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Finland Case:
Implementing a Global Diversity Management Initiative in Finland

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Maria, the HR Manager of Petrocom^a Finland, had been both excited and anxious when news came through from regional headquarters that Finland had been selected as one of the first to implement the new ‘Global Workforce Diversity Management and Inclusiveness Initiative’ (hereafter D&I Initiative). The mission of the D&I initiative was to integrate employees from a broad variety of backgrounds such as gender, race, sexual orientation, age, family status, values, beliefs, physical and mental abilities, income, education, and work experience. Maria had known that it was going to mean a lot of work and that getting local buy-in to a corporate initiative of this kind would be a huge challenge. Although she knew that there had been very few cases of harassment or discrimination, she had felt for some time now that Finland and the people at Petrocom Finland had limited experience in addressing certain areas of workforce diversity management in comparison with some of their European counterparts. Maria just hoped that her personal convictions about the business case for diversity management would be shared by others. She also knew this would mean working very closely with Ashoka, the European Diversity Management Coordinator, who had been given the task to support and monitor the implementation of the initiative in Finland. Ashoka, Indian by origin with considerable management experience in the USA, was located at the European regional headquarters. Even from the outset, he was sceptical about Petrocom Finland’s ability to meet the expectations of headquarters and the strict global D&I policy guidelines. Now, five years later, Maria and Ashoka were about to sit in a D&I review meeting to reflect and evaluate the status of Petrocom’s D&I Initiative in the Finnish subsidiary.

Organisational setting

Petrocom Group, a well-known European energy firm, operates in nearly 100 countries employing more than 100,000 people. In the early 2000’s the Petrocom Group initiated a significant organisational restructuring which saw the launch of its ‘Global Organisation’ vision – a desire to reduce the complexity of its previous conglomerate, multi-domestic approach and to adopt a matrix-type structure with fewer lines of business and standardised core processes. The restructuring was also justified as an attempt to achieve greater synergies and more organisation-wide control. The implications of the ‘Global Organisation’ for Petrocom Group’s global HRM strategy were translated into three key objectives: (i) Greater HRM functionality in how it serves the newly defined lines of business, (ii) greater standardisation of HRM processes, and (iii) the creation of a single global HRM system.

Around the same time, Petrocom headquarters (HQ) began to develop the D&I Initiative that was presented as being an extension of their global business principles, a reinforcement of their existing core values, and a means of reaffirming Petrocom Group’s commitment to sustainable

development by enhancing social performance and strengthening engagement with external stakeholders. Based on the reportedly successful model of managing workforce diversity in Petrocom Group's USA subsidiary, and in accordance with the 'Global Organisation' vision, Petrocom HQ developed a five-year implementation plan, which sought to integrate the principles of diversity and inclusiveness into key business and HRM practices throughout their worldwide operations. In doing so, Petrocom HQ aimed to attract and retain key global talent, to increase productivity through improved employee engagement, and to strengthen their reputation within the global community. Petrocom Group's ambitious plans and the significant amount of time and resources dedicated to the D&I Initiative led many industry peers to regard Petrocom Group as a pioneer in this area.

Representing one of the smallest of their foreign operations, Petrocom Finland was established before World War I and employed over 1,700 people across 400 service outlets at the time the D&I Initiative began. After several years of planning and development, Petrocom HQ began to launch the D&I Initiative in waves. Along with several other select European operations, Petrocom Finland was included in the first wave which began in early 2008.

Finland: Country background

Finland is an advanced industrial economy located in Northern Europe and has a population of 5.48 million. The country has transformed its economy over the past few decades to become one of the richest and most stable societies in the world. Today, Finland is leading or near the top of many international comparisons in terms of growth and development in the economic, technological and social spheres. For instance, according to the World Economic Forum's Global Competitiveness Report (2014-15)¹, Finland has the best availability of scientists and engineers in the world and they are trained by one of the best educational systems. According to the report, Finland also ranks number one in terms training, health and education. Indeed, Finland is one of the highest ranking countries in the world with regard to the proficiency of high-school students in science, reading and mathematics based on the PISA studies (Finnish Ministry of Education, 2012)², and is the world's third least corrupt country (Transparency International, 2014)³. Taking a more comprehensive view across the different spheres of education, health, quality of life, economic competitiveness, and political environment, Finland has been ranked as the world's best place to live (Newsweek, 2010)⁴.

