the policy and the aim of the policy is that.”*

Aligning with business needs and requirements and being the change agent were described by one third of respondents. As one manager said:

“We should be trying to align to that rather than just saying we have always done it this way; this is how it should be done, we are different, and you have got to treat us differently. So, you have got to come with a very strategic arguments around adapting to a local policy.”

Being open-minded and having emotional intelligence appeared in a quarter of responses, which talks more to the change agent personal attributes:

“Don’t forget this emotional contract with the operating side, for example, the minute we go and we don’t explain why we doing whatever we doing, the minute you give your back, she does her own thing. You need to build this psychological contract.”

In one response only, thorough documentation skills were mentioned.

5.4 Results: Research Question Two

Research Question Two: What factors affect the adaptation of policies and practices regarding the recruitment and selection of staff?

Four sub-questions were asked in order to develop an understanding of the various aspects of the second research question. The sub-questions were designed based on the literature to gain a better understanding of how recruitment and selection practices are adapted to the South African context and what factors influence the process. In addition, the intention was to ascertain what the effect was on the company after the adaptation and implementation of a hybrid policy. By analysing the answers to these sub-questions, it became clearer what forces affect the adaptation of recruitment and selection practices in the South African context.

5.4.1 Sub-Question One: Aspects of Adapting Recruitment and Selection Practices

The first sub-question was concerned with what aspects have been adapted in South Africa with respect to recruitment and selection policies and procedures, and why. Table 17 below was built based on the interviewees' responses to the first sub-question. The first column represents the ranking of the adapted aspect, where the most common adapted aspect is ranked one and the least is ranked eight. The second column represents the aspect as described by the interviewees, and the third column is for the frequency which caused the ranking.

Table 17: Aspects of adapting recruitment and selection practices

Rank	Construct	Frequency
1	Selection criteria (diversity - race based)	8
2	Thorough interviewing process (ensure fairness)	5
3	Psychometric test adjustment (due to skills shortage)	4
4	Demographic-based selection (locals first)	3
5	Background checks (salary benchmark (payslips) and criminal record checks)	3
6	Onboarding adjustment (stricter local safety measures)	1
7	Probation period (six months instead of three)	1
8	Advertised all positions externally	1

Two third of the interviewees agreed that the first aspect they had to adapt in the selection process was to choose employees based on diversity. As per the EEA, diversity is based on the "hierarchy of race preference", as described by one manager:

"*Employment equity first. We almost have a staggered way that first preference will be African females, followed by Collins (mixed ethnicity)and then African males and then Indians and then white females and then lastly white males. So, we almost have some sort of a hierarchy of preference in terms of appointments.*"

The second most common aspect that was adapted regarding recruitment and selection practices in South Africa appeared in more than 40% of responses, i.e. a thorough interviewing process to ensure fairness, as well as psychometric tests (skills, knowledge, attitudes and personality traits assessments). This is an adjustment from HQ standards due to skills shortages in South Africa. An example of the thorough interviewing process is that in the South African subsidiaries, several documented interviews are held to make sure that the selection adheres to legislation and the business' needs. The psychometric test had to be adjusted to the market reality of skills shortages, as per a manager who said:

"They do use a psychometric testing here, yes, but obviously the norms and you know the acceptable ranges are different because they are normed against a

different population (HQ against the subsidiary)."

Additionally, the local entity conducts several background checks, including asking for the last payslip (which is illegal in most of the HQ countries) and criminal record checks. Background checks appeared in a third of the responses:

"The US legislation currently says you cannot ask a candidate for the salary compensation. You are not required to do that; those are some of the things that I take into account that you cannot ask. But in our local subsidiary in South Africa, we still request candidates to submit their payslip as proof of how much they earn."

One respondent said that onboarding has to be adjusted due to stricter local safety measures, and there is a probation period of six months instead of three:

"You know the probation period, globally there was no particular number of months because it differs legally according to country. Some countries have three months, some countries have six months, this had to be adapted for the South African context to be legally compliant. If someone is not performing in South Africa, you need to have fairly well documented evidence that the person's not performing and you can actually have sufficient reasons to terminate the contract of the person, whereas in a lot of countries in Europe you do not need that, you can just say thank you didn't make the grade, goodbye."

Lastly, one respondent said that the subsidiary tends to advertise all positions externally (outside of the company) .

5.4.2 Sub-Question Two: Factors that Influence the Adaptation of Recruitment and Selection Practices

The second sub-question related to the factors that influence the discovered adapted aspects of the first sub-question. The aim of the question was to find out which factors forced these aspects to be adapted in the South African subsidiaries. Table 18 was built based on the interviewees' responses to the second sub-question. The first column represents the ranking of the factors that influenced the adaptation, where the most common factor is ranked as one and the least is ranked as 12. The second column represents the factor as described by the interviewees and the third column is for the frequency which caused the ranking.

Table 18: Factors that influence the adaptation of recruitment and selection practices

Rank	Construct	Frequency
1	Employment Equity Act (EEA)	10
2	Labour Relations Act	9
3	The history of discrimination (apartheid)	4
4	Level and quality of education	4
5	BBBEE	3
6	Lack of talent (shortage of skills)	3
7	Triple Bottom Line (social responsibility)	2
8	Disadvantaged groups unemployment rate	2
9	Business requirements	2
10	Auditing purposes (a file for each employee)	2
11	Local market standard (best practices)	1
12	Unions	1

As expected, and in line with previous findings, 85% of the interviewees agreed that the Employment Equity Act (EEA) is the most important factor to influence the adaptation of recruitment and selection practices in South Africa, while 75% confirmed that the Labour Relations Act is the second biggest contributor. This was supported by one manager who spoke about the influence of EEA by saying:

"The Employment Equity Act is an actual legislation. So, if they don't feel that you are improving the diversity in your organisation, then they can fine you and even, it can be some court case against you."

A third of the respondents talked about the history of discrimination in South Africa (apartheid) and the poor level and quality of educational outcomes due to the declining state of South African education. The interviewees described starting to ask for "overqualified" candidates to bridge the gap between job requirements and the available skills in the market. One manager who spoke about apartheid said:

“If you take a look at historical elements, there were beliefs and biases. There's a lot of things that drove that behaviour at that point in time, and that behaviour influence the future and where we are now. And because of the past behaviour (apartheid), we now put legislation."

Another manager who spoke about the low quality of education said:

“We look for qualifications more than in New York. We would probably go for a person that has a Masters or studying for a Masters, while in New York they are looking more at having an undergrad. The value at that degree level is seen as a high qualification.”

BBBEE and lack of talent, which talks to a shortage of skills in the market, appeared in a third of the responses, for example in some cases HR had to drop the selection criteria for non-critical jobs due to a shortage of available skills in the market. One manager who spoke about the influence of BBBEE said:

"If you do not comply with triple BBBEE, you won't have a B rating, which means that some companies will not work with you, but you will not have a fine or any legal impact. B rating is more focused on the leadership of your organisation."

The factors of social responsibility, the high unemployment rate of previously disadvantaged groups, business requirements, auditing purposes in terms of having a file for each employee, local market standards (best practices) and unions were minor factors that were mentioned one or two times at the most.

5.4.3 Sub-Question Three: Number of Iterations to Achieve the Adaptation of Recruitment and Selection Practices

The third sub-question was a simple question that aimed to find out whether the adaptation to the final policy happened as a once-off or if it required a number of iterations. Table 19 was built based on the interviewees’ responses to the third sub-question, with the first column representing the ranking of the iterations; the most common is ranked one and the least common is ranked two. The second column represents the number of tries as described by the interviewees and the third column is for the frequency which caused the ranking.

Table 19: Number of iterations to achieve the adaptation of recruitment and selection practices

Rank	Construct	Frequency
1	Number of iterations	12
2	Once-off	0

All the interviewees agreed that the process was never once-off and required several iterations:

"It has had a number of iterations just to make sure that the wording is not discriminatory to anyone. For the first version of the policy, for example, we had people coming back saying OK, so if we inside the organisation, there is no chance for us to advance in our career."

