DOI: 10.1002/hrm.22223

ORIGINAL ARTICLE

WILEY

Covert allyship: Implementing LGBT policies in an adversarial context

Christiaan Röell[1] | Mustafa Özbilgin[2] | Felix Arndt[3]

[1]Lecturer in International Business, UNSW Business School, University of New South Wales, Sydney, Australia

[2]Professor of Human Resource Management, Brunel Business School, Brunel University, London, United Kingdom

[3]Professor and John F Wood Chair in Entrepreneurship, Gordon S Lang School of Business and Economics, University of Guelph, Guelph, Canada

Correspondence
Christiaan Röell, Lecturer in International Business, UNSW Business School, University of New South Wales, Sydney, Australia.
Email: c.roell@unsw.edu.au

Funding information
Leverhulme Trust, Grant/Award Number: SG2122\210739; Social Sciences and Humanities Research Council of Canada, Grant/Award Number: 430857

Abstract

This study introduces the concept of covert allyship as a strategy for tacitly supporting lesbian, gay, bisexual, and transgender (LGBT) inclusion in adversarial contexts. Drawing on a qualitative case study of 12 Western multinational enterprises (MNEs) operating in Indonesia, the largest Muslim country in the world, the article sheds light on how allyship for LGBT issues is undertaken covertly as allies seek to transcend tensions arising between headquarters publicly advocating for LGBT rights and their subsidiaries. The findings evaluate both barriers to MNE subsidiaries implementing LGBT-supportive policies and facilitating mechanisms for covert forms of institutional allyship. Finally, the article provides recommendations for how MNEs can adopt practices that build subtle yet effective LGBT-supportive approaches in contexts that require sensitivity to local cultures and legislation.

KEYWORDS
allyship; equality, diversity, and inclusion; International Human Resource Management; adversarial context; LGBT policies

1 | INTRODUCTION

In recent years, many multinational enterprises (MNEs) in the Global North have expanded their rights and benefits for lesbian, gay, bisexual, and transgender (LGBT) employees at home and abroad (Sasikala & Sankaranarayanan, 2022). However, the implementation of LGBT policies in host countries where sexual orientation and gender identity differences are a cultural taboo or criminalized is difficult (Luiz & Spicer, 2021), and policies are often tailored to local conditions (Bardoel, 2016; Chung et al., 2020; Lazarova et al., 2023). Studies of the replication of human resource policies in MNEs—including those related to equity, diversity, and inclusion (EDI)—suggests that "there is a constant tension between headquarters and subsidiaries" (Fitzsimmons et al., 2023; Morris et al., 2009, p. 987) and that EDI initiatives may cause tensions at multiple levels, including headquarters, subsidiaries, and individuals located in different parts of the world (Newburry et al., 2022).

Prior studies examine how the influence of EDI at different levels causes pressures for global MNEs. These pressures stem from the varying abilities of societies to accept and accommodate different forms of diversity. For instance, Ozturk (2011) studies challenges (e.g., harassment, unwanted jokes, job termination and threats of violence) faced by LGBT employees in Turkey. Moeller and Maley (2018) study the difficulties faced by LGBT employees of MNEs on international assignments when the host country's societal standards are conservative or hostile, while Luiz and Spicer (2021) find that promotion of LGBT policies may have unintended negative impacts on the wellbeing and safety of LGBT employees and MNEs' local reputation. As such, designing and implementing policies that move the needle on EDI issues significantly while also operating within local laws and sensibilities remains a challenge (Nishii & Özbilgin, 2007).

These issues are evident from media coverage, such as the controversial removal of rainbow flags from MNEs' logos during the FIFA World Cup in Qatar. Similarly, in emerging markets, where religion

and politics are frequently intertwined (Röell et al., 2022), MNEs may forgo promoting values that are sensitive locally to avoid jeopardizing relationships with key stakeholders. However, ignoring, and breaching LGBT individuals' human rights is likely to have consequences for MNEs' accountability and reputation. While studies find that specific local circumstances are likely to influence how MNEs engage with EDI issues at the subsidiary level (Bader et al., 2022), "… what exactly shapes MNEs' global and national EDI approaches remains severely understudied" (Lazarova et al., 2023, p. 5). Our study aims to address this gap by posing the following research question: *How do MNE subsidiaries manage the tension between HQ-mandated LGBT policies and adversarial contexts*?

We address this issue through an empirical study of international workforce LGBT policies within subsidiaries of Western MNEs in the world's largest Muslim country, Indonesia. Indonesia is an interesting context in which to locate our qualitative and exploratory study because it has been remarkably intolerant of LGBT rights, largely due to the strong influence of religious dogma, supported by discriminatory laws. Although homosexuality is not explicitly illegal, it is highly stigmatized and discrimination against LGBT individuals is widespread and increasing. The Indonesian government has issued a series of regulations prohibiting the promotion of LGBT rights in 2016 (Human Rights Watch, 2016), and in 2022, passed a new criminal code that makes consensual sex or cohabitation outside of marriage a criminal offense, which could be used against LGBT people, who are not permitted to marry (Human Rights Watch, 2022).

We make three contributions to the literature. First, we contribute to the International Human Resource Management literature by highlighting the tensions related to LGBT policy implementation for MNEs operating in diverse and conflicting institutional environments (Fitzsimmons et al., 2023; Kostova & Roth, 2002). We do this by providing a comparative approach highlighting differences in the responses of MNE subsidiaries toward friction (Shenkar, 2001) created by a clash of values between the home and host country (Luiz & Spicer, 2021). We identify the barriers that prevent MNE subsidiaries from implementing LGBT policies and the mechanisms that facilitate supportive organizational environments in which subsidiaries may adopt covert forms of institutional allyship (Luiz & Spicer, 2021).

Second, we expand on the concept of allyship by identifying a covert form that can address the challenges faced by LGBT employees in MNE subsidiaries in an adversarial and hypersensitive context (Erbil & Özbilgin, 2023; Küskü et al., 2021, 2022; Nentwich et al., 2015). In this study, we define covert allyship as silent, respectful, subtle, and thoughtful forms of support that institutions and leaders give to universally protected yet locally disadvantaged groups that cannot be overtly supported due to contextual barriers such as unprotective or discriminatory local laws, and hostile discourses and practices. We focus on the effectiveness of covert allyship where vocal agency and public advocacy for progress are severely restricted. Our third contribution explores possibilities for change and contestation for EDI in antagonistic and adversarial contexts based on the positive trajectory of progress toward international recognition and visibility of LGBT rights.

We first review the literature on the tensions MNEs experience in implementing EDI policy implementation and the literature on allyship. We then present our qualitative case studies and their findings. Our discussion and contributions follow, before we conclude with recommendations and pathways for future research.

1.1 | Tensions in EDI policy implementation

MNEs are particularly challenging, albeit promising, environments in which to implement EDI policies because their operations span multiple countries, with differing societal expectations (Fitzsimmons et al., 2023). Studies of EDI policy in the 1990s outlined that transfer of diversity programs from headquarters to foreign subsidiaries was taking place, while also revealing the limited scale and commitment of these initiatives (Wentling & Palma-Rivas, 2000). Extant human resource management research suggests that the predominant focus has been gender and race, and LGBT inclusion continues to be a relatively underdeveloped area (OECD, 2020; Bell et al., 2011; DeNisi et al., 2014; Stavrou & Ierodiakonou, 2018). However, recent research indicates a shift in which MNE subsidiaries give increasing attention to LGBT inclusion (Newburry et al., 2022; Sasikala & Sankaranarayanan, 2022).

While the literature suggests that MNEs can be a force for positive change in EDI adoption, the "clash of values" between home and host environments (Luiz & Spicer, 2021) highlights the need to gain or maintain legitimacy in both (Kostova & Roth, 2002). This is made more complex by the fact that subsidiaries are not independent entities; when practices are mandated by headquarters to achieve internal consistency subsidiaries must consider how to manage this delicate balance. For example, Hamza-Orlinska (2017) finds that Polish MNE subsidiaries import policies that support religious and ethnic diversity, yet both forms of diversity are typically ignored by domestic firms. In another example, Chuang et al. (2018) find that trying to impose corporate values from the top while ignoring local institutions may elicit strong reactions from local employees, as well as from external stakeholders, such as anti-gay rights activists. Indeed, actively lobbying for LGBT inclusion can provoke governments and communities and upset customers (Glasgow & Twaronite, 2019).

A recent review of EDI research in international business (IB) (Fitzsimmons et al., 2023) finds that most research focuses on support for EDI practices, while few studies consider resistance to EDI, for example, microaggressions against nondominant social identities (Iyer, 2022). While some MNEs may seek to implement EDI policies abroad and combat local resistance by acting overtly to protect the rights of an employee in a country where LGBT rights do not exist, doing so could jeopardize not only the safety of the employees and their family, but also the MNEs' local reputation and stakeholder relationships. As such, it is not surprising that firms "usually conform to the norms and regulations imposed by the external environment" (Bitektine, 2011, p. 158) by adopting locally accepted practices. In this type of policy, MNEs adhere to local norms by avoiding LGBT issues in diversity and inclusion programs (Glasgow & Twaronite, 2019).

In addition to legal and safety considerations (Kaplan, 2006), firms avoid implementing LGBT supportive EDI policies, because, for example, employees, customers, or investors may refuse to work cooperatively with LGBT employees or refuse to invest in firms that overtly support LGBT employees in contexts where LGBT people are stigmatized (Day & Greene, 2008). From a resource-based view, Stavrou and Ierodiakonou (2018) argue that corporate investment in social causes could violate management's responsibility to shareholders because adopting LGBT policies may consume firm resources, increase unnecessary costs, and decrease firm profits. However, some studies show that a diverse workforce may lead to lower costs and higher revenues (Stavrou & Ierodiakonou, 2018), and improved stock market performance (Wang & Schwarz, 2010). Indeed, MNEs that standardize EDI practices globally can experience performance gains where employees are treated well in an environment in which domestic employers commonly marginalize them (Hamza-Orlinska, 2017; Siegel et al., 2019).

Nonetheless, organizations providing support for the equal treatment for LGBT employees frequently face potential sanctions from host country constituents and therefore maintain their resource stability derived from the institution of workplace heterosexism, regardless of pressure from constituents advocating equal treatment (Chuang et al., 2018). Some organizations decide to adopt LGBT-friendly policies despite this opposition, although there is limited empirical evidence to suggest what factors contribute to this approach (Theodorakopoulos & Budhwar, 2015). One notable exception is the study by Roumpi et al. (2020), which identifies contextual and organizational factors influencing the likelihood of adopting LGBT friendly practices, including state conservativism, localized LGBT-friendliness, and the political orientation of managers and boards. Furthermore, institutional theorists offer insights into the interactive influences of institutional mechanisms—coercive (persuasion from authoritative constituents), mimetic (constituents modeling themselves on other constituents), and normative (embedded values and norms that induce constituents to support the emerging institution)—on the diffusion of controversial and socially stigmatized practices (Stavrou & Ierodiakonou, 2018), such as same-sex partner health benefits (Chuang et al., 2018).