The success of the Finnish economy has been driven by the combination of economic efficiency and growth, a peaceful labour market, an egalitarian distribution of income and social cohesion, all backed up by a generous social security system. Despite changes in recent years, the Finnish economy remains heavily manufacturing based, led by engineering and high technology firms. However, the 2008 financial crisis coupled with the rapid decline of Nokia – Finland's national champion – has led to a newly-elected government to enact a tough program of austerity measures. Hope for the future is increasingly being placed on non-manufacturing industries and innovative start-ups, epitomised by gaming companies such as Supercell (creators of Clash of Clans) and Rovio (creators of Angry Birds).

¹ World Economic Forum (2014-15) World Competitiveness Report. Available at: www.investinfinland.fi/why-finland/competent-professionals/152

² PISA 2012 Science Competencies for Tomorrow's World, OECD Programme for International Student Assessment (PISA). Available at: www.minedu.fi/pisa/2012.html?lang=en

³ Corruption Perceptions Index 2014, Transparency International.

⁴ The World's Best Countries, Newsweek (2010). Available at: www.newsweek.com/feature/2010/the-world-s-best-countries

Managing workforce diversity in Finland

From a legal perspective, the cornerstone of Finnish legislation relating to workforce diversity is the 1999 revised Constitution, according to which everyone is equal before the law. In addition, there are several acts and codes that prevent discrimination in work communities based on any visible or invisible aspects of diversity (e.g. the Penal Code; the Employment Contracts Act (55/2001); the Act on Equality between Women and Men (609/1986, 2005); and the Equality Act (21/2004)).

From a cultural perspective and the attitudes of Finnish citizens, Finland could be characterised as somewhat bipolar. On the one hand, Finland is representative of a Nordic welfare state that has integrated equality legislation with a distinctively inclusive political ideology, which has served to promote with good effect certain aspects of diversity. Perhaps the best example of this is gender equality. Finland was the first country to give women equal political rights and there is evidence of its positive long-term effect in working life, despite inequalities in the upper echelons of private sector firms and in salaries of those in male- versus female-dominated professions. A testament to Finland's status regarding gender issues is its second position in the Global Gender Gap Report 2014 published by the World Economic Forum.⁵

On the other hand, the acknowledgement and inclusion of ethnic, cultural and sexual minorities remain problematic. This was apparent, for instance, in a report on Finland's working life environment conducted by the European Commission against Racism and Intolerance (ECRI)⁶. According to the report, various anti-discrimination measures have had only limited impact when viewed in light of the difficulties experienced by immigrants. One of the studies comparing experiences of work harassment by different ethnic groups also found that immigrants from sub-Saharan Africa had experienced ten times more bullying and harassment than ethnic majority members in Finnish workplaces⁷. Cultural openness to different sexual orientations has changed considerably from being somewhat of a taboo subject in Finnish society to more of an open issue to express and discuss.

One possible explanation for the above is Finland's relative cultural, racial, religious and linguistic homogeneity, and thus a historical lack of exposure to certain minority groups. However, in line with similar developments in other countries this composition is in flux due to increased labour mobility. The contracting labour market has become particularly topical in Finland as the aging population is placing increasing pressure on the country's ability to attract migrants. Between 2005 and 2020, it is estimated that some 900,000 employees will leave the workforce, representing 40% of the total, which will take the proportion of the population over the age of 65 to 25%⁸. The government has recently launched a series of initiatives to attract and support immigrant workers in Finland, but multiculturalism remains relatively low.

⁵ World Economic Forum. *The Global Gender Gap Report 2014*. Geneva. Available at:

<http://reports.weforum.org/global-gender-gap-report-2014/rankings/>

⁶ ECRI (2013) *Report on Finland*. Council of Europe, Strasbourg. Available at:

<http://www.coe.int/t/dghl/monitoring/ecri/Country-by-country/Finland/FIN-CbC-IV-2013-019-ENG.pdf>

⁷ Vartia, M., B. Bergbom, T. Giorgiani, A. Rintala-Rasmus, R. Riala & S. Salminen (2007). *Monikulttuurisuus työn arjessa* (Multiculturalism in working life). Helsinki: Finnish Institute of Occupational Health.