5.4.4 Sub-Question Three: The Effect on the Company After the Adaptation of Recruitment and Selection Practices

The fourth sub-question was concerned about the effect on the company after the adaptation of recruitment and selection practices. The target of the question was to find out how stakeholders perceived the hybrid policy. Table 20 was built based on the interviewees' responses to the fourth sub-question. The first column represents the ranking of the effect, where the most common effect is ranked as one and the least is ranked as three. The second column represents the effect as described by the interviewees, and the third column is for the frequency which caused the ranking.

Table 20: The effect on the company after the adaptation of recruitment and selection practices

Rank	Construct	Frequency
1	Positive	7
2	Negative	1
3	Positive and negative	4

The interviewees mentioned in 60% of their responses that the adaptation had a positive impact on the company:

"*Exceptionally positive because of the benefit on morale, and I go back to the point I made earlier, where people are clear and whether there is transparency."*

Interestingly, only one interviewee considered the effect as being purely negative:

"Negative and I'll tell you why. Because regardless of the fact that we would get the person that the business wants for South Africa, it has to be that it's compliant, and there's this thing we call BBBEE. This recruitment and selection criteria is not making things easy for us."

One third of respondents believed that it was a mix of positive and negative. The interviewees explained the positive effect in terms of adhering to the law and making the policy transparent to all stakeholders, but the negative impact was described as upsetting some stakeholders, for example, by implementing a hybrid policy that is based on EEA, some employees (white males) believe that they cannot advance in their careers.

The above results of the two research questions provided insights into the adaptation process of HR practices for the South African subsidiaries of MNCs, with a special focus on recruitment and selection. The following chapter discusses the findings of the two research questions with reference to the literature review.

CHAPTER SIX: DISCUSSION

6. Discussion

6.1. Introduction

The results from the analysis in Chapter Five based on the collected data from all the semi-structured interviews are discussed in this chapter. According to the sequence of the research questions and the collected findings, a comparison with the existing literature is made to see how different they are from each other, and if there are new findings. Following this, an interpretation of the comparisons provides more insights into the adaptation process of the South African subsidiaries of MNCs, with a special focus on recruitment and selection. This will extend the body of knowledge on the topic.

6.2 Discussion: Research Question One

Research Question One:
What factors influence the adaptation of human resource practices from the head offices of multinational corporations to their subsidiaries in South Africa?

The first research question explored the adaptation process of HR practices, the influencing factors and the required competencies to enhance the prospect of a successful adaptation. Adaptation is inevitable as consistency of HR practices is needed as a form of control from the HQ, which leads to better outcomes for the organisation’s overall productivity (Jiang & Yahiaoui, 2019; Lertxundi & Landeta, 2012; Ichniowski & Shaw, 2003). The analysis of the findings of this research question generated seven themes: control, local resistance and reasons, adaptation process initiator, key drivers and application, negotiation with stakeholders, hybrid policies and implementation method, and top required competencies for the adaptation process. The first six themes form the adaptation process for South African subsidiaries of MNCs, while the seventh theme represents the most needed competencies during the process to enhance the prospect of a successful adaptation. These seven themes are discussed below.

6.2.1 Control

Tables 4 and 14 illustrate the findings of sub-questions one and ten, which are supported by quotations. They show the control percentage from the HQ over the adaptation process. Table 21 combines the data from the two tables.

Table 21: Level of control over the process

	Construct	Percentage
1	HQ percentage of control in the beginning	53%
2	Subsidiary percentage of control in the beginning	47%
3	HQ percentage of control at the end	50%
4	Subsidiary percentage of control at the end	50%

The interviewees indicated that new HR practices are sent from the HQ to the subsidiary, although the practice is usually written in a way to look as a guideline only (Wöcke, Bendixen & Rijamampianina, 2007) with no fine details. It still has a "theme" that needs to be adhered to from the subsidiary's side, however. After the local subsidiary receives the new HR practice from the HQ, they check whether it is possible to implement as is or not. In most cases they cannot implement it as is, which starts the subsidiary's counter control and they demand adaptation. The study found that in the beginning of the process, the control is a near 50%-50% split, on average, between the HQ and the subsidiary. On the other hand, at the end of the process when the subsidiary is done with the transformation of the HR practice, only 50% of the adapted policies need HQ approval, which reflects the level of control that HQ has.

All the interviewees indicated that resistance from the subsidiary side is not just for the sake of it, but because these HR practices had grown under a different context, and there is guarantee that the HQ HR practices will work in South Africa. This points to what Hofstede (as cited in Thite, Wilkinson & Shah, 2012) said, i.e. the control of HR practices depends on the differences in the economies, politics, and socio-economic factors of HQs and their subsidiaries. Furthermore, the interviewees indicated that most of the time, HQs are not surprised by their subsidiaries' reactions, but rather want to understand why their approach should be considered. This is in line with the literature, i.e. that HQ will always try to exert greater control to see as many as possible of their practices being implemented, while the subsidiary will try to convince HQ of the validity and value of its own existing methods and practices (Rose & Kumar, as cited in Chiang, Lemański & Birtch, 2017; Jiang & Yahiaoui, 2019). Although the interviewees on average indicated a 50%-50% split, the respondents from American MNCs indicated that they are subject to greater control from their HQs in comparison to others, thus that might be an area for future research.

In conclusion, the HQ's push to have control over the adaptation throughout the process. But as a result of the subsidiary's resistance (due to specific country reasons), the HQ gains 50% control while the subsidiary gains the other 50%.

The interviewees then provided insights into why the local subsidiaries resist the HQs' practices.

6.2.2 Local Resistance and Reasons

Tables 5 and 10 illustrate the findings of sub-questions two and six, which is supported with associated quotations. These illustrate the main reason why the local subsidiaries cannot accept their HQ's HR practices as they are. Table 22 is a combination of the data from the two tables.

Table 22: Reasons and drivers for the adaptation of HR policies in SA

Rank	Construct	Frequency
1	Legislation (includes EEA)	24
2	Business needs	5
3	Apartheid (enhancing diversity)	5
4	BBBEE (mining charter)	5
5	Business culture (leadership style)	4
6	Local market standard (best practices)	4

Table 22 shows that the primary reason for the adaptation of HR practices in South African subsidiaries is the country's labour legislation. In 24 responses, the interviewees indicated the influence of the labour laws on the adaptation process.

Some laws have special emphasis, such as the Employment Equity Act (EEA), which was mentioned in half of the responses.

As per Table 17, selection criteria are based on race, where the preference is for previously designated groups (Black African, Coloured (mixed ethnicity) and South African Indians) with a special emphasis on Black females. This is as per the EEA regulations, in which the government dictates the required Black percentage in each level of the organisation and requires progress every year.

More examples of the influence of South Africa's labour laws include strict onboarding safety measures, a six-month probation period, and the complexity of the termination process. By law, a subsidiary has to notify an employee of any issues and the work that needs to be done to requalify themselves. Alternatively, they have to move the employee to another job where their qualifications and skills fit. Even if all the above fails to fix the issue and the employee is fired, they still have the right to complain about the unfair dismissal to the CCMA, where the outcome is not guaranteed.

South African labour legislation is designed to enhance employees' rights. This is supported by the country's high ranking in terms of the rights of workers (World Economic Forum, 2019), being in 26th place among 141 countries. Although literature mentions that laws are a key reason for adaptation in China and India (Jiang & Yahiaoui, 2019; Maharjan & Sekiguchi, 2017), the South African interviewees indicated that the labour laws in South Africa are even more rigid and give MNCs little room to manoeuvre. This is line with the country's ranking for cooperation in labour employer relations (139) and active labour market policies (110) (World Economic Forum, 2019).

Ignoring the labour legislation is not an option, as per the data in Table 18 and its associated quotations, which show that failing to adhere to the law can attract up to 1% penalty of a company's net profit, court cases or even withdrawal of a mining license.

Table 22 shows that the second most common contributors to adaptation are business needs, the history of apartheid, BBBEE (mining charter), South African leadership styles and local market best practices.