IB researchers have examined the challenges that MNEs face in implementing their policies across different national contexts (Ferner et al., 2005). Kostova (1999) distinguishes between the formal implementation of policies and their internalization among employees. The latter refers to the process by which employees attach meaning to a policy, which is linked to the cognitive and normative integration of that practice within the subsidiary. Ferner et al. (2005) argue the importance of understanding that transfer of policies is not a linear process, that is, the same policies can be implemented in different ways across subsidiaries. The concept of hybridization is relevant here, as it refers to MNEs' attempts to align policies from one cultural or economic context with the constraints and opportunities of another (Boyer et al., 1998).

Organizational policies are inherently sticky to the environment in which they have been developed because their efficacy is conditioned by their institutional context (Kostova, 1999; Szulanski, 1996). Hence, policies suited to a subsidiary often differ from those developed by headquarters. Successful adoption of transferred policies requires at least some adaptation to manage the inherent tensions between global standardization and local adaptation (Ansari et al., 2014). A particular concern is the symbolic or ceremonial rather than substantive adoption of headquarters-mandated policies (Kostova & Roth, 2002). For instance, a study by Ferner et al. (2005) found that subsidiary managers used power to resist internalizing a new diversity policy from headquarters because of the contested institutional terrain of diversity.

The challenge confronting MNEs seeking to transfer corporate values based on nondiscrimination and respect for human rights and commensurate EDI policies is particularly difficult where the host country is "adversarial," that is, where the human rights and dignity of LGBT employees are explicitly undermined by the government. In this case, MNE managers may persist in enacting supportive LGBT practices in "adversarial" contexts regardless of legal challenges. In fact, for MNE managers to ignore abuses in foreign subsidiaries may be considered unwise if LGBT rights are protected in the home country and endorsed in corporate values.

1.2 | Allyship for LGBT individuals at work

MNEs have unique capabilities to disseminate practices and understandings of EDI (Jonsen & Özbilgin, 2014). Here, we turn to the concept of allyship, defined as the support that individuals and organizations may show to end discrimination, inequality, and exclusion of historically disadvantaged groups (Kutlaca & Radke, 2022). It was introduced in the 2010s as a leadership practice that could lend support to diversity and inclusion efforts and has become increasingly evident as global leaders seek to demonstrate their commitment to diversity and inclusion issues, including LGBT rights at work (Özbilgin & Erbil, 2021). We consider the concept of allyship to understand how MNE subsidiaries in adversarial contexts may support LGBT individuals despite nationally entrenched diversity challenges.

Ragins (2008) argues that those acting as allies build trust and provide socio-emotional and instrumental support that can help facilitate the disclosure and acceptance of invisible stigmas. Indeed, there is some evidence that effective allyship—enacted as activism and collective action—may lead to positive outcomes, including career advancement and wellbeing, for disadvantaged groups (Erskine & Bilimoria, 2019). For instance, "ally networks" for LGBT expatriates could facilitate "an informal voice dynamic for LGBT employees promoting advocacy, equity and inclusion" (McNulty et al., 2018, p. 843). A recent survey (OECD (Organization for Economic Co-operation and Development), 2020) highlights that global leaders in 10 OECD countries profess an overwhelming degree of allyship in supporting diversity and inclusion issues. However, the survey also shows that these allyship claims are not effectively translated into organizational practices. Indeed, there remains a wide gap between allyship claims and organizational reality.

Hence, critics argue that allyship with LGBT rights may be performative in nature (Kutlaca & Radke, 2022). As this may be due to an individual focus, Russell and Bohan (2016) call for institutional forms of allyship for LGBT rights, arguing that organizations are better placed than individuals to show allyship by creating structural inclusivity. Recent work by Sumerau et al. (2021) has also questioned the effectiveness of allyship focused on individual action in ending structural and systemic inequalities. While challenging "covert slights," that is, microaggressions against nondominant social identities, discrimination, or rejection of diversity training (Iyer, 2022) is critical (Williams & Sharif, 2021), also important is acknowledging that the individual nature of allyship is unlikely to be particularly effective, given that racial, gender, and sexuality inequalities are structural in nature (Sumerau et al., 2021).

Most prior scholarship on allyship for LGBT rights focuses on contexts where individual and organizational allies are invited to be vocal, overt, and visible in their support. Here, our focus is on an "adversarial" context where such overt forms of allyship do not work, and may, in some cases be criminalized (Küskü et al., 2021, 2022).

The adversarial context highlights that not all social and economic settings adapt to social change at the same speed and in similar ways (Bardoel, 2016). While global trends see LGBT rights recognized as part of universal human rights, predictably a disjuncture emerges between those regions with adversarial frames against LGBT rights and universal human rights of LGBT individuals. In sociological terms, this disjuncture is called hysteresis (Bourdieu, 1977), the moment in which a system is yet to adapt to new norms, to recognize the embodied experience of a historically disadvantaged group due to the impact of traditional frames and adversarial history.

This disjuncture is evident in our case study context. As the United Nations (UN) (2023) calls for an end to discrimination, violence, and inequality due to sexual orientation and gender identity, in several countries, including Indonesia, religious conservatism is on the rise (Human Rights Watch, 2016). Bardoel (2016) notes that it is important to guard against biases related to the implicit assumption that other nations will become more like the West over time. Thus, in contexts of hysteresis, the fundamental assumptions of overt allyship can challenge the principal–agent relationship between corporations, leaders, and their followers in different regions. Adversarial contexts require different formulations of allyship, potentially contributing to how allyship is theorized. We explore this further in our case studies, for which the methodology is outlined in the following section.

2 | METHODOLOGY

To explore how global MNEs have implemented LGBT policies in subsidiaries in an adversarial context we opted for a qualitative, multiple case study design (Welch et al., 2022). Our approach responds to a call for qualitative research in the field of EDI (Bardoel, 2016; Luiz & Spicer, 2021). An abductive research methodology enabled the generation of rich, in-depth exploratory data on how subsidiary companies in Indonesia have responded to local pressures to adapt EDI policies promoted by their headquarters.

2.1 | Context: MNEs In Indonesia

Indonesia is the most populous Muslim country in the world, and religious actors (e.g., Islamic political parties) are playing an increasingly significant role. Although Indonesia has traditionally been remarkably permissive, conservative Islamic groups have become more assertive in pushing an Islamist political agenda since the rebirth of democracy in 1998 (Cochrane, 2016; Human Rights Watch, 2016). Boellstorff (2007) explains that LGBT people have lived in a climate of relative tolerance based on discretion. However, this tolerance exists only because Indonesians tend to keep these nontraditional identities and practices secret.

Although Indonesia is officially secular, anti-gay campaigns by right-wing Islamic groups have recently gained traction, resulting in the arrest of gay individuals (The New York Times, 2022). In 2016, the Indonesian government issued a series of regulations prohibiting promotion of LGBT rights and values in the media, education, and other public spheres (Human Rights Watch, 2016), and in 2022, a new criminal code was passed making consensual sex or cohabitation outside of marriage a criminal offense (Human Rights Watch, 2022). These regulations effectively banned any public expression of support for LGBT rights, including by MNEs and other types of organizations. Public comments by government officials and Islamic clerics calling for the criminalization of same-sex sexual relations have led to threats and violence against LGBT Indonesians. The Indonesian Religious Affairs Minister has publicly stated that gay marriage goes against religious norms (Jakarta Post, 2015) and LGBT individuals have been arrested, prosecuted, and even publicly caned in some regions of Indonesia. For instance, in Aceh, Sharia law prescribes 100 public lashes for people caught committing same-sex sexual acts.

Together these actions have led to a culture of fear and secrecy among LGBT people in Indonesia, and a reluctance among organizations to openly promote or implement supportive LGBT policies because of potential legal repercussions and public backlash (Röell et al., 2022).

2.2 | Data collection

Consistent with rigorous qualitative case research methods, we used multiple sources of evidence such as archives and field observations, but at the heart of this study is the semi-structured interview (Welch et al., 2022). We interviewed representatives from 12 Western European and US global MNEs from three sectors (pharmaceutical, consumer goods, and retail) with a significant presence in Indonesia. All 12 MNEs had established a central subsidiary in Indonesia's capital, Jakarta, and, in addition, operated multiple factories located in different parts of the country. We selected MNEs with a record of public advocacy for LGBT rights in their home countries, as well as

large-scale operations (local manufacturing and 500+ employees) and extensive experience in Indonesia (>20 years). These organizations were chosen because they are familiar with the idiosyncrasies associated with international activities as well as with Indonesia's changing social and political landscape in recent decades. The MNEs and participants are anonymized.

Our interviewees were middle and senior managers from both the Indonesian subsidiaries and their headquarters who had been involved in the development and implementation of LGBT policies (Ghauri, 2004). Most interviews were conducted during fieldwork trips in 2018 (April–September) in 2021 (June–November), 2022 (June–November), and 2023 (April–June) in Jakarta, Indonesia. Five interviews were conducted via Zoom or Skype in 2020 and 2021. Interviews were typically conducted with senior managers from HR, communications, or sustainability departments, focusing on individuals involved in EDI policy development or implementation.

Twenty-seven of our interviewees were Indonesian, and the rest were from the MNEs' home countries. Generally, we noticed that the responses from expatriates were much more "politically correct," compared to Indonesians who explained phenomena in more practical terms. While some interviewees argued that implementing LGBT policies was neither possible nor necessary, all appeared comfortable discussing the topic, perhaps reflecting headquarters' promotion of EDI that meant there had been internal discussions locally. In three of our cases, we could only conduct (multiple) interviews at the subsidiary; however, in each at least one of the interviewees had previously worked at global headquarters. These interviews were valuable for providing insight into headquarters' views toward standardization and adaptation of EDI policies, and how these policies were interpreted and implemented at the subsidiary (for semi-structured interview guide, see Appendix). Our interviews with MNE representatives were supplemented with interviews with relevant local experts, including consultants (6) government officials (2), and representatives of local (2) and international chambers of commerce (2). Interviews with local experts involved a range of topics related to LGBT rights, including relevant government regulations, stigmatization, and how and whether domestic and foreign firms supported or opposed employment of LGBT individuals. These interviews largely confirmed the tensions and challenges that Western MNEs experienced in Indonesia regarding LGBT inclusion.