⁸ Financial Times, The (2007). Baby boom retirement aftershock looms. *Financial Times* Special Report, 4 September 2007, London (UK), pg.6.

According to Statistics Finland (2014)⁹, at the end of 2012 the proportion of foreign citizens living in Finland was 3.6 % (compared to 7% in Sweden) which is one of the lowest percentages among the 28 EU countries. Whilst the political move to increase the number of international students and the recent mass migration from the Middle East and Africa are seen as potential means to address the looming labour market and pensions crises, these developments also represent a considerable political, economic, social and cultural challenge for a relatively young and homogenous country like Finland. At the same time, many Finnish companies are waking up to the reality that these demographic changes and related diversity management issues are now business issues.

Implementing the D&I Initiative in Petrocom Finland ^b

In 2001, ‘Diversity and Inclusiveness’ was adopted as one of Petrocom Group’s formal, ‘Global Standards’, which not only meant that it was a commitment for all countries and businesses, but also that implementation would be subjected to a formal assurance auditing process (at country level) and publicly reported (at Group level). The D&I Global Standard comprised statements on the values and core commitments to diversity, laying out its intent, business case, as well as the expected organisational outcomes and individual behaviours. The European Regional Diversity Coordinator Ashoka describes Petrocom’s stance regarding the Global Standard:

“We start from the point that it must be followed. Naturally, there will be some legal limitations to its application that will be considered, but otherwise we assume that the D&I Standard is translated directly and that there are no local modifications. This is necessary to create truly a global D&I Standard for Petrocom and to ensure the implementation of one of our key business principles”.

During implementation a deliberate decision was made to extend the emphasis on diversity to include the notion of inclusiveness. From early on, the D&I Initiative was being perceived as an external and largely Anglo-Saxon intervention concerned only with the narrower issues of gender, nationality and the staffing of senior country positions with host-country nationals (i.e. not expatriates). Subsequently, Petrocom HQ began to promote the inclusiveness component of the initiative to make employees and managers realise that discrimination can occur in the workplace either due to visible differences between individuals (e.g. physical ability, age, language) or invisible differences (e.g. beliefs, sexual orientation, family status).

Petrocom HQ utilised a top-down Global Policy Framework to provide more detailed provisions for the attainment of the D&I Global Standard. However, in implementing the global standard there was a dilemma since not all the dimensions of diversity that HQ was including were applicable in the Finnish context. The Framework provided guidelines about, for example, the identification and monitoring of common diversity performance criteria, the setting of clear targets and plans, and the development of appropriate leadership behaviours. This meant that whilst the type of diversity management targets (e.g. proportion of women and expatriates in managerial positions), annual plans and time schedules were determined centrally and applied on a global basis, the actual targets and means of policy implementation were to be modified by the subsidiaries to reflect local legislative, demographic and business needs.

⁹ Statistics of Finland (2015) Available at: http://www.stat.fi/til/vaerak/2013/02/vaerak_2013_02_2014-12-10_tie_001_en.html

The practices associated with diversity management therefore required both globally standardised and locally customised elements depending on the issue in question. For example, when integrating the new D&I principles into existing HRM practices there was no standardised way of achieving this. The interpretation of Petrocom Finland's HR Manager Maria was that *“diversity and inclusiveness is not included in writing in HRM processes nor is written guidance given, but it is a kind of new lens within each HRM practice”*. On the other hand, a much more standardised approach was evident in the launch of new globally standardised forms for conducting performance appraisals and new reward and bonus schemes, which all included a universal set of diversity criteria.

The D&I Initiative was implemented through a vast array of systems and tools (see Appendix 1). Reinforcing the diversity management philosophy, a dedicated local Diversity Coordinator was appointed instead of an expatriate from Group or Regional headquarters, which had often been the case in the past when implementing global initiatives. With full working responsibility for the implementation of D&I into the policies, practices and culture of the local subsidiary, the Finnish Diversity Coordinator was actively involved in meetings with Ashoka at Regional headquarters and other Diversity Coordinators to update on progress, exchange ideas, and develop informal benchmarks.