Aligning the adapted policy to business needs, as per Table 22, is an important dimension of the adaptation process. Considering business needs allows the policy to become an effective and implementable one. On the other hand, ignoring the business needs dimension will cause employees to reject the adapted policy, and the subsidiary will have to go for another round of adaptation. For example, the psychometric test had to be adjusted to select “overqualified candidates” for critical jobs due to the declining quality of the South African education system. If an adaptation ignores the business need for overqualified candidates, the practice would hire unqualified candidates. The work of Wolhuter (2014) supported this view, noting that the education sector’s issues and outcomes is one of South Africa’s greatest challenges. In addition, the interviewees stressed that the South African leadership style is more relaxed and might be influenced by the Ubuntu concept (which emphasises collectivism). This influences any adaptation, which was confirmed by Horwitz (2012) who argued that South Africa’s Ubuntu encourages foreign belief systems, practices, norms, policies and standards to play a role.

Similarly, the interviewees indicated that BBBEE has the same degree of influence on the adaptation of HR practices. Although BBBEE is not a law, it has the power of one as the enforcement comes from the marketplace. For instance, if a subsidiary is not BBBEE Level three or higher, it is not likely that it will win contracts or tenders from the South African government. This is in line with what Reddy and Hamann (2018) found, i.e. MNCs from the home country will be on the Government vendors’ list for tenders in the hydrocarbon and mining sectors if they have a high BBBEE scorecard.

Best practices in the market also influence the adaptation process; the interviewees indicated that the subsidiaries follow the common practices of the South African market. One example is that of a South African subsidiary that adapted its HQ’s rental car policy to the local market’s best practice of “own your car”, i.e. they see this as a way to attract the best talent in the market. This finding adds to the body of knowledge as there was no mention in the literature regarding the impact of market best practices on an adaptation process.

In conclusion, South Africa’s labour laws are the main reason for the adaptation of HR policies in the South African subsidiaries of MNCs. Although subsidiaries all over the world have to adhere to their host country’s laws, some host countries are open to giving MNCs room to manoeuvre. This study adds to the literature regarding the South African context, as South Africa has much tighter labour laws in comparison to other host countries, and implements affirmative action. In addition, business needs, the history of apartheid, BBBEE, the South African leadership style of Ubuntu and local market best practices are additional findings which were not mentioned in the literature.

The above two themes of control and local resistance and reasons represent the unfreeze stage of Lewin’s change model (1951). The third theme, “the initiator”, marks the beginning of the change phase, which is fully explained in the next section.

6.2.3 Adaptation Process Initiator

After a subsidiary clarifies its reasons for an adaptation, the process is initiated as the first stage in the adaptation process, Table 23 summarises the data from Table 9, illustrating whether the HQs or the subsidiaries initiate the adaptation process.

Table 23: Adaptation process initiator

Rank	Construct	Frequency
1	The subsidiary	10
2	HQ HR	2

Table 23 shows that 85% of the respondents believe that the subsidiary is the main party to start the process. The interviewees justified this by saying that it is part of their role as HR heads, arguing that they are the best stakeholder to initiate it, as they are more familiar with the South African context. Furthermore, they said that their experience and competencies will allow them to identify the gap between the HQ’s HR practices and the desired hybrid practices, as well as the most suitable stakeholders and the time of implementation. Table 23 also shows that 15% of the respondents stated that the start signal comes from the HQ. They justified this by saying that HQ has lots of experience in the field of adaptation, as it supervises many adaptation processes in other host countries. This suggests that if the subsidiary has the experience then they can own the process and start it on their own, but if the subsidiary's HR head is not confident enough or does not have enough experience to manage the process, then it is up to the HQ to initiate the process. This is in line with the findings of Ferner and Varul (2000), who found that it can start in the HQ or the subsidiary, however this study finds that the decision is taken based on the available level of experience in the subsidiary. This is unique to the South African subsidiaries' context and should be added to the literature.

In conclusion, the South African subsidiaries are the default initiators for the adaptation process, but if they lack experience, the HQ will start the initiative. This is unique to South African subsidiaries, and will enrich the literature as there is no mention of this with regard to who initiates the process in the literature.

6.2.4 Key Drivers and Application

Tables 7 and 10 illustrate the findings of sub-questions three and six, which are supported with associated quotations. These highlight the key drivers which the local subsidiaries apply during the adaptation process. Table 24 is a combination of the data from the two mentioned tables.

Table 24: Adaptation process key drivers and lenses

Rank	Construct	Frequency
1	Apply legislation lens (including BBBEE)	16
2	Consult with stakeholders	12
3	Alignment between different business units	10
4	Compare to the market's best practices (talent attraction)	7
5	Documentation of the process (quality management system)	5

As expected, and in line with the findings set out in Table 22, Table 24 shows that the primary key driver (main applied lenses) for adaptation is legislation. The interviewees explained that all suggested modifications of HR practices must go to the legal department first. This is in line with the work of Jiang and Yahiaoui (2019) on French MNCs in China and the work of Maharjan and Sekiguchi (2017) on Japanese MNCs in India. Furthermore, the interviewees stressed that legislation is the first step, which precedes any others. For example, the interviewees stated that the adaptation of training policies must go first through the legal department to check whether they are in line with BBBEE requirements for training and development. The second step is consultation with stakeholders to align all suggested modifications with different business units' needs. This ensures that modifications are implementable by readjusting them to the business' needs. For example, the interviewees explained that the business travel policy was aligned to the finance department needs, as they proposed some amendments because of the cost side of the policy. The third step is examining market best practices to attract talent. The interviewees said that they advertise all positions externally (internet and social media) which is South African practice. Interestingly, they said that some HQs had copied this practice, which is reverse diffusion (Chiang, Lemański, & Birtch, 2017). Last comes the documentation of the process to makes it formal, which is as per Brunsson (as cited in Björkman & Lervik, 2007), who emphasised the importance of making the process formal.

In conclusion, the key drivers (main applied lenses) for the adaptation process are legislation, which precedes all other lenses; consultation with stakeholders to align to business needs; comparison with the market's best practices to attract talent; and formalisation of the process by documenting it.

6.2.5 Negotiation with Stakeholders

Negotiation is the link that connects stakeholders in the adaptation process to each other. The interviewees explained that this runs in parallel with the key driver and application phase, with the majority stating that it consumes more than 30% of the adaptation process time. They justified the need for this time because of the complexity of the process, and the conflicted interests of the stakeholders. For instance, if the adaptation is around a practice that will impact employees' remunerations like salary restructuring, negotiation can be very adversarial and therefore time consuming. On the other hand, Table 13 and its associated quotations show that little time is needed when it is a small change to less sensitive policy, or when the HQ's policy is already in harmony with that of the subsidiary.

In the negotiation process, many stakeholders can be involved. The only common stakeholder along all adaptations is the senior management, including HR, who are involved in all HR practice adaptations in SA. Beside senior management, other stakeholders like employees, external service providers such as hiring agents, legal entities, local communities, finance departments and unions can be involved in the process, depending on its nature. An interviewee gave an example of adapting a training and development policy, stating that it has to involve stakeholders like legal departments to check the BBBEE requirements for the training, and local communities to get their opinion on it, as well as fulfil the company's social responsibility obligations. For such HR practices there is no need to involve the finance department, for example. This is as per Thite, Wilkinson and Shah's (2012) finding that HR practices can be both informal and formal in an organisation and can change and evolve according to the wishes of the stakeholders.

In conclusion, negotiation between different stakeholders during the adaptation process is crucial; it can take a long time and be harder if one or more stakeholders perceive the outcome to be unfavourable. A subsidiary's leadership is involved in all adaptations, and other stakeholders are involved depending on the nature of the HR practice being adapted. The length and ease of the negotiation process depend on the nature of the HR practice, as well as the number and type of stakeholders involved stakeholders. These findings add to the body of knowledge on the topic.

6.2.6 Hybrid Policy and Implementation Method

Table 25 is a summary of Table 6 regarding pilot projects. It illustrates whether the adaptation process includes a pilot project or not.

Table 25: Implementation method

Rank	Pilot project	Frequency
1	NO	9
2	Yes	3

As per Table 25, 75% of hybrid policies are implemented straightaway, with 25% needing a pilot project before implementation. This means that the hybrid practice is first applied to a small group, or events/workshops are held to seek feedback from employees and to create awareness before the final implementation. Interviewees justify the choice of choosing the pilot project or not according to the sensitivity of the policy, as some must be done in the right way from the outset. An example of a sensitive policy is anti-bullying; an interviewee explained that in order to implement an adapted no bullying policy, the subsidiary had to run workshops and events to create awareness and get feedback.