The interviews, which lasted between 60 and 90 min, were conducted by the first author in Dutch, Indonesian, and English, and recorded with the participant's consent and then transcribed, translated into English, and analyzed to catch insights and impressions from the interview relevant for further data collection (Bryman & Bell, 2011). This ongoing analysis resulted in some additions to the interview guide and some follow-up questions to previous participants. The interviews started with neutral questions to build a relationship of mutual trust and related to the participant's professional background, working duties, and the organization in general. As this study was part of a larger research project focused on MNE contributions to the UN Sustainable Development Goals we decided to pose questions related to less-controversial topics first, so that when asking questions related to LGBT, some level of trust had been established. Documented policies in, for example, the annual reports and company websites of headquarters and subsidiaries, provided a starting point for questions relating to the tensions experienced by the subsidiaries and MNEs experienced, challenges encountered, and how participants responded to these challenges. To supplement our 43 interviews, we reviewed a variety of documentary sources (Miles et al., 2014), including annual reports (all cases were publicly listed), company websites, press releases, and LinkedIn posts from company directors (see, Table 1).

2.3 | Data analysis

First, the data were analyzed using NVivo to code the interview transcript into broad themes about the tensions experienced by MNE subsidiaries and their employees. Two authors coded the transcripts separately, and extensive discussions led to agreement on each of the themes and related codes. We identified three tensions: between the headquarters and the subsidiary; between different groups of employees in the central subsidiary in Jakarta; and between the central subsidiary in Jakarta and factory employees in more conservative parts of the country (Table 2).

Second, we identified MNE subsidiaries' responses to these tensions. Here we followed the analytical approach advanced by Gioia et al. (2013), which starts with an inductive process but transitions into a form of abductive analysis as the collection and analysis of evidence progresses. We structured the data into three components: first-order categories, second-order themes, and aggregate dimensions. The initial coding was conducted via an open coding process, that is, using first-order categories, where the coding units captured a range of initiatives and activities while maintaining the integrity of participant terms. We were soon able to divide the companies into two groups: those actively adopting LGBT policies and those with minimal adoption.

Third, using axial coding (Strauss & Corbin, 1998), we integrated the first-order categories into second-order (theory-centric) themes, with greater focus and insights. Following Gioia et al. (2013), a deeper structure was identified by asking the critical question, "What is going on here? (theoretically)" with particular attention on nascent concepts or concepts that "leap out" (p. 20). As a result, of the 27 first-order codes, we derived 10 second-order themes. Subsequently, we developed two overarching aggregated dimensions to explain the implementation of LGBT policies in MNE subsidiaries in Indonesia, that is, supportive (i.e., active adoption) and unsupportive (i.e., minimal adoption). While there was variation in the implementation of practices, MNE subsidiaries either took a passive avoidance approach or an active approach in pushing LGBT+ inclusion. These steps enabled us to gain insights about major underlying issues from interviews and the archival data collected. The final step involved assembling terms, themes, and dimensions into a structure (Table 3) used to visualize the evidence analysis and to ensure full transparency on the basis and development of the results. Each step was supported by intensive and

TABLE 1 Case companies and data collected.

MNEs	Industry and company type	Home country	Interviews and archival data	Number of sources Indonesian (I) expatriate (E)	LGBT policy adoption
Pharmaceutical industry					
PharmaCo 1	Global pharmaceutical company	Germany	Interviews with director and manager	1 (I) 1 (E)	Active adoption
			Annual and CSR reports, company websites, press releases, internal documents	12	
PharmaCo 2	Global pharmaceutical company	United States	Two interviews with directors	2 (I)	Minimal adoption
			Annual and CSR reports, company websites, press releases, internal documents, LinkedIn posts	17	
PharmaCo 3	Global medical equipment manufacturer	Netherlands	Four interviews with senior managers, including country leader	3 (I) 1 (E)	Minimal adoption
			Annual and CSR reports, published book about the company, company website, media articles	19	
PharmaCo 4	Global medical equipment manufacturer	Germany	Two interviews with managers	1 (I) 1 (E)	Minimal adoption
			Annual report, company website, LinkedIn post from company directors	12	
Consumer goods					
ConsumerCo 1	Global beverages company	Netherlands	Six interviews with senior managers including two country managers	3 (I) 3 (E)	Active adoption
			Factory tour, book about the company, annual and CSR reports, press releases	16	
ConsumerCo 2	Global consumer goods company	Netherlands	Five interviews with senior managers	3 (I) 2 (E)	Active adoption
			Annual and CSR reports, two published books about the company, website, press releases, media	21	
ConsumerCo 3	Global consumer goods company	Switzerland	Two interviews with senior managers	2 (I)	Active adoption
			Annual reports, company website, media articles	17	
ConsumerCo 4	Global consumer goods company	United Kingdom	Two interviews with senior managers	1 (I) 1 (E)	Minimal adoption
			Annual report, company website	9	
ConsumerCo 5	Global beverages company	United States	Two interviews with senior managers	2 (I)	Minimal adoption
			Factory visit, annual reports, company website, media articles	12	
Retail					
RetailCo 1	Global clothing company	United States	Two interviews with senior managers	1 (I) 1 (E)	Minimal adoption
			Annual and CSR reports, company website, media articles	16	
RetailCo 2	Global clothing company	Sweden	Two interviews with senior managers	1 (I) 1 (E)	Active adoption
			Annual report, CSR report, media articles	14	

TABLE 1 (Continued)

MNEs	Industry and company type	Home country	Interviews and archival data	Number of sources Indonesian (I) expatriate (E)	LGBT policy adoption
RetailCo 3	Global furniture retail company	Sweden	Two interviews with middle managers Annual reports, media articles, company website	2 (I) 11	Minimal adoption
Number of MNEs: 12 Total interviews: 32 Total document sources: 176					
Local experts					
Consultants	Indonesian public affairs consultancy		Founder and chairman		
	Asian public affairs consultancy		Four interviews (founder, country leader, and two managers)		
Indonesian government	Central government Ministries		Senior advisor to the government Government official		
Other relevant actors	Chambers of Commerce I		Interview with director and with public policy manager		
	Chambers of Commerce II		Two interviews with managers		

Note: Total interviews: 12.

detailed discussions between at least two authors and various versions of the paper were discussed at conferences and research seminars. Our analyses also identified best practices from Type 1 MNEs, that is, those that had developed supportive organizational contexts and actively adopted LGBT supportive policies. We highlight whether these can be implemented in adversarial contexts and deal with common tensions in Table 4.

3 | FINDINGS

This section first discusses the tensions that arose between the headquarters of our sample MNEs and their subsidiaries in relation to LGBT rights. It then evaluates both the mechanisms that facilitated successful and covert forms of institutional allyship for LGBT inclusion as well as the implementation barriers and challenges that prevented MNE subsidiaries from implementing LGBT supportive policies.

3.1 | Global headquarters–host country tensions

The adoption of LGBT policies by MNE headquarters resulted in notable tensions between the headquarters and their Indonesian subsidiaries in Jakarta, particularly for MNEs that explicitly supported LGBT rights on social media pages that were visible to Indonesians. Our interviewees indicated that while headquarters publicly promoted LGBT rights through corporate communication (e.g., social media, websites, and annual reports), subsidiary managers carefully weighed the risks and benefits of implementing related policies. Five subsidiaries had internally implemented some form of LGBT policies, but none publicly advocated for LGBT rights. This was, according to local managers, because openly promoting LGBT rights could provoke governments and communities and upset current or potential customers. Many interviewees pointed to recent examples of organizations that had faced boycotts or issues with the government over supporting LGBT rights.

This was particularly evident among well-known consumer goods MNEs, where Indonesian "netizens" often became aware of the companies' stance on LGBT issues through social media communicated by MNE headquarters. For example, two subsidiaries experienced boycotts and the government summoned one executive after their parent organization posted messages supporting LGBT rights on their social media accounts. As such, even when subsidiaries remained silent on the issue, headquarters' corporate communication was visible to Indonesians, and questions were raised about the subsidiary's stance on these issues. It suggests that staying quiet locally does not always shield MNEs from the potentially challenging consequences of promoting LGBT rights. Subsidiaries from other sectors (i.e., pharma and retail) faced fewer external challenges, even when their headquarters communicated supportive messages on their social media accounts or websites, because their brands were less well-known among most Indonesians.

3.2 | Subsidiary employee tensions

All MNEs had established their central subsidiary in Jakarta, Indonesia. While seven subsidiaries only minimally implemented LGBT policies, mainly because it was too sensitive or considered unnecessary, the remaining five incorporated various types of policies and initiatives to support LGBT employees' wellbeing and career advancement. This latter group reported internal discussions among management and with employees and established diversity networking groups within the organization to provide support and raise awareness of LGBT issues. However, these discussions and the more general support for LGBT rights led to friction between different groups of employees.

TABLE 2 Tensions related to the implementation of LGBT policies within MNE subsidiaries in Indonesia.