Reflected in Petrocom Group's overall approach to global diversity management as a strategic business issue and the employment of Local Coordinators, diversity and inclusiveness was not considered to be owned by HR but driven by the whole business. The aim, at least at the outset, was that since diversity work should largely take place independently from the HR function; local HR should instead 'shape' and 'support' diversity and facilitate an appropriate culture change. Accordingly, HRM practices were seen more as targets for diversity integration than the key forces behind it. The long-term plan was that Diversity Coordinators would remain in their positions until the end of the implementation process or until that time when it was considered that diversity management had become everyone's responsibility. In 2012, four years after the beginning of implementation efforts, the local Diversity Coordinator stepped down. The role of diversity management 'champion' and any remaining diversity management issues were taken on by the HR department.

All local line managers were brought to the European HQ for centrally-delivered training in the form of a one-day 'awareness' session and some of the more senior managers attended a three-day intensive diversity management course. Since D&I was a Group Global Standard, Petrocom HQ had communicated from the outset that unscheduled 'spot-checks' by Diversity Auditors (where company representatives visit the unit and review diversity plans and actions and conduct interviews with key individuals) would be in force throughout the course of implementation. This assurance process also included subsidiary Presidents around the world having to sign annual Diversity Assurance Letters to confirm how far subsidiaries had come in working towards agreed regional targets.

Petrocom HQ formalised the implementation of the D&I Initiative through the operationalisation and strict application of performance measures in conjunction with organisational and individual tools of assessment. Starting from the annual regional diversity plans, diversity and inclusiveness performance criteria were formally integrated into subsidiary-level balanced scorecards and the scorecards of individual managers. This was designed to mean that diversity management was to represent a feature of subsequent decisions about individual rewards and bonuses. Furthermore, 'barometer'-type surveys were carried out both organisation-wide and on an individual basis in the form of general working environment

surveys, diversity and inclusiveness surveys, leadership self-assessments and 360-degree appraisals.

While the setting of targets and the drawing up of plans were carried out by the corporate Diversity Council and Diversity Steering Group at Petrocom HQ, Petrocom Finland was granted considerable autonomy in how these were implemented.

Issues encountered during D&I implementation

The implementation of the D&I Initiative did not encounter any significant legal obstacles in Finland as Petrocom Finland was cautious from the outset not to violate any local laws and to allow legally-obliged modifications. This was also reflected in the responses of local union representatives (who are typically quite influential in the highly unionised Finnish business environment), who remained relatively silent throughout the implementation process, despite some short-lived defensive reactions at the beginning when discussions turned to the employment of immigrants (e.g. the effect of low-cost labour on employee wage levels and rights). Instead, the biggest challenges were associated with the level of priority given to diversity management and how to introduce the issue of diversity sensitively into the workplace.

Getting the priorities straight

From the outset of the D&I Initiative, people within Petrocom Finland disagreed about the level of priority that should be given to diversity management issues. Some of these arguments were based on whether diversity management represents a critical business issue, some were based on its relevance in a workplace setting, and others were based on its relevance given Finland's and the Finnish unit's demographics. The newly appointed Finnish Diversity Coordinator believed the D&I Initiative was an important business issue and had come at the right time:

“Our group faces more and more challenges related to personnel. We are talking about various groups that are formed based around certain minority status. Well, not only have these groups now become a very important target for recruitment, but we also have to understand that such a variety of individuals can't be managed in the same way, so we need to adapt. I think we need to pay more attention to these groups, and consider the special needs of women, ethnic minorities and so on”.

The subsidiary's CEO, however, was somewhat more sceptical about diversity management's current relevance for the unit:

“Even though diversity issues are not evidently as topical here as they are in some other areas, we have to understand our position as a member of this group and also consider the logic of Global Standards. [...] without doubt diversity issues will be topical here as they are elsewhere and probably sooner than we anticipate”.