In conclusion, after all the stakeholders agree to the hybrid policy, which is the outcome of the adaptation process, implementation can be done immediately or after a pilot project. A pilot project takes place when the policy is sensitive and there is no room for mistakes. This finding adds to the body of knowledge on this topic.

6.2.7 Top Required Competencies for the Adaptation Process

Table 26, which outlines the top required competencies during the adaptation process, is a summary of Table 16. These competencies act as the backbone of the adaptation process.

Table 26: Top required competencies

Rank	Construct	Frequency
1	Get stakeholders' feedback (active listening)	15
2	Competent decision-making (strong leadership style)	15
3	Know the SA macro and the industry micro contexts (EOB)	14
4	Strong negotiation skills	9
5	Agility to learn on the job	9

Active listening to stakeholders and having a strong leadership style are the most important competencies required for a successful adaptation process. Interviewees described active listening as a means to ascertain each stakeholder's point of view and get their buy-in; they further stressed the importance of managing emotions throughout the process. The interviewees also explained that stakeholders (employees, for example) receive new policies cautiously, as they wonder whether it will hurt or benefit them. Listening to them and making the process transparent makes a policy quicker and easier to implement. A strong leadership style is as important; the interviewees explained that there will be a lot of push back from HQ and other stakeholders, as each stakeholder wants to protect their own interests. A strong leader with competent decision-making skills is crucial to be able to push back and explain the subsidiary's point of view. Furthermore, the interviewees stated that the third most required competency is knowing your country's macro and your industry micro environments as well. For example, when the interviewees spoke about following market best practices to attract talent, the subsidiary and HR in particular need to know what these practices are, why they are important and how to adapt them. Lacking these competencies will have an impact on the success of the adaptation process. Lastly, strong negotiation skills and the agility to learn on the job are required competencies.

In conclusion, South African subsidiaries, and the HR heads in particular, need to have some competencies in terms of active listening, strong leadership style, knowing the local macro and micro environments, strong negotiation skills and the ability to be agile and open-minded enough to adapt and learn on the job. Without these competencies, there is a risk of failure of the adaptation process or the creation of an unsuccessful hybrid process. This study thus adds to the body of literature on the competencies required to achieve successful HR policy adaptation.

6.2.8 Summary of Discussion of Research Question One

This section concludes the discussion on Research Question One. Although the HQs try to implement as many as possible of their HR practices, the subsidiaries push back, which results in a 50%-50% split over control of the adaptation process due to specific country reasons. The main reason for adaptation in South Africa is the country's labour laws. This study found that this is a common reason for adaptation in other host countries, but the study adds to the literature regarding the South African context, i.e. the country has much stricter labour laws, including on affirmative action, than other host countries.

Once the HQ and the South African subsidiary agree on adapting an HR practice, the South African subsidiary starts the process as the default initiator. If the subsidiary lacks the experience to manage the process, however, the HQ will start it. The impact of experience on decision-making when it comes to the adaptation process is unique to South African subsidiaries, thus this study adds to the literature. Additionally, the study found that the key drivers of the adaptation process are legislation, consultation with stakeholders to align to business needs, comparison to the market's best practices to attract talent, and formalisation of the process in terms of documentation. Furthermore, the study found that negotiation between different stakeholders (a subsidiary's leadership is the main stakeholder) during adaptation is crucial, and its length and degree of complexity depends on the nature of the HR practices and how each stakeholder perceives the outcome of the process. The last step in the adaptation process is the implementation of the hybrid policy, which is the outcome of the adaptation process. Implementation can be done immediately or after a pilot project if the practice is sensitive.

The study discovered some competencies that are essential to enhance the prospect of a successful adaptation, i.e. active listening, strong leadership style, competent decision-making skills, knowing the local macro and micro environments, strong negotiation skills, and the need to be agile and open-minded enough to adapt and learn on the job. Without these competencies, the process is exposed to the risk of failure or the creation of an unsuccessful hybrid process.

6.3 Discussion: Research Question Two

Research Question Two:

What factors affect the adaptation of policies and practices regarding the recruitment and selection of staff?

Chytiri, Filippaios and Chytiris (2018) stated that HRM systems are interconnected in such a way that the quality and effectiveness of one affects the quality and effectiveness of the other. As noted, certain factors affect the adaptation of HR practices in South African subsidiaries, including recruitment and selection practices. Although recruitment and selection are interconnected with other HR practices, the following discussion focuses on discovering the unique factors that impact recruitment and selection in comparison to general HR practices, as they are the most important practices required to find the right employees who can fulfil the job and the organisation's requirements (Chytiri, Filippaios & Chytiris, 2018).

The findings of question two reveal that South African subsidiaries adapt eight aspects with regard to recruitment and selection policies and practices because of 12 reasons (see Table 17 and Table 18 respectively). These aspects are: selection criteria (diversity (race-based)); a thorough interviewing process (to ensure fairness); psychometric test adjustments (due to skills shortages); demographic-based selection (locals first); background checks (salary benchmarks (payslips) and criminal record checks); onboarding adjustments (stricter local safety measures); and advertising all positions externally and probation period adjustment (six months instead of three months). The 12 reasons for adapting these aspects 6are: the Employment Equity Act (EEA); the Labour Relations Act; the history of discrimination (apartheid); the level and quality of education; BBBEE; a lack of talent (shortage of skills); the triple bottom line (social responsibility); disadvantaged groups' high unemployment rate; business requirements; auditing purposes (must have a file for each employee); local market standards (best practices); and unions. The order in which these aspects and factors are presented reflects their frequency for both sub-questions one and two. The next section proceeds with a discussion regarding these adaptation aspects and the reasons for adaptation in South African subsidiaries from the perspectives of the interviewees in comparison to relevant academic literature.

6.3.1 Adherence

Labour laws and culture are the two main reasons for adapting recruitment and selection practices for French MNCs in China (Jiang & Yahiaoui, 2019) and Japanese MNCs in India (Maharjan & Sekiguchi, 2017).

This study found that legislation is the priority for South African subsidiaries when it comes to the adaptation of recruitment and selection policies. Legislation affects the entire process, as shown in Table 18, including the selection criteria that need to be based on race in order to adhere to the EEA's regulations. According to the labour laws, race-based selection precedes any other criteria. As the interviewees explained, although companies are given five years on average for transformation and need to report annually to the government on their progress, they have to work continuously to satisfy the EEA's occupational category requirements (see Appendix E). These categories are executive level, senior management, middle management, genuine management, professionals, semi-skilled and unskilled. According to EEA, the government dictates the required percentage of Black employees for each level in the organisation, which must increase every year.

In South Africa, the interview process is adapted from international HQs' simple procedures to be a more thorough, documented, multi-stage interviewing process, as per Table 17 and its associated quotations. This process is important to make sure that companies are adhering to the law by prioritising designated groups that represent the country's demographics, and to ensure the fairness of the process. If a subsidiary is audited, the company should be able to prove that it was serious about transformation and that it adhered to the recommended selection criteria of the EEA. Employees' rights are high in South Africa, as can be seen by the fact that South Africa is ranked 26th in the world for the rights of workers (World Economic Forum, 2019).

Furthermore, the data from Table 18 and its quotations show that failing to provide evidence of progress with regard to transformation, or ignoring the law, can affect the subsidiary in terms of penalties that can reach up to 1% of the company's net profit. Court cases can be raised against the company and they can lose their mining licence where relevant, which can destroy the business. By contrast, Yahiaoui (2015) found that the interview process is the same in French MNCs and their Tunisian subsidiaries.

In comparison to the four strategies Jiang and Yahiaoui (2019) discussed regarding the adaptation of recruitment and selection policies, South African subsidiaries' selection criteria follow a polycentric approach where there is a greater emphasis on the use of a host country's employees at all levels in the subsidiary. These strict criteria make it difficult for HR managers to find the right candidates for the right jobs, which is reflected in the World Economic Forum's (2019) report which ranked Cooperation in Labour Employer Relations just 139, Flexibility of Wage Determination in 134th place, Active Labour Market policies in 110th place, and Hiring and Firing in 129th place. These findings regarding the interview process in South Africa add to the literature on this topic.