Tensions	Responses	Exemplar quotes
Global headquarters–host country tensions	• All MNEs' headquarters had implemented—and most of them publicly advocated—for LGBT rights in their home (and other) markets. • All Indonesian subsidiaries remained silent publicly to avoid friction with key stakeholders (i.e., employees, and customers, and political and religious institutions). • Two subsidiaries of well-known consumer goods brands faced backlash from the public, including calls for boycotts, when their headquarters openly promoted LGBT policies. • One of these subsidiaries was summoned by the Indonesian government for promoting LGBT rights, which had an adverse effect on their operations in the country—and led them to publicly apologize.	"But of course, in Indonesia, when it comes to LGBT, we can't do that as explicitly as on the global level. If you see the global website, you see the rainbow flag. But on our Indonesian website, we don't put the rainbow flag because we know the sensitivity of it. The problem is that everyone can see that our parent company is promoting this in the West, so even when we don't do this publicly, they still think we do." (PharmaCo 2) "In 2020, our global team signed the Human Rights Convention near the pride month, and then the media picked it up, and it went viral. Basically, on social media, there were calls to boycott our products. Not everyone, but most journalists were very critical. We also had this problem before when the media circled that we were selling rainbow-colored ice cream. They called it gay ice cream. But we didn't even sell that particular ice cream in Indonesia. Yet, they were calling for a boycott" (ConsumerCo 1) "What I am learning is that if you look through your European glasses … that is difficult. You won't make it. Big countries like Indonesia start saying if you keep trying to force your European values on us, you can leave. Internally we have a lot of discussions about that. Equal rights, gay, diversity, inclusion, LGBT, they don't appreciate that here. And we must also respect that. We made it clear to the global team that we cannot talk about these things publicly here."—(RetailCo 3)
Subsidiary employee tensions	• Implementation of LGBT policies caused friction between different groups of employees within the host country, with some employees being more open to LGBT rights and others being more conservative. • Seven subsidiaries did not implement any specific policies regarding LGBT employees because it was either too sensitive or they did not consider it necessary. • Five subsidiaries had implemented covert (nonpublic) LGBT initiatives, including diversity mentoring initiatives, diversity networking groups, and topical discussion and appointed a local diversity manager.	"So, in my team, some are … Muslim fanatics. But we also have Christians and Hindus, and some don't believe in any god. I tell them, we're bound by human rights. You have your own personal opinion on something but think if you talk about it and people get agitated and mad, don't say it. Generally, it's best to talk about how we may be different, but we must respect each other. That's more effective than talking about transgenders or gays, which will just create challenges and division" (PharmaCo 4) "Different employees have different views. We've had several issues here. Many colleagues are asking me why I have to talk about LGBT in these meanings. Does that mean that we are pro-LGBT? It is a very difficult topic to discuss. It can create a lot of division internally. Therefore, we don't talk about this now. It's best to avoid it" (ConsumerCo 3). "There was a lot of friction initially when we started talking about this in our diversity programs. It's important to start talking about things most colleagues agree on first, like gender equality. I think it was in our fifth session that I brought up the subject of LGBT people. I didn't mention any names of our LGBT community within the organization, but most know who they are. I keep stressing we are bound together by human rights. Let's respect our differences, even when you don't agree with them. Not everyone, but most of our employees seem to be somewhat okay with it now. There's progress." (RetailCo 2)
Tension between central subsidiary policies and factory employees	• Central subsidiaries that implement LGBT policies internally faced friction from factory workers that were located in more conservative areas of the country.	"We also have a challenge inside the organization, especially from those who work in the factory, usually more than those who work in the headquarters in Jakarta. The factory people are very conservative, and we had a lot of pushbacks from them. They say: why do

TABLE 2 (Continued)

Tensions	Responses	Exemplar quotes
	• Four MNE subsidiaries had sought to implement LGBT initiatives in their factories that were typically located in conservative parts of the country. • During the data collection period, all efforts seemed to have failed, and three had stopped seeking to implement LGBT policies outside the central subsidiary.	we have to follow the LGBT principle? Here in Jakarta, we try to talk about these topics internally for a while, but it is so hard when it comes to the factory workers. And believe me, we have gone through about four or five discussions with them to make them understand why we do this. They complain about why we need to follow this. This is against our values. So that is a very sensitive issue to manage"—(PharmaCo 1) "We tend to avoid the topic in our factory workers. If we encourage them, it will create friction. Nobody comes out of the closet in small villages in West Java. We have tried to voice our concerns regarding LGBTQ, but it backfired" (ConsumerCo 1) "They are not ready for this, you know, Indonesians outside Bali or Jakarta are still very conservative. These kinds of debates haven't even started there, and this goes against their religion. We made some progress here at our HQ, especially among younger colleagues, but no way that we can talk about this with our factory workers" (RetailCo 2)

Managers in charge of EDI (usually HR or designated diversity managers) faced criticisms from conservative employees,[i] many of them older employees, but also younger employees as younger Indonesians are becoming increasingly conservative (e.g., many young Indonesian Muslim women have denounced dating, leaving matchmaking to parents or Islamic clerics; The Economist, 2020). As a result, some managers opted to avoid mentioning LGBT topics specifically—or at least in the first several meetings of EDI programs. Instead, they started by emphasizing human rights and mutual respect despite differences. This tactic, in addition to diversity training and promoting diversity-sensitive behavior appeared to have resulted in some progress in support of LGBT employees. Yet, most subsidiaries struggled with conflicting, polarizing views toward LGBT issues with the fear that they may clash with employees' Islamic values.

3.3 | Tension between central subsidiary policies and factory employees

The difficulty outlined above was deepened by the heterogeneity of progressiveness between regions in Indonesia. This meant there were tensions not only between home and host countries, but between the MNEs' central subsidiaries in Jakarta and their factories in less progressive areas. While progress concerning EDI has been made among headquarters employees, factory workers in rural, conservative regions, particularly in East and West Java, remain resistant and hostile to these policies. All MNEs' had multiple factories in different parts of the country, and interviewees explained that religious conservatism was the main barrier to factory workers changing their views to support LGBT rights. Despite attempts to engage with these employees through discussions with union leaders and factory managers, the efforts resulted in further friction rather than progress. All but one of the subsidiaries that strived to implement these policies in their factories ultimately decided to abandon their efforts but expressed hope for the possibility of changing factory attitudes toward LGBT rights in the future. This shows that expectations around diversity are embedded locally and may manifest differently within a single country (Hutzschenreuter et al., 2020), hindering integration across the MNE's operations.

3.4 | Implementing LGBT policies in Indonesia

Our analysis revealed several common features in the way MNEs with operations in Indonesia implemented LGBT policies. First, all MNE headquarters had diversity policies around gender, race/ethnicity, and LGBT rights, and all MNE headquarters publicly engaged in debates on these issues in their home markets, for instance, through their corporate communication, and some also participated in events such as the pride parade. While the number of selected cases is too small to make meaningful generalizations about the impact of the industry and home country, it appeared that the more exposed and generally well-known the MNEs were in terms of brand, the more emphasis they placed on promoting LGBT rights.

Second, the EDI policies of all the sample MNE subsidiaries in Indonesia excluded LGBT elements in publicly disclosed documents, such as, websites, press releases, or social media. When asked about this, interviewees noted that making public statements supporting LGBT rights was not feasible in Indonesia. This was made possible by headquarters providing a broad international framework for diversity policies, allowing subsidiaries to develop locally appropriate policies. This approach did not mean subsidiaries could evade or reject EDI; they were required to develop a diversity policy, implementation of which would be evaluated by headquarters.

TABLE 3 Types of implementations of LGBT policies.

First-order categories	Second-order themes	Aggregate dimensions
Type 1: MNE subsidiaries that actively adopted LGBT policies		
Expressing support for LGBT employees during EDI awareness training Introducing LGBT elements after several EDI meetings to ease the audience into it Frequently stressing that employees are bound by human rights despite their gender, religion, or sexual orientation	Creating awareness	Supportive organizational context (i.e., active adoption of LGBT policies)
Initiating diversity mentoring programs for selected group of employees Creating a grievance channel specifically for LGBT employees Drawing on successful initiatives developed in other subsidiaries Efforts to create a safe space for LGBT employees	Support systems	
Professing personal support for LGBT employees Incorporating high ethical standards bound by human rights rather than locally accepted ideas around LGBT issues Initiating and taking part in LGBT support groups Attending international EDI conferences to better understand how to support minority groups in the workplace	Intrinsic motivation	
Appointing a subsidiary diversity officer Continued efforts to introduce LGBT policies not only in the subsidiary headquarters but also their factories Stressing the diversity of employees during recruitment	Sustained commitment	
Quarterly meetings between subsidiary and headquarter diversity managers to discuss consistency, tensions, and progress Headquarters frequently requesting updates regarding the implementation of LGBT policies Headquarters increasingly seeking to limit the possibilities of adaptation of diversity policies in different countries	Headquarters pressure	
Telling employees who complain about promoting LGBT policies that they should accept their rights, or they will be reported	Setting an ultimatum	
Type 2: MNE subsidiaries with minimal adoption of LGBT policies		
Refusing to implement LGBT supportive policies after initial resistance from conservative employees Emphasizing that implementation would create too much friction between employees Management team found the topic too controversial	Internal resistance	Unsupportive organizational context (i.e., minimal adoption of LGBT policies)
No implementation of LGBT policies to avoid harming relationships with external stakeholders Fears of employees leaving the company Fear of employees talking to the media	Fear of repercussions	
No implementation because the interviewees claimed that there were no LGBT employees	Refuting the existence of LGBT employees	
No implementation because of potential stigmatization of employees No implementation of LGBT initiatives because managers claimed that LGBT employees were not comfortable or afraid	Employee protection	

Interviewees highlighted that cultural sensitivity and legal restrictions prevented MNE subsidiaries from openly promoting or supporting LGBT rights in Indonesia. While all MNE headquarters and four subsidiaries had appointed diversity officers to create and implement policies on EDI there was resistance to LGBT policies due to conservative religious beliefs, lack of legal protection for LGBT individuals, product boycotts, and friction among employees and external stakeholders. Interviewees frequently mentioned that the environment for LGBT people had become increasingly hostile in recent years due to public statements by politicians and well-known Islamic clerics. Interviews with local experts and media articles echoed these claims. As such, several interviewees noted that questioning existing norms too aggressively could backfire. For instance, one global manager in sustainability suggested that they had to craft their policies in line with local demands in this adversarial context:

> Ultimately, if you want to drive progress as a global organization like ours, you've got to continue to exist. If you get to a position where you can't operate in a market for whatever reason, then your influence

> disappears. Therefore, locally, managers have to decide how, when, and where to influence. In some markets, this is challenging; it can even be dangerous for employees, and you could risk losing your social license. At the same time, in Indonesia, we are one of the largest FMCG companies, and while we have to be careful, we keep trying to think of ways to make progress.
>
> (RetailCo 2)

Participants highlighted how they turned to local managers to translate progressive policies to local hypersensitive contexts. The MNEs experienced a delicate balancing act of managing their international reputation and ensuring they could operate within local norms and regulations while guarding their license to operate and the well-being of their employees. The following quote illustrates institutional friction (Shenkar, 2001), which can arise when individuals and firms from different institutional backgrounds come into contact:

> There will always be issues in certain markets. We have a political campaign for one of our brands for gay marriage and that upsets many countries because it's a very political issue. But the local leaders will try to manage those issues in a way that is politically responsible within the marketplace without losing the principal thrust behind that agenda. Sometimes this means staying quiet, but in other places, you can carefully promote this. So, there are always sensitivities that can emerge when you've got an organization that stands for a set of values, and those values are in conflict with the people in some places.
>
> (ConsumerCo 1)

These quotes suggest that MNEs' advocacy for LGBT rights could lead to a loss of legitimacy (Kostova & Roth, 2002) and managers in host countries strive to balance conflicting values. We have identified three tensions experienced by MNE subsidiaries in Indonesia (see Table 2), which we use now when considering the role of type of firm and the environment. We categorize the studied MNEs into two types (see Table 3): those with allyship for LGBT issues that transcended the discussed tensions (Type 1); and those that did not implement such initiatives (Type 2).