The CEO's perception that diversity management issues were premature, but that it was sensible to be 'proactive', was also reflected in the opinions of many shop floor employees, even several years into the implementation process. However, certain employees could still not find grounds to support the amount of effort being directed at diversity in the Finnish unit, generally describing the D&I Initiative as being an overreaction and 'like using a sledgehammer to crack a nut':

“We have been told that diversity is just about anything that distinguishes individuals from each other, like religion, culture and ethnicity, language and so on. But I still think that here in my work it is a question of males and females being equal. [...] We haven’t got any immigrants for example. In my work everybody speaks largely Finnish and English. Religion isn’t visible here, why would it be? It is work, after all. [...] I guess the guys at headquarters have a point generally, and I do understand that the main issues are important at that level. A small office in Finland doesn’t count for much there and thus it has to go with the flow, regardless of the local importance of these matters. [...] Suddenly we have all kinds of promotional events and training going on. I’ll be retired before those things become important here”. (Petrocom Finland employee)

Both Ashoka the European Diversity Coordinator and Maria the HR Manager found it difficult to strike the right balance in delivering information about diversity to individuals. On the one hand they needed to be active in creating awareness, educating and supporting individuals to focus on the unfamiliar aspects of work and behaviours presented by the principles of D&I. On the other hand, if D&I was seen to be given more attention than key business issues, people would view it with scepticism and as a passing fad.

A particular challenge was the absence of appropriate ‘hard’ targets at the local subsidiary level. Although there were global targets regarding the number of expatriates in the highest management positions (within subsidiaries as well as HQ), and the proportion of women in senior executive posts, neither of these were relevant in Finland since the CEO had always been Finnish and the ‘senior executive posts’ on which the units were compared did not exist in the relatively small Finnish subsidiary. For this reason, Maria and the local Diversity Coordinator had to devise their own ‘hard’ targets which received only passive agreement from Ashoka at regional headquarters. The absence of appropriate measures thus led senior and line managers at Petrocom Finland to question why they should do anything above what was officially required by Petrocom HQ. As a result, Maria experienced difficulties in implementing their own D&I performance targets without any backing from higher up the organisation. Instead, the case for going beyond Petrocom HQ’s D&I targets was presented emotively as ‘the right thing to do’ on a personal level.

Reflecting on the D&I Initiative, Maria put the firm’s D&I Initiative in a broader context:

“We are not here to change society. That’s not our prime reason for being in Finland. We are here to do business. But we have to do it as a good Finnish company, as a good Finnish citizen, so that everyone who works for Petrocom can be proud of what we are doing. But I don’t feel that our task is to be the one who comes and breaks the walls down”.

Global policy, local obstacles

At a relatively early stage in the implementation process it became apparent that the magnitude of cultural adjustments required to openly discuss diversity meant that the Finnish subsidiary considered itself insufficiently prepared to embrace everything that was being suggested by Ashoka at regional headquarters. This was especially true regarding the assumptions underlying some of the methods being promoted to raise awareness about D&I. For example, the suggested use of affinity groups was regarded as inappropriate and not used by the Finnish subsidiary. It was argued that they represented a culture-specific tool reflecting Anglo-Saxon assumptions

that everybody is ready and willing to discuss issues such as religion and homosexuality with others in a group.

For employees, the introduction of sensitive and personal issues in discussions of D&I made typically reserved Finnish people feel noticeably uncomfortable. Middle managers started to voice concerns about whether these types of discussions would require them to “*reveal who we really are*” to their colleagues and subordinates. The questioning of people’s values and norms regarding diversity and inequality was also shown at times to be a painful experience for some. Maria recalls a certain landmark team meeting a year into the implementation process in which they discussed issues of inequality and were asked to share personal experiences:

“The atmosphere was unique. The subjects of discussion were unique. The inner dynamics of that team were discussed openly [...]. It had people crying. And that was certainly unique in that department!”

The perceived Anglo-Saxon approach of discussing diversity-related issues in the open in order to raise awareness and provide evidence of ‘progress’ did not sit comfortably with the much more modest, reserved and private nature of the Finns. Although Maria and Ashoka suspected possible traces of denial in people’s attitudes to diversity, even fairly open-minded employees voiced their preferences to keep such personal matters separate from the workplace and were certainly opposed to confronting them in intimate, face-to-face settings. Maria found that:

“It may also be the Finnish way. People do feel uncomfortable when, for example, sexual orientation is brought up as a topic of discussion, and then you are given the instruction to change your behaviour, to be more open towards this. I think most people think that the best way to approach diversity is to focus on work. There, you have to cooperate and get along with everybody. One might ask why we pay so much attention to these issues. I think it is better to be open towards everything, but not pay too much attention to individual differences, because at the end of the day work is why we are here”.