Moreover, the data in Table 17 and its associated quotations show that a subsidiary must adjust its onboarding to match strict local safety measures, and it needs to extend its probation period to six months. On the contrary, Jiang and Yahiaoui (2019) found that French companies in China have the same standard recruitment process in both the HQs and the subsidiaries. These findings add to the literature because they are unique to South Africa and were not mentioned in the literature previously.

Interestingly, although the data in Table 19 show that the adaptation process is iterative, which might give a negative impression, Table 20 and its supporting quotations suggest that the effect of adaptation on recruitment and selection is positive, as the consequences of not adhering are severe for a business both reputationally and operationally. The study did find some negative consequences9, however, as the previously advantaged group, which is typically comprised of white males and females, find it harder to find a job or make progress in the subsidiaries under the current recruitment and selection policies. This is in line with Wöcke and Sutherland (2008), who found that White males show higher loyalty to their companies as they have the lowest chance of mobility. Additionally, it is hard for HR to hire the right fit for the job if applicants cannot filter through the EEA selection criteria. The study has found that the requirements and measures in South Africa are changing and getting firmer, whereas Lertxundi and Landeta (2012) found that the legislation in Greece is getting more relaxed to give room for MNCs there to manoeuvre.

In conclusion, South Africa labour laws in general, and the EEA in particular, have a huge influence on the adaptation of recruitment and selection policies and practices in the South African subsidiaries of MNCs. The impact is felt from the beginning of the process in terms of selection criteria, through the recruitment up until the end of the process. Although subsidiaries of MNCs over the world must adhere to their host countries' labour laws, some host countries are open to giving MNCs room to manoeuvre. This study thus adds to the literature regarding the South African context when it comes to recruitment and selection practices.

6.3.2 Reality (Labour Market Norms and Conditions)

Tables 17 and 18 show that the labour market's conditions are the second biggest contributor after labour laws to the adaptation of recruitment and selection practices. The study found that skills shortages in South Africa due to graduates' low quality of education (Centre for Development & Enterprise, 2013b) force subsidiaries to adjust their psychometric tests to the current labour market conditions. As per the literature, educational inequality in terms of resources and funding allocations was one aspect of apartheid (South African Government, 2015a; 2015b; 2019a). Wöcke and Sutherland (2008) also confirmed the impact of labour market forces on HR practices in general.

With regard to subsidiaries' psychometric test adjustments, and as per Table 17 and the associated quotations, HR managers struggle to find the right candidates for the right jobs after putting candidates through the EEA's filter. This is due to the skills shortage in the country, and the low level and quality of education. Instead, HR departments are flooded with hundreds and maybe thousands of job applications from applicants who are desperate to find a job due to the high level of unemployment in South Africa, which currently stands at 23% (Statistics South Africa, 2020, p. 2). According to Wolhuter (2014), the education sector is hampered by high drop-out rates, poor quality outcome, and budget deficits. Furthermore, he found that entrepreneurs, business leaders, managers, HR personnel, students, university and college lecturers, teachers and the parents of students agree that the education system in SA is lacking. Eventually, HR departments must choose from the available applicants in the market where they have two options. The first option is for critical jobs, where HR must raise the bar for the requirements by adjusting the psychometric test up to overcome the skills gap between the HQ and the South African labour market. For example, if a job requires a bachelor's degree and five years of experience, the subsidiary will request a candidate with a master's degree and 15 years of experience. On the other hand, for non-critical jobs, HR tends to drop the requirements by adjusting their psychometric tests down to match the job with the available level of skills in the market. Similarly, Yahiaoui (2015) found in Tunisian subsidiaries of French MNCs that the subsidiaries lower their standards because of the mismatch of skills between the two countries. In contrast, according to Jiang and Yahiaoui (2019), subsidiaries in China prefer to hire new graduates, as according to the World Economic Forum (2019), China's skillset of graduates ranks 35th, and its ease of finding skilled employees is in 41st position. South Africa ranks 102nd for skillsets of graduates, and 98th when it comes to the ease of finding skilled employees. The comparison between the data in Tables 17 and 18 and their associated quotations and the literature review adds to the literature, i.e. South African subsidiaries have to adapt their psychometric tests because of the reality of the education level and the quality and availability of skills in the market.

Similarly, Tables 17 and 18 and their associated quotations show that following the market's best practices is the third contributor to the adaptation process of recruitment and selection practices. These best practices are twofold – the first is unique background checks in terms of asking for pay slips and criminal record checks, and the second is advertising all positions externally to ensure fairness. Background checks do not happen and are often illegal in HQ countries, although Maharjan and Sekiguchi (2017) found that Japanese MNCs in India run some background checks to investigate potential candidates' teamwork capabilities before hiring them. South African subsidiaries' background checks are unique, however, and occur for different reasons, i.e. criminal record checks happen because of the high crime rate, and the pay slip requests happen because the subsidiary wants to pay "just enough" to a candidate. This is confirmed with the South Africa's flexibility for determining wages that ranks at just 134th place among 141 countries (World Economic Forum, 2019). Lastly, Table 17 shows that South African subsidiaries advertise all positions externally to ensure fairness, however Kang and Shen (2013) found that Korean MNCs in China do not advertise all positions externally.

In conclusion, labour market conditions and market best practices are the second and third biggest reasons after labour laws for the adaptation of recruitment and selection practices. This study adds to the literature by highlighting the reality of the South African market's best practices and conditions in terms of skills shortages, level and quality of education, background checks and the advertising of all positions externally. These unique factors influence the adaptation of recruitment and selection practices and policies in South African subsidiaries. Although some labour market conditions and best practices are not laws, they have the power to influence the adaptation of practices in South African subsidiaries.

6.3.3 Summary of Discussion of Research Question Two

Adhering to South Africa's labour laws, labour market conditions, and market best practices is a major influencer when it comes to the adaptation of recruitment and selection practices and policies for the South African subsidiaries of MNCs. Regarding adherence to labour laws, the study found similarities with other adaptation processes in the literature with other host countries, but South Africa has much stricter labour laws due to the history of the country. This gives MNCs less room to manoeuvre in South Africa and makes it difficult for them to find the right candidates, which is in line with the country's low ranking in terms of ease of hiring compared to other host countries. Additionally, labour market conditions like skills shortages, the low level and quality of education, and following market best practices like background checks, are forcing subsidiaries to adapt their recruitment and selection practices to the South African "reality". This adds to the literature regarding the adaptation of recruitment and selection practices of South African subsidiaries, as there is no mention of these in extant literature.

6.4 Conclusion

This chapter consolidated the empirical findings based on the collected data and the extant literature by explaining the adaptation process of HR policies in the South African subsidiaries of MNCs. The study found that control over the process is split equally between the South African subsidiaries and the HQs, however when it comes to starting the process, it is the subsidiary's decision unless it lacks the necessary experience to run the adaptation process. Furthermore, the main reason for adaptation in South Africa is legislation, which always takes preference. South Africa is quite strict in comparison to other host countries, especially when it comes to enhancing diversity, with a special focus on previously disadvantaged groups. The findings show the importance of consultation with stakeholders and the need for alignment between different business units during the adaptation process. Additionally, the study found that negotiation with stakeholders is crucial, and the negotiation time depends on the nature of the adapted practice, stakeholders' interests, and most interestingly, the emotions of the stakeholders and how they perceive the process. Implementation can be direct or through a pilot project, depending on the sensitivity of the policy.

Moreover, the study found that a subsidiary must have certain competencies if it is to manage the adaptation process. These competencies include active listening, a strong leadership style, competent decision-making skills, knowing the South African macro and the industry's micro environments, strong negotiation skills, and ability to be agile to learn on the job.

With regard to recruitment and selection adaptation reasons, the study findings are in line with general HR policy adaptation reasons, such as adhering to the local labour laws. Additional factors like skills shortages, the poor quality of education and market best practices are forcing subsidiaries to adapt their recruitment and selection practices.