3.5 | Organization Type 1: Supportive organizational context (active implementation)

While the nature of the support for LGBT employees varied, 5 (out of 12) MNE subsidiaries had actively, yet discreetly, implemented various forms of supportive LGBT initiatives, which we term "covert LGBT allyship." These initiatives were covert because they do not appear in public discourse or official company documents and are often only communicated to and involve a specific group of employees.

Compared to subsidiaries that did not implement supportive LGBT policies, we found that these MNEs typically faced more pressure to align EDI policies set by global headquarters. For instance, interviewees in this type of subsidiary noted increasing emphasis from their headquarters on EDI, encouraging initiatives that had been successful in other subsidiaries. Subsidiary units seek internal legitimacy, that is, the need to be accepted by the parent and other subsidiary units. While headquarters were aware of the potential repercussions, such as the loss of legitimacy in the host country, they continued to push for the implementation of LGBT policies. Two global diversity managers highlighted that because their organizations span multiple countries, they were aware of different approaches to the implementation of sensitive policies. RetailCo 2's Indonesian diversity manager noted, "*We know we can support them, even when we cannot talk about this in the public sphere, we have many success stories from our colleagues in other countries … we can learn from.*" As such, MNEs can engage in cross-national transfer of progressive emic approaches deviating from the standard in a particular host setting.

Regular discussions were held between headquarters and subsidiaries to discuss EDI policy alignment. Locally appointed diversity managers or other managers overseeing the implementation of these policies were encouraged—sometimes pressured—by headquarters but also appeared intrinsically motivated to promote personal and company values related to EDI. This was evident in comments from participants from this group of MNEs, such as "*I go beyond what I am asked to do, and I take personal responsibility that everyone respects each other in my team, no matter what they believe in or identify as"* (ConsumerCo 1) and "*We must 'walk the walk' and do what we believe and stand for*" (ConsumerCo 2). This suggests that the policy was both implemented (put into practice and reflected in behavior and actions) and internalized (diversity officers both value and are committed to the practice) (Kostova & Roth, 2002).

These same managers were, however, also aware that they needed to consider local cultural sensitivities. Indeed, for all cases, local management clarified that public support for LGBT rights was not feasible in Indonesia. This also meant being sensitive to LGBT employees and allowing them to decide whether they wanted to be included in initiatives developed to support them. In the subsidiary headquarters in Jakarta, LGBT employees were offered support in various ways. The following quote captures this:

> I am pro-LGBT. Because this is human rights, right? Everyone should be whatever they want. But in some of the markets, including Indonesia, it's really hard to do, and sometimes it's not only dangerous for the business but also for the people, and we could put them in a situation where it's not comfortable because there is still a group of people that is still … not comfortable with these issues. But still, we make an effort to promote the human rights of LGBT employees for those

> that want it because that's what we stand for, and it's the right thing to do, even when we can't do this publicly. We started several initiatives a few years back, including a mentoring program with quarterly meetings with a selected group of employees. I often attend online seminars to learn how I can best support them.
>
> (ConsumerCo2)

This quote suggests that MNEs can develop unique mechanisms to support LGBT employees in Indonesia. The following quote further explains how MNEs can craft solutions that are appropriate to local idiosyncrasies and emic concerns:

> We implemented our headquarters diversity policy; we don't judge people by their sexual orientation. We actively support them here, subtly, of course, even though it would probably be easier not to do it. Not everyone is interested because they worry someone in their family will find out. Others do take advantage of this. But of course, you don't talk about this with external stakeholders, especially the ones surrounding our facility. It is not accepted, and we don't want to get in the media about such issues. We don't advertise these things. But internally, it's not a problem. We have created a common-sense environment. We don't talk bullshit. If you talk bullshit, sooner or later, you will be out. But we don't talk about this in the public space.
>
> (ConsumerCo 1)

This quote further highlights that while MNE subsidiaries were aware of the challenges facing LGBT employees and their organizations in Indonesia, they tried to support these employees. As such, EDI principles that were set out by headquarters had, despite the potential for institutional friction, been implemented in the host country, albeit covertly. While all employees received general training (e.g., unconscious bias), specific initiatives were developed to support LGBT employees but were typically not communicated openly (internally) to avoid stigmatizing LGBT employees.

The participants highlighted several successful practices that promote LGBT inclusion and equality in the workplace. First, the MNEs emphasized long-term commitment toward effective EDI policies and a willingness to work within the local context and cultural norms. One interesting example included two diversity managers leveraging Indonesia's national philosophy "Pancasila" (unity in diversity) in their diversity training to explain that despite employees' differences (e.g., not conforming traditional gender identities) diversity is essential to creativity. Initiatives identified by interviewees included diversity training, open yet discreet communication channels, facilitating mentoring programs, appointing a dedicated diversity manager, monitoring progress, and developing systems to prevent silence. Participants often stressed that LGBT people often apply to well-known MNEs because of their public support (from headquarters) for LGBT rights:

> So, lots of them apply to us, and it is a very fair recruitment process. We make it clear that we treat everyone equally. And we have them in our team, and we're happy with that. I asked one LGBT person, why are you applying to [PharmaCo1]? And he said I know the position of [PharmaCo1] is very open, and you are very fair. So, I feel safe to apply, I feel safe that you will treat me the same as the others. So that makes me very happy about his answer that in the community, those who have the global mindset know where our position is—of course, they see this on our global website. Recently we initiated a support group for my team members and also some from other departments. Mainly to find out how we can support them and also for our awareness about the issues they face. Our global team asked us for this, and we were happy to accommodate.
>
> (PharmaCo1)

This quote shows that even in an environment where it is challenging to promote LGBT rights publicly, organizations can develop supportive policies internally, partly as a result of headquarters pressure. One local director also noted that "*HQ keeps pushing us about this and last year we decided to start a mentoring group for LGBT employees*" (ConsumerCo 3). However, as previously discussed, not all employees were comfortable with the subsidiaries' support for LGBT policies and most participants agreed that a discrete approach to implementation was most viable. Notable exceptions include RetailCo 2 and ConsumerCo 2, who gave employees that complained about these initiatives an ultimatum, "*but nobody really complains anymore because I could get them out of their job the next day. They know that*" (RetailCo 2).

Most other MNEs took a more cautious and discreet approach, taking the view that the sensitivity of the topic meant that changing employees' opinions would take time and effort. As such, during general EDI training, they would first cover less controversial topics that included gender equality and general human rights. The commitment, however, for LGBT employees typically did not extend to their manufacturing facilities or wider supply chain in Indonesia. Of this group of firms, only three had tried to implement these policies in their wider supply chain. Their efforts failed because of the dominance and influence of religion and interviewees identified that factory workers were not ready for this level of diversity initiative. Only one MNE subsidiary continued these efforts during the data collection period.

3.6 | MNE subsidiary Type 2: Unsupportive organizational context (minimal implementation)

While all studied MNEs faced challenges in their efforts to implement sensitive diversity policies, here we outline the barriers, and reasons why, "MNE subsidiary Type 2" did not implement LGBT policies

internally. While almost all participants in this type of MNE subsidiary expressed personal support for LGBT rights and highlighted the importance of diversity and equality in their organization, no specific policies or initiatives were in place even though these same managers noted that discrimination was not allowed, particularly for marginalized groups, including LGBT people. As such, the policy implementation patterns of this group were labeled "minimal implementation."

Participants of two MNEs explained that such policies were not necessary simply because there were no LGBT employees (ConsumerCo 4 and RetailCo 3). For instance, one local HR manager noted "*maybe it would be good to help them, but we don't have such people in our organization*" (RetailCo 3). Yet, this is unlikely given the size of their local operations (500+ employees), and the greater likelihood of LGBT people applying to MNE subsidiaries because of parent organizations' public promotion of LGBT rights. More likely is that LGBT employees were not encouraged to discuss or display nontraditional behaviors. Conversations with local experts confirmed that many organizations prefer to ignore the existence of LGBT employees. The following quote captures that MNE subsidiaries of this type avoided the implementation of LGBT policies because of local sensitivity:

> Yes, diversity policies are impossible to standardize because of cultural differences. I mean, when we hire somebody, we don't see them based on their race, sexual orientation, and everything. And if they're already in the company, we don't discriminate against them. But in Indonesia, because of cultural sensitivity, we do not promote LGBT like we do in Europe, where the company is marching, and you have the rainbow flag. We respect that Indonesia has the largest Islamic population in the world, where LGBT is not always accepted. Most people in society, including here in our organization, don't accept this.
>
> (PharmaCo 2)

The approach allows MNEs to avoid potential backlash from local stakeholders but does nothing to foster a sense of inclusion for LGBT employees. Several MNEs also highlighted that given the uncertain political situation and sentiment toward foreign companies that "*we have to choose our battles*" (RetailCo 1) and "*this could get us into trouble with some of our local stakeholders*" (RetailCo 3). MNEs had spent significant effort and resources in developing cooperative relations with the host government in Indonesia, which could be damaged or disappear if MNEs are too strident in questioning established norms. An interviewee from this group of MNEs highlights that after initial resistance from the subsidiary director to implement LGBT initiatives, there appeared to be little pushback from headquarters.

> Yes, you're correct. It's a very sensitive topic. Right, so when our headquarters started to focus on Diversity and Inclusion, I made it clear that we cannot do this LGBT topic in Indonesia, yet. Headquarters understood and agreed that for now at least it's better to not talk about this. They also said that we cannot discriminate against LGBT people, they must be able to feel comfortable even when you can't do that openly in front of other employees.
>
> (PharmaCo 4)

As such, the absence or minimal adoption of LGBT policies is likely to be due to limited headquarters pressure and a lack of motivation on the part of local diversity managers. Other reasons for not supporting LGBT employees, according to local management, include protecting their safety and shielding them from stigmatization. These participants argued that in addition to possible external challenges due to media reporting, internally, employees could face stigmatization from more conservative employees and managers. While local management frequently mentioned that they aimed to create an equal environment, promoting LGBT rights was likely to cause division rather than unity. One locally appointed diversity officer explained that they were asked by headquarters to organize a diversity training session for the subsidiary management. The participant, however, eventually abandoned the topic of LGBT:

> I organized a meeting for the management team about diversity. I started off with easier topics such as gender diversity. Even though most managers believed men and women are equal, they argued that this was not quite the case in villages. So, there was even disagreement about equality between men and women, so I decided not to talk about the more sensitive topics in the end, like LGBT. Generally, people don't talk about this here because it's too sensitive.
>
> (PharmaCo 3)

This quote demonstrates the challenges of implementing LGBT policies not just for employees but also in convincing subsidiary management. It should be noted that most participants hoped that there would be a time when they could implement, and actively and publicly support, LGBT rights in Indonesia.