Another dilemma that concerned how to implement diversity management was finding the right balance between centrally- and locally-driven approaches. Whilst a centrally-driven approach, pushed by Ashoka, was acknowledged as appropriate at the beginning in order to raise awareness, achieve buy-in, and establish a shared understanding, the weaknesses of this approach gradually became apparent to Maria as time went on. After four years of developmental activities, Maria conceded that the centrally-driven approach was becoming more of a hindrance than a help:

“One key problem we have is that our goals are set by headquarters, not us. I think that this really hinders development. I mean, it is such a huge organisation with subsidiaries operating in such different contexts. Now I would support a more locally-driven approach. [...] to be able to truly change the way people behave and further develop our practices more openly. We have to think about how to adapt this Standard to fit better with the Finnish context. Some measures will always be negative because we haven’t got 20 per cent of applicants from a certain (ethnic) minority to recruit even if we recruited them all. We also have very low turnover, so new people arrive very seldom. And that’s just one example”.

What now?

Whilst putting the final touches on the last official diversity and inclusiveness progress report for the D&I review meeting with Ashoka, Maria reflected back on how she felt when she heard about Finland's inclusion in the global D&I Initiative. She was right to have felt excited and anxious since the D&I Initiative had proven to be rewarding yet very challenging. Maria knew that Petrocom Finland had started off in a strong position in certain areas such as gender diversity and having Finnish nationals (not expatriates) in senior country positions¹⁰, and that position had not changed. Some progress had been made in recruiting ethnic minorities and supporting their inclusion in the workplace. However, Maria knew intuitively that the D&I Initiative had been much less effective in influencing people's attitudes and behaviours concerning the more 'invisible' aspects of diversity such as individuals' beliefs and sexual orientation. Maria felt she was at a cross-road.

With corporate expectations met and Finnish society perhaps not quite ready for it, how far should she pursue progress in these areas and what was the best way to do it? And what should she tell Ashoka? Relations between them had become quite tense and it seemed to Maria that Ashoka was still, after five long years, pretty insensitive to the Finnish setting and the reasons for not having made more progress. To make things worse, deep down Maria agreed with a lot of what Ashoka and the Petrocom Group were trying to achieve in the area of D&I. It is an area where Maria feels she can make a real difference – but where should the line be drawn?

¹⁰ One of Petrocom Group's D&I targets was to achieve a certain degree of coverage of senior country management positions being filled by host-country nationals (as opposed to staffing many of those positions with expatriates from the parent country which was the case in several countries, but not Finland). The idea was that this would make senior management teams and decision-making at that level more inclusive of people from different national backgrounds.

Case Study Tasks

Questions for group/class discussion

1. In your opinion, how well was the implementation of Petrocom's global D&I Initiative handled?
2. Given what you have understood about the Finnish legislative, institutional and cultural context regarding the management of workforce diversity, together with the perceptions of people at Petrocom Finland about the importance of workforce diversity issues:
 - (i) How would you present the business case for diversity and inclusiveness in the Finnish subsidiary without coming across as over-sensationalising the issue?
 - (ii) How might the recent demographic changes in Finland help or hinder you in the above?
3. Using Appendix 1 as a guide, what specific methods would you continue or stop using in efforts to further implement the Group's D&I Initiative whilst taking into account the cultural sensitivities of the Finnish workforce? Can you think of any alternative methods that might be effective?
4. How would you best seek to reconcile Petrocom Finland's desire for a more locally-driven approach versus Petrocom Group's 'Global Organisation' vision, strategy and Global D&I Standard?
5. *"I don't feel that our task is to be the one who comes and breaks the walls down."* Where do (i) Petrocom's, (ii) Petrocom Finland's and (iii) Maria's responsibilities begin and end in terms of changing Finnish employees' attitudes and behaviours about diversity and inclusiveness?

Role play exercise

Maria, the HR Manager at Petrocom Finland, is convinced that workforce diversity and inclusiveness *is* a key strategic business issue – in Finland generally and for her subsidiary in particular – despite what others might think. She is also sure that any positive developments in this area will only be possible when her subsidiary starts to get more autonomy in the kinds of goals it sets and the way to go about achieving them, which reflect Finland's and her subsidiary's unique setting. However, she is painfully aware that she will need the backing of several different groups of people to make this happen.