CHAPTER SEVEN: CONCLUSION AND RECOMMENDATIONS

7. Conclusion and Recommendations

7.1 Introduction

A lack of recent data on the adaptation of MNCs' HR policies and practices to their South African subsidiaries was the catalyst behind this study. The starting point was to explore similar studies regarding adaptations in other host countries like China, Brazil, South Korean, India and Tunisia (Jiang & Yahiaoui, 2019; Geary, Aguzzoli, & Lengler, 2017; Williams & Lee, 2016; Yahiaoui, 2015).

This helped the researcher to understand how previous studies have explored HR policy adaptations and what models were used to interpret the phenomenon. One of the models was the Hybridisation model (Boyer, as cited in Yahiaoui, 2015; Yahiaoui, 2015) in Chapter 2. This model was the starting point for the study, which offered context for the adaptation process. No in-depth recent studies had been conducted exclusively for South African subsidiaries.

This study specifically explored adaptation from the subsidiaries' point of view in order to gather insights on the adaptation process for South African subsidiaries and its required competencies. As per Chapter 1, the consistency of HR practices is needed as a form of control for HQs, which also leads to better outcomes for organisations in terms of increasing their overall productivity (Jiang & Yahiaoui, 2019; Lertxundi & Landeta, 2012; Ichniowski & Shaw, 2003). Although literature offers a considerable amount of information on the adaptations of HR practices in other host countries, there was still a need to discover what factors influence the process, as well as more information on the process flow and its main stages, the stakeholders, and the most important competencies that are required to achieve a successful adaptation process within the South African context.

This chapter presents the research's major findings; the implications for academia and business; the limitations of this research; suggestions for future research; and a conclusion.

7.2 Research Findings

This study chose the country lens of South Africa to examine the adaptation process of MNCs' HR policies. Why and how the adaptation process happens in South Africa and what competencies are required to support the process formed the basis for the first research question: "What factors influence the adaptation of human resource practices from the head offices of multinational corporations to their subsidiaries in South Africa?" Additionally, the study focused on recruitment and selection practices as they are the most important way to identify, target and hire the best people, which optimises efficiency, savings and job satisfaction (Chytiri, Filippaios & Chytiris, 2018). This formed the basis for the second research question: "What factors affect the adaptation of policies and practices regarding the recruitment and selection of staff?"

This qualitative research study emerged seven themes related to the first research question, which are presented in the Shintsha model below. Additionally, the answers to the four sub-questions of the second research question emerged another two themes. These nine themes and the model are new to the literature.

7.2.1 The Shintsha Model for South African Subsidiaries

The Shintsha (which means "adapt" in the South African local Zulu language) model in Figure 7.1 was developed based on the seven themes discussed in Chapter Six to summarise the findings of Research Question One. It represents the findings of this study regarding the adaptation process of HR practices for South African subsidiaries of MNCs, and their most needed competencies during the process. The model's starting point is the U-process of change by Scharmer (2009), and 3 Steps of Change model (Lewin,1951), i.e. unfreeze, change and refreeze. The adaptation process is represented by a curve which consists of a two-dimensional graph, and the competencies are represented with a block as it is the backbone of the process. The y-axis represents the adaptation progressing and the x-axis represents time in six stages.

As per Figure 4, the x-axis ranges between two months and three years, depending on the complexity of the HR practices and the level of required adaptation. The process in the model consists of six stages that were built based on the first six themes of the Research Question One discussion. Two of these stages (Key Drivers and Application and Negotiation with Stakeholders) run in parallel. The flow of the process starts from the HQ to the local subsidiary, then it takes the shape of a back and forth iteration until the end of the process, as supported by Table 13 and its associated quotes. As discussed in Chapter Six, each stage is drawn from the interviewees' responses which give in-depth information to the stage and uncover the factors that influence the process. The required competencies for the process (which is drawn from Research Question One's discussion) are represented with a block as the backbone of the adaptation process, where the size of each oval represents the importance of the competency as supported by Table 26. In summary, the model can be divided into two main parts: the process and the required competencies. The Shintsha model thus acts as an interpretation to uncover the lived experience of HR managers in South African subsidiaries for the adaptation process of HR policies.

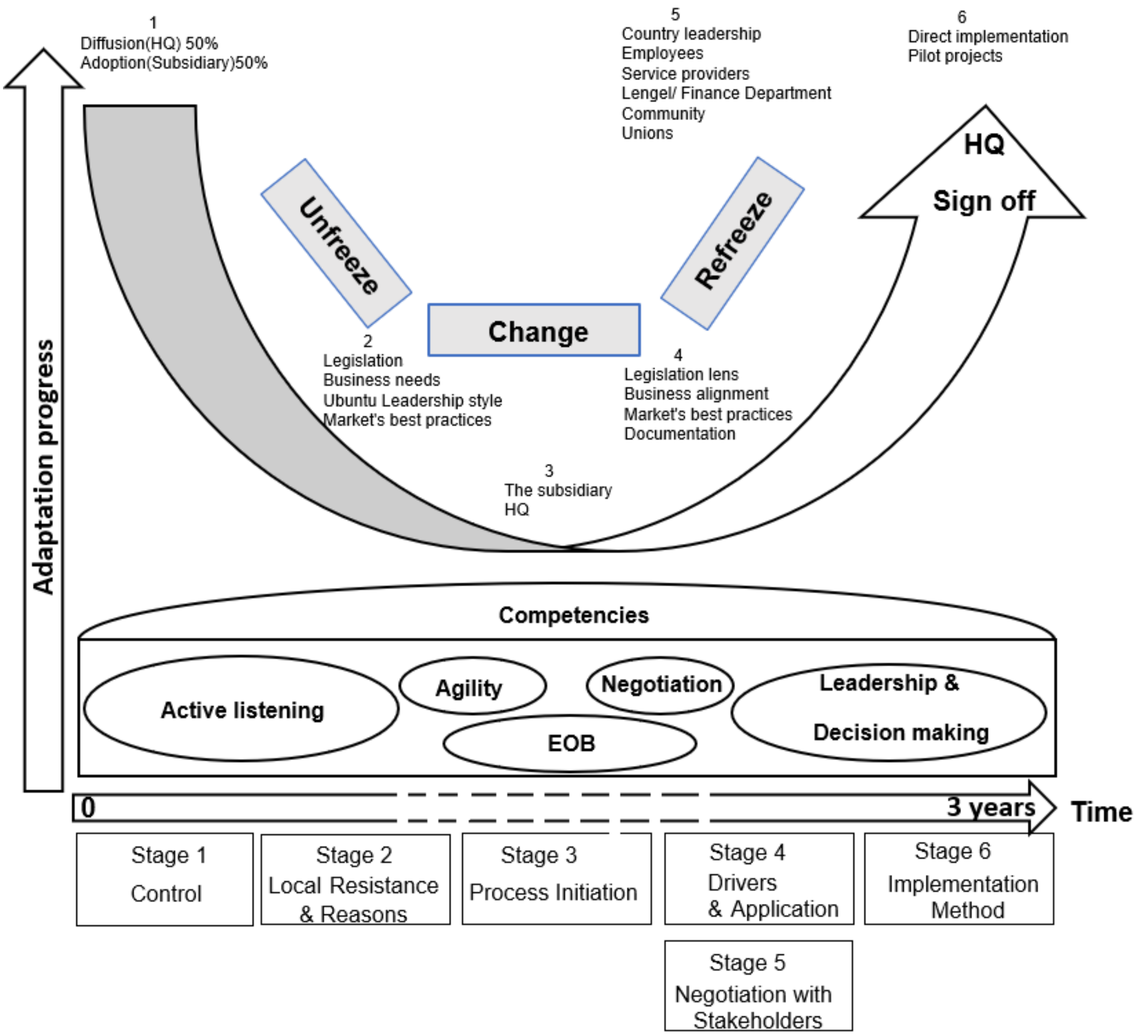

Figure 4: Shintsha model

Source: Researcher's own (2020)

7.2.1.1 The Six Stages of the Adaptation Process

This part of the model consists of six stages, which were built based on the interviewees' responses. Two of these stages run in parallel. In a nutshell, the flow of the process starts from the HQ, which sends the new HR practices to the local subsidiary. The South African subsidiary then pushes back because of the South African context (laws and market conditions), after which both parties come to a common understanding following a negotiation process between the relevant stakeholders. As a result of this negotiation, a hybrid policy is implemented immediately or after a pilot project. The process is usually iterative and complex, and requires unique competencies.