4 | DISCUSSION AND CONTRIBUTIONS

Our paper asks the research question: *How do MNE subsidiaries manage the tension between HQ-mandated LGBT policies and adversarial contexts*? It is from adversarial contexts that the disjuncture that is hysteresis emerges (Velagaleti & Epp, 2023), and from which we can understand how a system is undergoing adaptation to new norms such as respecting the human rights and embodied experience of LGBT people. This moment of hysteresis with conflicting social demands—ending discrimination and stigmatization of LGBT people or retaining and maintaining traditional values—makes possible the exploration of possible and practical moral actions for MNEs to

support the human rights of LGBT employees. Our study brings together the international HR and allyship literature in a comparative approach to understand MNEs' challenges in facing, and responses to, a clash of company values and host country norms and regulations (Luiz & Spicer, 2021). Our findings shed light on how, in the face of these tensions, allyship for LGBT issues may take a covert form. We make three contributions to the extant literature.

4.1 | Extending the International Human Resource Management literature

A challenge for MNEs, and a recurring theme for international HR scholars is the tensions inherent in institutional dualities (Kostova & Roth, 2002): how can MNEs balance internal heterogeneity with the unity implied by being "one company" (Rosenzweig & Nohria, 1994)? The fundamental human rights of LGBT employees within MNEs with operations in adversarial contexts is an essential extension of this discussion.

Earlier work explains that HR professionals in MNEs' must be mindful of the consequences of EDI policies set within a particular cultural and institutional framework. At the same time, international progress toward recognition of the human rights of LGBT requires the support of global MNEs to play a role in changing attitudes to locally sensitive topics (Fitzsimmons et al., 2023; Jonsen & Özbilgin, 2014). However, international HR scholars provide limited insights into how to implement uniform LGBT policies in MNEs' that require nondiscrimination, consistent with their corporate values and home country regulations, but operate in adversarial contexts (Fitzsimmons et al., 2023). MNEs faced with these challenges tend to adopt locally accepted practices and become isomorphic with the local institutional context (Bitektine, 2011), however, our findings provide urgently needed solutions for LGBT employees in adversarial contexts. While MNEs may not be able to publicly advocate for LGBT rights in adversarial contexts to avoid losing legitimacy, we argue that covert allyship efforts allow MNEs to address the tension arising from conflicting institutional environments.

Both groups of MNEs (i.e., Types 1 and 2) experienced barriers to implementing LGBT supportive policies (e.g., microaggressions toward LGBT employees, and friction with the host government). By highlighting these barriers, we respond to a recent call by Fitzsimmons et al. (2023) to not only focus on the successful implementation of sensitive EDI policies, but also to the barriers and resistance to MNEs' efforts to redress unprotected inequalities, such as LGBT equality. Our analysis identified several mechanisms for overcoming resistance, including a sustained commitment to human rights, subtle support systems, creating awareness, and sometimes making an ultimatum to prevent microaggressions. Moreover, pressure from headquarters and the intrinsic motivation of local managers were revealed as deciding factors about whether and how policies were implemented at the subsidiary (Kostova, 1999). Typically, headquarters of subsidiaries with more supportive organizational contexts (Type 1) were more persistent and demanding with regard to EDI policy implementation (Luiz & Spicer, 2021), and had appointed local diversity officers to manage the implementation of such policies. Either way, the transfer of HR practices involved some form of hybridization (Boyer et al., 1998), heeding both emic EDI discourses and etic policy demands (Tatli & Özbilgin, 2012).

Headquarters were aware of the tensions and understood that in some countries it may not be possible to standardize supportive LGBT policies (Bardoel, 2016; Lazarova et al., 2023). As such, local subsidiary managers had to decide whether and how to provide covert forms of support. In our group of MNEs with supportive organizational environments, policies were both implemented and internalized. As such, here we can distinguish between active adoption (Type 1), reflecting high levels of implementation and internalization, and minimal adoption (Type 2), reflecting low levels of implementation and internalization (Collings & Dick, 2011). Researchers have pointed to the need for external and internal legitimacy within the MNE context. Type 2 MNEs lacked both motivation and headquarters pressure and argued against risking loss of legitimacy in the eyes of the government, media, and more conservative employees. However, we also identify subtle and interesting mechanisms through which subsidiary managers can provide covert support through allyship to LGBT rights to overcome contextual barriers and tensions.

While we believe that our findings have both theoretical and practical implications, further exploration is needed, such as investigating how to deal with continued polarization among subsidiary employees and (potentially) decreasing performance, pushback from well-performing subsidiaries, and managing backlash and repercussions from host governments and other constituents. We also see a need for further research into LGBT policy adoption based on home country, subsidiary leadership attributes, the physical and psychological distance of the subsidiary to the home country, and allyship behavior across different industries and in comparison to industry leaders.

4.2 | Extending the allyship literature

Extant work on allyship for LGBT rights has been developed in supportive and receptive contexts where leaders are invited to be vocal, overt, and visible in their support. In this study, we extend this work to an "adversarial" context where vocal agency, voice behavior, and open advocacy for progress are severely constrained. Research shows that in adversarial contexts, equality concerns may be ignored (Küskü et al., 2021, 2022) and workers may remain silent (Erbil & Özbilgin, 2023). We argue that in contexts where regulatory frameworks contradict human rights and equality demands, building allyship and drawing on the subtle and tacit support of leaders may be the only pathway to sustaining equality efforts.

In this article, we demonstrate how, in an anti–LGBT national context, covert allyship made it possible for organizations to provide safety and inclusion to their LGBT workforce. Covert allyship includes silent, respectful, subtle, and thoughtful forms of support that institutions and leaders give to universally protected yet locally disadvantaged groups, which cannot be overtly supported due to contextual

barriers such as discriminatory local laws and hostile discourses and practices. Overcoming contextual barriers requires agents of change from within (Nentwich et al., 2015). In the setting of Indonesia, covert allyship provides a pathway for institutional leaders—which may be designated diversity officers as well as other leaders in MNEs—to uphold values of equality, diversity, and inclusion without falling foul of local laws and customs.

Creating awareness for LGBT issues inevitably creates tensions (Bardoel, 2016), particularly in a context where hateful rhetoric from government officials and Islamic clerics has besieged Indonesian sexual orientation and gender identity minorities. Support systems must be put in place to overcome microaggressions against discrimination of minorities including LGBT people (Williams & Sharif, 2021). A good start for covert allyship is to create well-designed diversity training programs in which local managers emphasize the importance of human rights for all, strength in unity, and acceptance despite differences.

Although we are aware of the limitations of covert allyship, it provides a pathway toward establishing and legitimating inclusive cultures in a diverse workforce in adversarial contexts. The support of leaders is fundamental (Özbilgin & Erbil, 2023) to motivating organizations in national settings where there is limited provision of legal protections and supportive managerial discourses.

While the concept of allyship has been widely used in other areas of EDI, covert and subtle forms have not been discussed. Covert allyship may find currency in other adversarial contexts for embedding other human rights and equality concerns such as gender, ethnicity, class, and religion. Future research could also explore the impact of covert allyship on key beneficiaries and general worker responses. Finally, we hope that EDI scholars will study the impact of covert allyship on institutional change by conducting longitudinal studies to explore the effectiveness of subtle EDI interventions over time.

4.3 | Making progress in adversarial contexts

LGBT rights at work in Muslim-majority countries is a hyper-sensitive concern caught between demands for global human rights and local traditions and cultures. Hysteresis in terms of LGBT rights is difficult to overcome in certain adversarial contexts. MNEs have experienced similar tensions in progressing other forms of equality such as gender, ethnicity, and disability and overcoming human rights violations, such as slavery, forced labor, child labor, and exploitation in general. Each of these human rights aspects have had their moments of hysteresis where public opinion was divided and backlash prevented progress. LGBT rights stand at a historical moment of hysteresis, and we posit that progress toward equality and human rights is a dominant force, despite setbacks. Özbilgin et al. (2016) predicted that the uneven treatment of diversity concerns across value chains of global organizations will come under increased scrutiny internationally and we see this emerging in critical scholarship inviting IB scholars to question diversity and power relations in value chains (Fitzsimmons et al., 2023).

Our study comes with some caveats. Contrary to the implicit assumption that other nations will become more like the West over time (Bardoel, 2016), Indonesia appears to be a counterexample, and the West too encounters considerable backlash against LGBT rights (Nicol et al., 2018). As EDI policies become more common and pronounced in the West, MNE subsidiaries in Indonesia and other Muslim countries will likely experience increased institutional friction (Röell et al., 2022; Shenkar, 2001). Our study reveals that locally meaningful subtle and covert methods and mechanisms can support the human rights and inclusion of LGBT at work in adversarial contexts, following the adage of "pessimism of the intellect and optimism of the will" by Gramsci (1977). While the context remains unsupportive, human will for compassion and human rights is likely to reshape the context in the long term via the subtle mechanisms we have identified.

5 | IMPLICATIONS

The literature identifies that MNEs have the ability to disseminate EDI policies based on global priorities (Fitzsimmons et al., 2023) and create inclusive and diverse working environments, attract and retain a diverse workforce, and contribute to the advancement of human rights (Everly & Schwarz, 2015). While no allyship formula can be applied to all people in all contexts, and leaders and organizations must consider local sensibilities and regulations, awareness of the tensions and friction at multiple levels, is one step toward resolving them. Moreover, if publicly supporting LGBT rights is not feasible in adversarial contexts, subsidiaries can make progress by adopting subtle forms of covert allyship as our study demonstrates (e.g., see Table 4).

Our study has several practical implications. First, diversity training may raise awareness of LGBT individuals' human rights and challenges and may also expose LGBT employees in adversarial contexts to polarization and resistance. As such, it is important for senior leaders to speak out, internally, and promote LGBT rights, despite pushback from conservative employees. Second, firms may provide communication channels that allow discussion that goes beyond awareness training and provide opportunities to accommodate people with different needs and wants. To end structural and systemic inequalities, it is critical that leaders develop effective organizational designs rather than focusing on individual remedies (Sumerau et al., 2021). Third, networking opportunities for people with atypical backgrounds offer a supportive environment, help with mentorship, and enable other employees to show their allyship. Fourth, appointed diversity managers not only dedicate time and effort to facilitating inclusion and support, but also tend to act as boundary spanners between groups within the company and have understand and are aware of tensions and opportunities, which they can address by facilitating dialogue.