After much thought she decides to set up a meeting with select key people to put her message across and convince them of the benefits of her approach over the current one. The key people with whom she decides to meet are:

- The Regional Diversity Coordinator, Ashoka
- Petrocom Finland's CEO
- Petrocom Finland's employee representative

(a) Allocate the four roles to individuals.

- (b) Each individual should take 10-15 minutes to prepare the issues or arguments that are considered to be relevant to his/her role.
- (c) Hold the meeting in which the HR Manager first states his/her case together with some concrete plans, second, the other meeting participants give their reactions and concerns, and third, the parties engage in a constructive dialogue on what courses of action to take.
- (d) One alternative to the above is to run each of these meetings once in front of all the other class members. The other class members can then act as commentators and share their thoughts on the meeting they just witnessed.

Teaching Notes

The following teaching notes are designed to help guide discussion around the five case study questions that come at the end of the case.

1. *In your opinion, how well was the implementation of Petrocom's global D&I Initiative handled?*
 - How should we define implementation success? It might be helpful to turn discussion to the distinction between 'implementation' (i.e. has the Finnish subsidiary done what it is expected to?), and 'internalisation' (i.e. are managers and employees in the Finnish subsidiary committed to and believe in the value of what is being done?). One could also consider whether the Finnish subsidiary is exceeding expectations in some areas.
 - Does implementation success vary according to which aspect of D&I one is talking about? For example, one could argue that it is Finland who should be raising awareness and sharing best practices about gender equality to the Petrocom Group rather than the other way round.
 - To what extent does our answer to this question depend on whether we are viewing this from the corporate/regional headquarters perspective versus the local Finnish perspective? How satisfied would each party be?
 - What kinds of measures might Petrocom use in evaluating this? The case highlights that some KPI's are not directly applicable to Finland, so what else could be used?
 - One might also consider success in relational terms and the parent-subsidiary relationship. Do students think that there is a shared understanding between the Finnish subsidiary (and Maria) and Petrocom headquarters (and Ashoka) that is based on mutual trust?
2. *Given what you have understood about the Finnish legislative, institutional and cultural context regarding the management of workforce diversity, together with the perceptions of people at Petrocom Finland about the importance of workforce diversity issues:*
 - (i) *How would you present the business case for diversity and inclusiveness in the Finnish subsidiary without coming across as over-sensationalising the issue?*
 - (ii) *How might the recent demographic changes in Finland help or hinder you in the above?*
 - Students could first try to identify the business case (why D&I) and then turn to the characteristics of the Finnish context that support this business case.
 - The more obvious business case arguments start with employee/talent attraction and the fact that these groups may also be key customers. This is an important part of the discussion for part (ii) of this question and requires a business case that emphasizes the future workplace and customer base.
 - Discussion could then include the benefits of D&I in the context of a large MNC, for example in terms of cooperation, communication, careers, mobility, teamwork, global leadership etc.
 - Other key points can include the benefits of being (and being seen as) a good corporate citizen, in terms of employer and product branding.

3. *Using Appendix 1 as a guide, what specific methods would you continue or stop using in efforts to further implement the Group's D&I Initiative whilst taking into account the cultural sensitivities of the Finnish workforce? Can you think of any alternative methods that might be effective?*

- One perspective through which to look at this is to get students to think about the connection between the tools that can be used and the above discussion of 'implementation' versus 'internalisation.' Some tools are clearly better at achieving one, but may have little or even negative effects on the other.
- One can also look at the different tools in terms of their ability to facilitate two-way communication between the subsidiary and headquarters – both in terms of what the headquarters really wants and means, and what constraints the subsidiary is facing.
- Cost is another important issue to consider from a return on investment viewpoint. Using people-based forms of integration may be effective, but are costly. Formalisation-based tools are likely to be less costly, but how effective can they really be?
- Since measurement and reporting are also important, what tools are best suited to providing meaningful measures of status and/or progress in D&I implementation?