Although HQ tries to exert control by implementing as many as possible of its HR practices and by trying to have a say over the adaptation process from the beginning to the end, the South African subsidiary of the MNC always pushes back due to specific country reasons. As a result of HQ's control and the subsidiary's push back, the study found that the control over the adaptation process is 50% for the HQ and 50% for the subsidiary, on average.

The study found that South African labour laws, particularly the EEA, are the main reason for the adaptation of HR practices and policies in the South African subsidiaries of MNCs. South Africa has much strict labour laws and more assertive affirmative action in comparison to other host countries, who are more open to giving MNCs room to manoeuvre. In addition, the study found that the second most common reasons for the adaptation process are business needs, the history of apartheid, BBBEE, South Africa's leadership style (Ubuntu), and the local best practices. These findings add to the literature as they were not mentioned before.

After MNC's HQ and the South African subsidiary agree to adapt an HR practice, the default initiator for the adaptation process is the subsidiary because it is more familiar with the South African laws and context. If the subsidiary lacks the adaptation process experience, HQ starts this initiative. The impact of the experience level on owning and starting the process is unique to South African subsidiaries and will enrich the literature.

The process starts with two phases that run in parallel. The first stage is applying different lenses to the HR policy, such as legal or market lenses, and the second stage is negotiating the proposed hybrid policy with relevant stakeholders. The study found that these lenses are different from one policy to another, but the most common ones for the South African subsidiaries of MNCs are legislation, consultation with stakeholders to align to business needs, best practices to attract talent and the creation of documents for the process. While these lenses are being applied, negotiations continue with relevant stakeholders. The study found that the time consumed, and the ease or difficulty of the negotiation depends on the number and interests of stakeholders, as well as the sensitivity of the HR practice. Moreover, the study found that stakeholders can be different from one adaptation process to another, but the subsidiary's leadership in terms of senior management, including HR, is a common element in all negotiations.

After applying all the required lenses successfully and getting buy-in from all the stakeholders regarding the hybrid policy, implementation can happen in one of two ways. The first is to implement the hybrid policy immediately, while the second is to implement it only after a pilot project. The study found that the pilot project takes place when the practice is sensitive, where there is no room for mistakes, and when the subsidiary needs to run it for testing and stakeholder acceptance before the final implementation.

7.2.1.2 Competencies Required for the Adaptation Process

This part of the model represents the required competencies during the adaptation process in the South African subsidiaries of MNCs, as per the study's findings. In a nutshell, the required competencies are active listening, strong leadership, component decision-making, a good understanding of the macro and micro environments of business in South Africa, strong negotiation skills and an ability to be agile to learn on the job. This is a new contribution to the literature.

These competencies are needed all the time during the adaptation process, and are the backbone of it. Lacking these competencies exposes the process to the risk of failure, or the creation of an unsuccessful hybrid process. The size of each competency's oval in the model represents the importance of that competency. The study found that the top two required competencies are active listening and competent decision-making, which is linked to strong leadership style.

7.2.2 Recruitment and Selection Practices Adaptation – Unique South African Factors

The study findings for recruitment and selection practices adaptation process were in harmony with the findings of the first question. This is in line with Chytiri, Filippaios and Chytiris' (2018) finding that HR systems are interconnected in such a way that the quality and effectiveness of one affects the quality and effectiveness of the other. However, the study found that the recruitment and selection adaptation process has unique influencers. Adhering to the South African labour laws, labour market conditions and following the market's best practices are the major reasons for the adaptation of recruitment and selection. Similar to the general finding, this study found that South African laws are the biggest influencer, and that South Africa has much stricter labour laws. Special emphasis is placed on the EEA's race-based selection criteria, due to the history of the country. This gives MNCs less room to manoeuvre in South Africa in comparison to other host countries, but also makes it difficult for the subsidiary to find the right candidates for positions, which is linked to the country's global low ranking in terms of ease of hiring. The second most common causes for policy adaptation are the South African labour market "reality", i.e. labour market conditions like skills shortages and poor quality of education; market best practices like background financial and criminal record checks; and the advertising of all positions externally. The findings regarding South Africa's unique labour market conditions and market best practices are new, which adds to the literature regarding the adaptation of recruitment and selection practices of South African subsidiaries, as there is no mention regarding them in the literature.

7.2.3 Other Findings

The study noted the interviewees' emotions regarding the adaptation process of HR practices in general. As per Table 8 and its associated quotations, two thirds of them described the process with negative words like long, exhausting, adversarial, difficult and frustrating, which suggests that it is not a straightforward or enjoyable process. One third described it in a positive way, indicating that they enjoy the task. Interestingly, the impressions were the other way around when it comes to the recruitment and selection adaptation process as per Table 20. This suggests that

MNCs have developed good levels of experience to manage the adaptation of recruitment and selection practices in comparison to other practices. The study found that iterations are a common practice in adaptation as it is necessary to incorporate a wide range of stakeholders' views. This usually includes a lot of back and forth negotiations. Moreover, the adaptation period can vary from a few months to a few years, depending on the complexity and sensitivity of the HR practices and any conflicts of interest. Furthermore, the study found that there is typically a correlation between the level of experience available in the subsidiary and who controls the adaptation process (HQ or the subsidiary). This is not the case for American HQs, however, as it seems that they have greater level of control regardless the level of experience within the subsidiary. Lastly, the study found that employees and the business in the local subsidiary are the biggest winners of an adaptation process outcome, as the business has avoided potential penalties by adhering to the laws and the market norms, whilst employees have transparent policies with clear rules.

7.3 Implications for Business and Theory

The results of this study offered some significant suggestions for business and theory on the adaptation phenomenon. The Shintsha model and other findings will enhance the understanding of the adaptation process within South African subsidiaries of MNCs.

7.3.1 Theory Implications

- *Shintsha Adaptation Model*

The Shintsha adaptation model is an addition to the literature for HR policy adaptation in South African subsidiaries of MNCs. The model can be used to gain a better understanding of the adaptation process as it clearly shows the different stages of adaptation. Furthermore, the model combines the needed competencies for the process to show the reader all the required elements at a glance.

- *Shintsha Adaptation Model transferability*

Although the Shintsha adaptation model is designed based on South African subsidiaries' experiences, it can be used for other host countries as it gives a clear guide of the adaptation stages, regardless of the unique factors that belong to South Africa as the host country.

7.3.2 Business Implications

The following recommendations for MNCs operating in South Africa, obtained during the research process, are as follows:

HR and business managers could use the outcome of this study to gain a better understand of how the adaptation process works, what factors influence the process, and the level of significance of the successful adaptation on the business in general. The change agent (who is the subsidiary's HR head most of the time) could learn from the study's findings with regard to required competencies to better manage the adaptation process. If these competencies are lacking, the study advises the change agent to seek help from the HQ. Additionally, the study stresses the preparation and importance of getting buy-in from all relevant stakeholders. The Shintsha model provides the business with a roadmap with clear sequences, which will help a business to identify any gaps in their process, saving trial and error time and increasing their chance of successful adaptation.

The study findings suggest that MNCs need to understand South African history, current transaction time and the impact of labour laws, which is in line with previous study (Wöcke & Sutherland, 2008). There is a need for long term plans to mitigate factors that are out of MNCs' control, such as education quality and skills shortages. These plans could include investing in certain educational or training sectors that benefit their industries, as the current conditions in South Africa regarding low-quality labour and education are not going to improve overnight. Business segments need to have "business unions" to consolidate their concerns and meet the government's laws halfway, particularly when it comes to critical jobs. This is line with Wöcke and Moodley's (2015) recommendations, as they found that the South African government prefers to negotiate issues with the whole industry rather than individual businesses.

In addition, as the study's findings with regard to the required competencies for the adaptation process suggest, the process will be subject to failure, creation of an unsuccessful hybrid process, or consume more time if a South African subsidiary lacks the required competencies. Thus, MNCS are encouraged to invest in these competencies to enhance the chance of a successful adaptation, which will reflect on the business in a positive way in the end.