Fifth, policies that are practical and can be enforced are helpful to secure a safe and thriving work environment for everyone that makes a measurable impact. This involves policies and procedures to manage polarization and resulting microaggressions toward LGBT employees.

TABLE 4 Recommended actions related to LGBT policies and practices within MNE subsidiaries in adversarial contexts.

LGBT policies and practices	How implementing LGBT policies can address tensions in adversarial contexts
Diversity training	MNEs can provide training programs to their employees to raise awareness and promote inclusivity. The training should be culturally sensitive and address specific challenges faced by LGBT employees in the country. Starting with "easier" topics such as gender diversity and emphasizing human rights in general before discussing more sensitive topics (e.g., LGBT rights) may lead to better outcomes.
Communication	Establish open communication channels that allow employees to voice their concerns and promote open dialogue on diversity and inclusion. In adversarial contexts, experiencing friction is likely as a result of different views toward LGBT people. Micro-aggressions may be reduced through regular meetings with employees and anonymous feedback mechanisms. It is also important to stress EDI policies during the recruitment process.
Diversity networking groups and mentoring programs	Facilitate the formation of mentoring programs for LGBT employees. These groups provide support and a sense of belonging for employees and can also help to promote diversity within the organization. It may be necessary to run these initiatives discreetly if LGBT employees are not comfortable with participating openly.
Diversity positions	Appoint dedicated local diversity and inclusion managers to oversee the implementation of LGBT policies and monitor progress. It is important to appoint someone who is motivated to support marginalized groups such as LGBT individuals. These managers can also act as a resource for employees and provide support for diversity initiatives. Parent organizations should facilitate support, for instance, through seminars and the dissemination of best practices.
Systems to prevent harassment and violence	Establish and enforce strict policies and procedures to prevent microaggressions or harassment and violence against LGBT employees. This includes providing a safe and secure work environment and conducting regular training sessions to raise awareness of the issue.
Monitoring progress	Monitor progress toward achieving LGBT inclusivity and hold organizations accountable for any shortcomings. This can be done through regular diversity audits, surveys, and tracking metrics such as employee satisfaction and turnover rates.

Sixth, measurable impact suggests that monitoring progress in achieving set diversity goals and assigning responsibilities within the organization leads to better implementation of EDI policies. While the tensions that we identified in this study are not likely to disappear, they can be managed by leaders who provide covert yet thorough forms of support to disadvantaged groups that cannot be overtly supported due to legislative and cultural barriers.

Finally, the practice of covert allyship could find currency in other adversarial contexts of diversity such as sexism, racism, ableism, and nonprogressive, totalitarian, and antidemocratic settings to promote other categories of diversity, where overt support for diversity is not possible. Lessons learned from covert allyship for LGBT human rights and diversity could be tested to support other diversity and inclusion causes.

6 | CONCLUSION

This study provides rich evidence to introduce the concept of covert allyship as a strategy for tacitly supporting LGBT inclusion in adversarial contexts. The concept is useful in contexts where certain policies meet adversarial responses due to existing norms and regulations. We contribute to the HR and IB literatures by showing how MNEs can draw on various practices to advocate and transfer policies to their subsidiaries despite adversarial conditions in the host country. We argue that EDI is far more than preventing overt discrimination and requires proactive management and strategic prioritization. As such, we provide a toolkit for managers to implement policies from headquarters to subsidiaries and invite scholars to further explore practices useful to managers in strengthening the implementation of human rights for every individual.

ACKNOWLEDGMENT

Open access publishing facilitated by University of New South Wales, as part of the Wiley - University of New South Wales agreement via the Council of Australian University Librarians.

FUNDING INFORMATION

This research was supported by the Leverhulme Small Research Grant (SG2122\210739) and the SSHRC Insight Grant (430857).

CONFLICT OF INTEREST STATEMENT

The authors confirm that there is no conflict of interest. The manuscript is not currently under review elsewhere, has not been previously published, and will not be submitted elsewhere.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions, that is, the data may contain information that could compromise the privacy of research participants.

ORCID

Mustafa Özbilgin https://orcid.org/0000-0002-8672-9534

ENDNOTE

[i] The friction in the central subsidiary in Jakarta typically occurred between conservative and more progressive employees, rather than between expats and Indonesians. This is because it were usually Indonesians who implemented DEI policies (e.g., HR and middle managers) whereas expats typically held director positions.

REFERENCES

Ansari, S., Reinecke, J., & Spaan, A. (2014). How are practices made to vary? Managing practice adaptation in a multinational corporation. *Organization Studies*, *35*, 1313–1341.

Bader, A. K., Froese, F. J., Cooke, F. L., & Schuster, T. (2022). Gender diversity management in foreign subsidiaries: A comparative study in Germany and Japan. *Journal of International Management*, *28*(3), 100921.

Bardoel, E. A. (2016). Work–life management tensions in multinational enterprises (MNEs). *The International Journal of Human Resource Management*, *27*, 1681–1709.

Bell, M. P., Özbilgin, M. F., Beauregard, T. A., & Surgevil, O. (2011). Voice, silence, and diversity in 21st century organizations: Strategies for inclusion of gay, lesbian, bisexual, and transgender employees. *Human Resource Management*, *50*, 131–146.

Bitektine, A. (2011). Toward a theory of social judgments of organizations: The case of legitimacy, reputation, and status. *Academy of Management Review*, *36*, 151–179.

Boellstorff, T. (2007). *A coincidence of desires: Anthropology, queer studies*. Duke University Press.

Bourdieu, P. (1977). *Outline of theory of practice*. Cambridge University Press.

Boyer, R., Charron, E., Jürgens, U., & Tolliday, S. (Eds.). (1998). *Between imitation and innovation: The transfer and hybridization of productive models in the international automobile industry*. Oxford University Press.

Bryman, A., & Bell, E. (2011). *Business research methods*. Oxford University Press.

Chuang, Y.-T., Church, R., & Hu, C. (2018). Effects of movements and opportunities on the adoption of same-sex partner health benefits by corporations. *Journal of Management*, *44*, 2766–2800.

Chung, C., Brewster, C., & Bozkurt, Ö. (2020). The liability of mimicry: Implementing 'global HRM standards' in United States and Indian subsidiaries of a south Korean multinational enterprise. *Human Resource Management*, *59*(6), 537–553.

Cochrane, J. (2016). Indonesia is pushed to ban alcohol for health of bodies, if not souls. Retrieved from https://www.nytimes.com/2016/09/03/world/asia/indonesia-bali-alcohol-ban-bill.html

Collings, D. G., & Dick, P. (2011). The relationship between ceremonial adoption of popular management practices and the motivation for practice adoption and diffusion in an American MNC. *The International Journal of Human Resource Management*, *22*(18), 3849–3866.

Day, N. E., & Greene, P. (2008). A case for sexual orientation diversity management in small and large organizations. *Human Resource Management*, *47*, 637–654.

DeNisi, A. S., Wilson, M. S., & Biteman, J. (2014). Research and practice in HRM: A historical perspective. *Human Resource Management Review*, *24*(3), 219–231.

Erbil, C., & Özbilgin, M. (2023). Worker silence in a turbulent neoliberal context: The case of mass privatization of sugar factories in Turkey. *Human Resource Management Journal*, 1–21 (early view). https://doi.org/10.1111/1748-8583.12506

Erskine, S. E., & Bilimoria, D. (2019). White allyship of Afro-Diasporic women in the workplace: A transformative strategy for organizational change. *Journal of Leadership & Organizational Studies*, *26*(3), 319–338.

Everly, B. A., & Schwarz, J. L. (2015). Predictors of the adoption of LGBT-friendly HR policies. *Human Resource Management*, *54*, 367–384.

Ferner, A., Almond, P., & Colling, T. (2005). Institutional theory and the cross-national transfer of employment policy: The case of "workforce diversity" in US multinationals. *Journal of International Business Studies*, *36*(3), 304–321.

Fitzsimmons, S., Özbilgin, M., Thomas, D. C., & Nkomo, S. (2023). Equality, diversity and inclusion in international business: A review and research agenda. *Journal of International Business Studies*, *54*, 1402–1422.

Ghauri, P. (2004). Designing and conducting case studies in international business research. In *Handbook of qualitative research methods for international business* (Vol. 1, pp. 109–124). Edward Elgar.

Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods*, *16*, 15–31.

Glasgow, D., & Twaronite, K. (2019). How multinationals can help advance LGBT inclusion around the world. *Harvard Business Review Digital Article*.

Gramsci, A. (1977). *Selections from political writings, 1910–1920*. Vol. 1. J. Mathews, ed. Q. Hoare. : Lawrence and Wishart.

Hamza-Orlinska, A. (2017). Corporate commitment to diversity in the local perspective of the polish subsidiary of a multinational corporation: A qualitative exploratory study. *Journal of Corporate Responsibility and Leadership*, *4*(4), 19–33.

Human Rights Watch. (2016). These political games ruin our lives: Indonesia's LGBT community under threat. Retrieved from https://www.hrw.org/report/2016/08/10/these-political-games-ruin-our-lives/indonesias-LGBT-community-under-threat

Human Rights Watch. (2022). *Indonesia: New criminal code disastrous for rights provisions harmful to women*. Minorities. Retrieved from https://www.hrw.org/news/2022/12/08/indonesia-new-criminal-code-disastrous-rights

Hutzschenreuter, T., Matt, T., & Kleindienst, I. (2020). Going subnational: A literature review and research agenda. *Journal of World Business*, *55*(4), 101076.

Iyer, A. (2022). Understanding advantaged groups' opposition to diversity, equity, and inclusion (DEI) policies: The role of perceived threat. *Social and Personality Psychology Compass*, *16*(5), e12666.

Jakarta Post. (2015). Difficult for Indonesia to legalize gay marriage: Minister. Retrieved from https://www.thejakartapost.com/news/2015/07/02/difficult-indonesia-legalize-gay-marriage-minister.html

Jonsen, K., & Özbilgin, M. (2014). Models of global diversity management. In B. M. Ferdman & B. R. Deane (Eds.), *Diversity at work: The practice of inclusion* (pp. 364–390). Jossey-Bass/Wiley.

Kaplan, D. M. (2006). Can diversity training discriminate? Backlash to lesbian, gay, & bisexual diversity initiatives. *Employee Responsibilities and Rights Journal*, *18*, 61–72.

Kostova, T. (1999). Transnational transfer of strategic organizational practices: A contextual perspective. *Academy of Management Review*, *24*, 308–324.

Kostova, T., & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and related effects. *Academy of Management Journal*, *45*, 215–233.

Küskü, F., Arac, Ö., & Özbilgin, M. F. (2021). What happens to diversity at work in the context of a toxic triangle? Accounting for the gap between discourses and practices of diversity management. *Human Resource Management Journal*, *31*(2), 553–574.

Küskü, F., Araci, O., Tanriverdi, V., & Özbilgin, M. F. (2022). Beyond the three monkeys of workforce diversity: Who hears, sees, and speaks up? *Frontiers in Psychology*, *13*, 879862.

Kutlaca, M., & Radke, H. R. (2022). Towards an understanding of performative allyship: Definition, antecedents and consequences. *Social and Personality Psychology Compass*, *17*(2), e12724.

Lazarova, M., Caligiuri, P., Collings, D. G., & De Cieri, H. (2023). Global work in a rapidly changing world: Implications for MNEs and individuals. *Journal of World Business*, *58*(1), 101365.

Luiz, J. M., & Spicer, D. (2021). Global configurations in multinational enterprises, duality, and the challenge of LGBT inclusivity in unsympathetic host countries within Africa. *International Journal of Human Resource Management*, *32*(11), 2382–2415.

McNulty, Y., McPhail, R., Inversi, C., Dundon, T., & Nechanska, E. (2018). Employee voice mechanisms for lesbian, gay, bisexual and transgender expatriation: The role of employee-resource groups (ERGs) and allies. *The International Journal of Human Resource Management*, *29*(5), 829–856.

Miles, M., Huberman, A., & Saldana, J. (2014). *Qualitative data analysis—A methods sourcebook*. Sage.

Moeller, M., & Maley, J. F. (2018). MNC considerations in identifying and managing LGB expatriate stigmatization: LGB expatriate stigmatization. *International Journal of Management Reviews*, *20*, 325–342.

Morris, S. S., Wright, P. M., Trevor, J., Stiles, P., Stahl, G. K., Snell, S., & Farndale, E. (2009). Global challenges to replicating people, processes, and systems. *Human Resource Management*, *48*, 973–995.

Nentwich, J. C., Özbilgin, M. F., & Tatli, A. (2015). Change agency as performance and embeddedness: Exploring the possibilities and limits of Butler and Bourdieu. *Culture and Organization*, *21*(3), 235–250.

Newburry, W., Rašković, M. M., Colakoglu, S. S., Gonzalez-Perez, M. A., & Minbaeva, D. (2022). Diversity, equity and inclusion in international business: Dimensions and challenges. *AIB Insights*, *22*(3), 1–6.

Nicol, N., Jjuuko, A., Lusimbo, R., Mulé, N. J., Ursel, S., Wahab, A., & Waugh, P. (2018). *Envisioning global LGBT human rights: Neo-colonialism, neoliberalism, resistance and hope*. University of London Press.

Nishii, L. H., & Özbilgin, M. F. (2007). Global diversity management: Towards a conceptual framework. *The International Journal of Human Resource Management*, *18*(11), 1883–1894.

OECD (Organization for Economic Co-operation and Development). (2020). *All hands in? Making diversity work for all*. OECD Publishing.

Özbilgin, M., Tatli, A., Ipek, G., & Sameer, M. (2016). Four approaches to accounting for diversity in global organisations. *Critical Perspectives on Accounting*, *35*, 88–99.

Özbilgin, M. F., & Erbil, C. (2021). Social movements and wellbeing in organizations from multilevel and intersectional perspectives: The case of the #blacklivesmatter movement. In *The SAGE handbook of organisational wellbeing*. Sage.

Özbilgin, M. F., & Erbil, C. (2023). LGBT in the boardroom: A rainbow agenda for change. In *Research handbook on diversity and corporate governance* (pp. 28–44). Edward Elgar Publishing.

Ozturk, M. B. (2011). Sexual orientation discrimination: Exploring the experiences of lesbian, gay and bisexual employees in Turkey. *Human Relations*, *64*(8), 1099–1118.

Ragins, B. R. (2008). Disclosure disconnects: Antecedents and consequences of disclosing invisible stigmas across life domains. *Academy of Management Review*, *33*, 194–215.

Röell, C., Arndt, F., & Kumar, V. (2022). A blessing and a curse: Institutional embeddedness of longstanding MNE subsidiaries in emerging markets. *Journal of Management Studies*, *61*, 561–594. https://doi.org/10.1111/joms.12817

Rosenzweig, P. M., & Nohria, N. (1994). Influences on human resource management practices in multinational corporations. *Journal of International Business Studies*, *25*(2), 229–251.

Roumpi, D., Giannakis, P., & Delery, J. E. (2020). Adoption of LGBT-friendly practices: The effect of institutional pressures and strategic choice. *Human Resource Management Journal*, *30*(4), 604–623.

Russell, G. M., & Bohan, J. S. (2016). Institutional allyship for LGBT equality: Underlying processes and potentials for change. *Journal of Social Issues*, *72*, 335–354.

Sasikala, V., & Sankaranarayanan, V. (2022). Diversity in global mining: Where we are and what we need to do. *AIB Insights*, *22*(3), 1–8.

Shenkar, O. (2001). Cultural distance revisited: Toward a more rigorous conceptualization and measurement of cultural differences. *Journal of International Business Studies*, *32*, 519–535.

Siegel, J., Pyun, L., & Cheon, B. Y. (2019). Multinational firms, labor market discrimination, and the capture of outsider's advantage by exploiting the social divide. *Administrative Science Quarterly*, *64*(2), 370–397.

Stavrou, E., & Ierodiakonou, C. (2018). Expanding the work-life balance discourse to LGBT employees: Proposed research framework and organizational responses. *Human Resource Management*, *57*(6), 1355–1370.

Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Sage.

Sumerau, J., Forbes, T., Grollman, E., & Mathers, L. (2021). Constructing allyship and the persistence of inequalities. *Social Problems*, *68*(2), 358–373.

Szulanski, G. (1996). Exploring internal stickiness: Impediments to the transfer of best practice within the firm. *Strategic Management Journal*, *17*, 27–43.

Tatli, A., & Özbilgin, M. F. (2012). An emic approach to intersectional study of diversity at work: A Bourdieuan framing. *International Journal of Management Reviews*, *14*(2), 180–200.

The Economist. (2020). Why more Indonesian teens are giving up dating. Retrieved from https://www.economist.com/asia/2020/04/02/why-more-indonesian-teens-are-giving-up-dating

The New York Times. (2022). Interview with gay couple is deleted after backlash in Indonesia. Retrieved from https://www.nytimes.com/2022/05/12/world/asia/indonesia-podcast-deddy-corbuzier.html

Theodorakopoulos, N., & Budhwar, P. (2015). Guest editors' introduction: Diversity and inclusion in different work settings: Emerging patterns, challenges, and research agenda. *Human Resource Management*, *54*(2), 177–197.

United Nations (UN). (2023). Resolutions on sexual orientation, gender identity and sex characteristics OHCHR and the human rights of LGBTI people. Retrieved from https://www.ohchr.org/en/sexual-orientation-and-gender-identity/resolutions-sexual-orientation-gender-identity-and-sex-characteristics

Velagaleti, S. R., & Epp, A. M. (2023). When fields are destabilized: Mobilizing gendered capital to resolve hysteresis. *Journal of Consumer Research*, *50*(5), 1052–1069.

Wang, P., & Schwarz, J. L. (2010). Stock price reactions to GLBT nondiscrimination policies. *Human Resource Management*, *49*(2), 195–216.

Welch, C., Paavilainen-Mäntymäki, E., Piekkari, R., & Plakoyiannaki, E. (2022). Reconciling theory and context: How the case study can set a new agenda for international business. *Journal of International Business Studies*, *53*, 4–26.

Wentling, R., & Palma-Rivas, N. (2000). Current status of diversity initiatives in selected multinational corporations. *Human Resource Development Quarterly*, *11*(1), 35–60.

Williams, M., & Sharif, N. (2021). Racial allyship: Novel measurement and new insights. *New Ideas in Psychology*, *62*, 100865.

AUTHOR BIOGRAPHIES

Christiaan Röell is a lecturer (assistant professor) in International Business at the UNSW Business School in Sydney, Australia. His research is focused on the political strategies of multinationals in international environments, especially in Southeast Asia. Christiaan's recent research is focused on how multinationals contribute to the UN SDGs in emerging markets. His work has been published in journals such as the *Journal of Management Studies*,

the *Journal of World Business*, and the *British Journal of Management*.

Mustafa Özbilgin is a professor of Organizational Behavior at Brunel University London. Drawing on critical, relational, and comparative social science perspectives, his researches change of policy and practice of equality, diversity, and inclusion at work in the United Kingdom and internationally. International and national scientific grants support his research. He is an engaged scholar, driven by values of workplace democracy, equality, and inclusion at work.

Felix Arndt is a professor and the John F Wood Chair in Entrepreneurship at the University of Guelph and a Research Fellow at the Center for Business and Sports of the Stockholm School of Economics, Sweden. He is interested in the question of how novelty emerges in business settings. He is an entrepreneurial ecosystem builder and passionate about providing opportunities to others.

How to cite this article: Röell, C., Özbilgin, M., & Arndt, F. (2024). Covert allyship: Implementing LGBT policies in an adversarial context. *Human Resource Management*, 1–19. https://doi.org/10.1002/hrm.22223

APPENDIX

Example interview questions

Headquarters managers with involvement in EDI policy development or implementation

- Can you tell me a bit about the EDI policies in [name organization]? What specific policies have you adopted to promote LGBT rights? Do you support LGBT employees? If so, how? What were the challenges you encountered? How did you overcome these challenges?
- Do you aim to standardize LGBT policies globally? If so, what are the challenges in doing so? How do you deal with resistance? Can you tell me about the practices that facilitate standardization?
- How do you implement LGBT policies in countries where this is illegal or not accepted by important stakeholders?
- How much flexibility do subsidiary managers have with regard to adopting and implementing LGBT-related policies? Are they allowed to make adaptations to the policies? If so, to what extent?

Indonesian subsidiary managers with involvement in EDI policy development or implementation

- Can you tell me a bit about your EDI policies in [name organization]? Does it include specific policies toward LGBT people? If so, can you give me some specific examples of how you support this group of employees? Were there any specific challenges or resistance you encountered, and how did you overcome this? Which practices were most successful?
- Does your headquarters expect or mandate you to implement LGBT policies? If yes, how do they do this? Are you allowed to make changes to these policies to fit the Indonesian environment?
- If you have implemented policies that promote LGBT rights, what were the challenges, for example, resistance from employees or external stakeholders? How did you deal with such challenges?
- How do you balance headquarters pressure to support LGBT rights on the one hand, and the potential for backlash on the other hand?