4. *How would you best seek to reconcile Petrocom Finland's desire for a more locally-driven approach versus Petrocom Group's 'Global Organisation' vision, strategy and Global D&I Standard?*

- Discussion around this question could start with a more general appraisal of the pros and cons of global integration (e.g. control, consistency, standardisation, unified image) versus local responsiveness (e.g. sensitivity, relevance, legitimacy, autonomy). The discussion can then turn to how this applies to HRM and D&I more specifically.
- Once students have understood the global-local tensions, encourage them to consider what kind of trade-offs and/or 'glocal' solutions they would recommend.
- One helpful way to navigate through this discussion of D&I is to consider the different 'levels' of HRM (referred to as the 5 P's by Schuler, 1992)¹¹: Philosophy, policies, programmes, practices, and processes. In this teaching case, it seems as though Petrocom is allowing zero adaptation of its D&I philosophy, minimal adaptation of its global policies, but then greater adaptation at the levels of practices and processes. But is this the best way?
- The role play exercise described after the case questions is one potentially powerful way to bring this particular question to life.

¹¹ Schuler, R. S. (1992). Strategic human resources management: Linking the people with the strategic needs of the business. *Organizational Dynamics*, 21(1), 18-32.

5. *“I don’t feel that our task is to be the one who comes and breaks the walls down.”* Where do (i) Petrocom’s, (ii) Petrocom Finland’s and (iii) Maria’s responsibilities begin and end in terms of changing Finnish employees’ attitudes and behaviours about diversity and inclusiveness?
- This question is designed to encourage students to take into account the bigger picture regarding the interplay between MNCs and the societies in which they operate.
 - The discussion up until this point might have focused on what Maria and Petrocom still needs to do, but there may not have been much discussion on whether this is their responsibility in the first place.
 - Discussion could involve a debate about the role of different stakeholders (MNCs, local governments, supra-national institutions such as the UN, NGO’s etc.). If one takes the issue of homosexuality, for example, homosexual marriage is legal in most US states, but it is not yet legal in Finland. Homosexuality is forbidden under Islam, and is punishable by the death penalty in some African countries. In light of this, what is the role of different key stakeholders and how should Petrocom navigate through this?
 - Students should be encouraged to think about how MNCs can be a positive force by taking the highest standards from around the world and trying to put those in place around their global operations. This could be followed by a more critical discussion around whether the source of such ‘best practices’ tends to be too heavily rooted in Western values and norms.

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Appendix 1: Diversity management implementation tools used in Petrocom Finland ¹²

<i>Through People</i> ¹³	<i>Through Information Systems</i>	<i>Through Formalisation</i>	<i>Through Decision-Making (centralisation)</i>
<ul style="list-style-type: none"> ▪ Local ‘Diversity Coordinators’ ▪ Benchmarking amongst Diversity Coordinators ▪ Diversity training courses - Managerial-level and regionally standardised ▪ ‘Diversity Auditors’ ▪ Development and appraisal discussions at managerial level ▪ Local voluntary workshop sessions 	<ul style="list-style-type: none"> ▪ Corporate Internet - Stakeholder communication - D&I publications, news and progress ▪ Company Intranet - Evaluation tools - Database of survey results - E-learning material - Diversity ‘games’ and quizzes ▪ Annual corporate, regional and local diversity plans 	<ul style="list-style-type: none"> ▪ D&I Standard (mission & values) ▪ D&I Policy Framework ▪ D&I integration into existing organisational policies (e.g. Harassment & Discrimination) ▪ ‘Barometer’-style survey on working environment ▪ D&I-focused survey ▪ Leadership self- and 360° appraisals ▪ Diversity criteria on organisational and individual balanced scorecards ▪ Diversity criteria added to reward and bonus schemes ▪ Signing of Annual Diversity Assurance Statements ▪ Diversity issues made compulsory in all meeting agendas 	<ul style="list-style-type: none"> ▪ Diversity Council (corporate level) ▪ Diversity Steering Group (corporate level) ▪ Regional HQ ▪ Local ‘Diversity Coordinators’

¹² Taken from Sippola and Smale (2007)

¹³ Categorization based on Kim *et al.*'s (2003) Global Integration Modes

NOTES

^a The authors have been granted permission to publish findings about this case. However, for confidentiality and teaching purposes, a pseudonym is used and certain details concerning the organisation's titles and activities have been altered.

^b The case is partly based on the fieldwork and findings published in Sippola, A. and Smale, A. (2007) The global integration of diversity management: A longitudinal case study, *International Journal of Human Resource Management*, 18(11): 1895-1916.