7.4 Limitations to the Research Study

The limitations to this study are as follows:

- *Snowball sampling and MNCs' long operating period*

The likelihood of the sample being representative was low, as it was made up of companies that had been operating in South Africa for an average of 89 years. Different findings may have been achieved if the MNCs operating in South Africa for less than 10 years had been selected. As a result of using an exploratory, qualitative methodology, a small sample size and the non-probability method, the findings cannot be generalised with any certainty.

- *Culture barriers*

The fact that the interviews were conducted by a foreign citizen in South Africa was a double-edged sword, as some interviewees were open to talking to a non-South African, while others may have provided more insights if they had spoken to someone they considered to be closer to them culturally.

- *Virtual interviewing*

Face-to-face meetings are not possible anymore due to the Covid-19 pandemic, which deprived the interviewer from getting better observations of the interviewees.

- *Introduced biases and assumptions by the interviewer*

This is one of the main risks of qualitative research based on interviews, which may have affected the results. The researcher recognised and mitigated this by cross-checking the data with external interviewees.

- *One snapshot in time*

Due to time constraints, the study results might have been limited to what was happening at the time.

7.5 Suggestions for Future Research

Future research could follow a qualitative approach with one of the following:

i. In the current research sample, the companies had been operating in South Africa for an average of 89 years. Although these companies had a deep knowledge of the market (Wöcke & Moodley, 2015), replicating the study by selecting companies with a more recent history in South Africa might lead to other factors, as it is more likely that HR managers would have more recent experiences with the adaptation process.

ii. Applying the Shintsha model to certain industry segments like mining companies only might be challenging in terms of access, but it would create a case study that would give more in-depth results.

iii. Applying the Shintsha model to host countries other than South Africa could result in finding out unique adaptation factors for those countries.

iv. Analysing certain HR practices through the lens of the Shintsha model would enable researchers to find out what unique adaptation factors belong to these practices. This would allow more in-depth results regarding specific HR policy adaptation factors.

v. By replicating the study in companies from certain geographical areas other than those accessed in this study, e.g. companies with HQs in the United Kingdom, would help to determine the impact of motherland mind-sets on the adaptation process, which might lead to different adaptation factors.

7.6 Conclusion

This research has provided insights into HR practices adaptation process factors and the required competencies for South African subsidiaries of MNCs. Additionally, it provides a special focus on the adaptation of recruitment and selection practices due to the importance of finding the right employees who can fulfil the job's and organisation's requirements. In-depth interviews with 12 HR heads of 12 well-established MNCS operating in South Africa were conducted. The findings were then analysed to compare, contrast, and consolidate the different literature and other responses. Within the context of South Africa as a host country, the findings revealed six stages for the adaptation process, where two stages ran in parallel. Additionally, the findings discovered the most required competencies to enhance the success of the adaptation process. These findings were combined in the Shintsha model to enrich the literature regarding the adaptation process. The Shintsha model acts as a roadmap that may be useful for business as it provides insights for HR and business managers regarding the adaptation process' nature, flow, stages, and influential factors. Additionally, the findings give insights to change agents regarding the necessary competencies to manage the process. This study also contributes to the literature by providing a comprehensive adaptation analysis that is represented in the final form of the Shintsha model.

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APPENDIX A: CONSISTENCY MATRIX

Hybridisation Factors, Diffusion and Adoption Research Questions

Research Questions	**Literature Review**	**Data Collection Tool**	**Analysis**
What factors influence the diffusion and adaptation of human resource practices from head office of multinational Corporations to their subsidiaries in South Africa?	2.2.2 First model input- Diffusion 2.2.3 Second model input- Adoption	Interview Guide 1: Section a, Questions1 - 3	Thematic Content Analysis
What factors affect the adoption and diffusion of policies and practices around recruitment and selection of staff in the subsidiaries?	2.3 Proposed factors that shape the hybridisation	Interview Guide 1: Section B, Questions 4-9	Thematic Content Analysis

APPENDIX B: INTERVIEW GUIDELINE FOR HR PRACTICES ADAPTATION IN MULTINATIONAL CORPORATIONS OPERATING IN RSA

i. Informed Consent Form

Good Day, my name is Ahmad Tayel, and I am contacting you to please set up an interview between us. This will be with regard to the HR Practices adaptation in your highly reputable organisation. This will be for a research project, that I need to do for my MBA thesis at GIBS Business School. If you agree to participate, kindly sign the below form and send it back to me.

After I receive your signed form, I will be doing a virtual call with you, in mid-August due to Covid-19 situation, to learn more about the HR practices adaptation in your highly reputable organisation. This research is expected to enrich the academic and business fields regarding the HR practices adaptation into South Africa. Thank you so much for your consideration.

Best wishes,

Ahmed Tayel

Your participation is voluntary, and you can withdraw at any time without penalty.

Your answers will be treated with confidentially, and you will not be asked for any information that will identify yourself or your organisation. The interview will last for around 60 minutes, . In order to analyse your answers later, will you allow me to record our conversation (YES / NO)?

You will have access to a summary of the research findings that might be of interest to you.

The data will be aggregated and there will be no connection between your comments and your name or the company name.

Researcher: Ahmad Tayel Supervisor: Margie Sutherland
Email: Ahmad.tayel@za.abb.com Email:sutherlandm@gibs.co.za
Phone: 060 561 1717 :

Signature of participant: ____________________

Date: _______________ 2020

ii. Semi-Structured Interview Questionnaires

The adaptation of HR practices of multinational corporations in South Africa are shaped by many factors. The questions I would like to ask you are about gaining a better understanding of these factors. The purpose of this interview is to better understand how your organisation adapted your HR practices.

General Data

Company name:

Industry:

Years of operation in South Africa:

Headquarter country:

Staff size in South Africa:

Types of skills and percentage (unskilled, semiskilled, professionals) :

Job title:

How long you have been with the company?

HR practices adaptation

No.	Question Guide
1	Approximately what percentage of your HR policies and practices are decided from HQ and what percentage are decided by your operation in South Africa? Answer : ………………………………………………………………
2	What are the main reasons that HQ Human Resource policies and practices cannot be implemented as they are in South Africa? Answer : ………………………………………………………………
3	Could you take me through the process of adapting one of these HR policies or procedures? Which policy or procedure would you like to tell me about? Answer : ………………………………………………………………

4	How would you describe the process involved ? Answer : …………………………………………………………………
5	Who started the process of adaptation ? Answer : ……………………………………………………………………
6	What were the drivers of this change? Answer : ……………………………………………………………………
7	Which stakeholders were involved? Answer : ……………………………………………………………………
8	How long did the process take? Answer : ……………………………………………………………………
9	How much negotiation was involved? Answer : ……………………………………………………………………
10	Did HQ sign off on final policy/procedure. Answer : ……………………………………………………………………
11	Who benefitted from the adaptation? Answer : ……………………………………………………………………

Recruitment and Selection

No.	Question Guide
12	What aspects of recruitment and selection policies and procedures have been adapted in RSA? Answer : ……………………………………………………………………
13	What factors influenced those changes? Answer : ……………………………………………………………………
14	Were these once-off changes or did they involve a number of iterations? Answer : ……………………………………………………………………
15	What has the effect on the company been? Answer : ……………………………………………………………………

Competencies

No.	Question Guide
16	What are the most important competencies needed when adapting HR processes to fit into the RSA operating environment? Answer : …………………………………………………………………
17	What recommendations would you make to HR managers joining multinational Corporations in RSA about adapting HQ HR policies in South Africa.? Answer : …………………………………………………………………
18	Do you have any additional insights that you would like to add regarding the topic? Answer : …………………………………………………………………

Thank You. I would like to confirm that what you have told me will remain confidential. No comment you made will be reported in association with your or your company's name.

APPENDIX C: ETHICAL CLEARANCE

MastersResearch2020 <MBAResearch2020@gibssa.mail.onmicrosoft.com>

to me

13 Aug 2020, 20:29 (2 days ago)

Gordon Institute of Business Science
University of Pretoria

Ethical Clearance Approved

Dear Ahmad Tayel,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Ethical Clearance Form

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

APPENDIX D: EEA FORM TWO

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Semi-skilled and discretionary decision making											
Unskilled and defined decision making											
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL											