

Consulting
organizations like
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Consulting organizations like McKinsey Company, Roland Berger Strategy Consultants, Boston Consulting Group, not only are leaders in their respective fields of operation but epitomize global reach with their branch offices spread all around the world (Carvalho and Cabral-Cardoso, 2008). Such big consulting organizations though are mostly based in the USA, yet they are present in almost all the economic regions. They are considered the harbingers of new managerial and organizational concepts that enjoy global validity. In view of the unprecedented increase in the number of organizations having potential to internationalize, internationality of management consulting has by itself become a means of competence and eminence (Richter et al., 2008). As such, the general trend in future could be that global companies may increasingly require the services of global consulting houses. Therefore, extending reach of the consulting organizations to international clients could become imperative and present new opportunities of growing globally (Landriscina, 2012).

In the UK, only a few consulting organizations exist that enjoy considerable international clout. This is evident from their foreign operations, including those that render foreign consultancy but do not have any branches abroad. In the UK, most of the consulting companies provide services to small and medium organizations. Their prospects in the international arena, the impediments they face, and the steps that can enable them achieve success and grow internationally, are dealt herein (Graubner and Richter, 2003).

Donnelly and Dowling, (2010) said that the substance of earlier case studies brings out that foreign operations just depended on chance and the availability of profitable opportunities, and were not because of systematic

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strategies of operating globally. As such, overseas assignments were considered temporary and the regions were changed as the opportunities arose because of globalization of clients' business operations. However, in certain cases, promotional efforts also contribute to the development of consultancy overseas. Generally, proper planning and diligently developing a foreign market is seldom resorted to (Budhwar et al., 2009). Hurdles in the way of developing external markets by establishing subsidiaries are many, and one can anticipate considerable risks when launching operations in new markets, particularly in BRIC countries, that is, Brazil, Russia, India, and China that have over time acquired much significance. If it is aimed to serve local customers also besides the western subsidiaries, it is essential to comply with the local conditions and employ low-wage local staff. It is only then that an organization catering in consultancy services can function successfully. In case of small and medium consultancy organizations, it is these factors that cause difficulties.

ALTOMI ASSOCIATES AND ITS INTERNATIONALIZATION STRATEGY

The present case study pertains to Altomi Associates, a UK based organization engaged in providing leadership and management training to client companies located in UK but some of them operating internationally also. As such, Altomi also organizes training programs abroad. Its training programs relate to three sectors, such as manufacturing, retail, and public sector. In the beginning, the training services were catered from the domestic setup, but later the company established bases elsewhere also,

housing a small team of administrative staff to meet the requirements of clients at those places.

As per Balbinot et al. (2010), it is imperative to evolve an internationalization strategy for a company planning to enter international business since it is an important determinant of success. The significance of meticulously evolved strategy of internationalization depends on diligently conducted market research and appreciation of the true meaning of such a strategy. Altomi Associates plan to spread their business to other countries, particularly in BRIC countries where they anticipate considerable growth opportunities.

Altomi Associates intend to forge relationships with existing independent local operators in Brazil, Russia, India, and China as franchisees who would cater their training programs to clients there. In the medium term, they propose to put up offices in those areas either as new start-ups or by taking over local training companies or by forming joint ventures. The ultimate aim is to render training services to MNCs across their global facilities.

INTERNATIONAL HRM

According to Armstrong (2012), many big MNCs are in a position to ably manage their international operations, such as marketing, technology, and finances. However, there are others who have not been able to manage their HR effectively. IHRM is crucial for MNCs for exercising control and addressing cross-cultural issues, internal as well as external. MNCs face many more problems as compared to domestic organizations on account of geographic distances, cultural disparities, international competition, issues related to language, and political parameters (Harzing and Pinnington, 2010). Stolt

(2010) observes that IHRM and HRM do not differ much as their aim is to achieve the same objective of gaining competitive edge for their organizations and in this respect have to confront similar internal and external environmental factors. It is thus necessary for HR managers in MNCs to fully understand the obtaining political environments and legalities concerning labor in host countries.

An international HR manager needs to understand the implications of soft and hard HRM as related to domestic business and concerning foreign subsidiaries (Mathur and Gupta, 2011). In case an organization assigns great significance to its employees and places much value to their participation, then the organization is considered to be practicing soft HRM. If the HR manager has adequate understanding of the differences between the two types of HR, then he will be in a position to adopt the right HR policy with respect to each country (Dickmann, 2008). The hard approach, on the other hand, corroborates with strategic HRM, is concerned with reducing costs and is part of the top management's function (Budhwar et al., 2009). Dickmann (2008) describes soft HRM as based on resource perspective of the employees and pertains to egalitarian culture, organic organizational structure, broad particularization of jobs, pay packages as per abilities, sharing of profits, and the existence of a system of direct communication with employees. Hard HRM, on the other hand, relates to such HR policies that follow the prescribed business strategy, practices different approaches as per the categories of workers and according to stringent organizational procedures (Gluesing and Gibson, 2006). Academics, however, have been concentrating on the soft approach for some time.

Each country professes characteristics that are specific to it and which have a direct impact on HR practices (Sparrow and Wu, 1997). A UK company establishing a subsidiary in Japan will find it hard to practice soft HRM in that country, as Japanese workers are accustomed to work under hard HRM practices (Barney and Wright, 1997).

CONSULTANCY INTERNATIONALIZATION THEORIES

The important theories are discussed below:

Static theory: This theory comprises such concepts as theory of growth, internationalization theory, and elite system. According to Sparrow (2009), there is no empirical evidence whether these theories are applicable to SMEs since these have been evolved in the context of MNCs.

Stage theory: This theory prescribes implementation of the process of internationalization by stages (Harzing and Pinnington, 2010). Several models are available concerning this theory, such as the Uppasla model, network model, and the model related to innovation. The Uppasla model advocates gradual implementation of internationalization over a time with emphasis on step by step learning and understanding of foreign markets (Griffin et al., 2010). According to Collings (2012), the network approach pertains to the impact of the organization's level of internationalization and the extent of internationalization of the target markets. The innovation related model, as per Dowling et al. (2008), states that innovations in management systems determine the successive stage in the internationalization process.

International new venture theory: According to Sparrow (2009), this theory deals with organizations that have internationalized from the very beginning or immediately after the start.

The consultancy sector differs from other sectors in that it submits to easy pliability and speedy developments as per the demands of the market wherein both small and big organizations exist (FEACO, 2004). The demand for consultancy services has been developing quite fast resulting in their operations reaching across borders. Organizations rendering consultancy services go international due to several reasons. According to Brett and Kern (2006), the main reasons are location of clients, exploring new markets, or the market being a developing one.

There are several approaches that can be deployed while internationalizing, such as export, foreign direct investment (FDI), or entering into cross-border collaboration. As per Graubner and Richter (2003), though export is an important component of internationalization, yet organizations are increasingly adopting the route of FDI. Cross-border collaboration is a preferable mode in case of SMEs since they are not in a position to afford the needed resources and are vulnerable to many risk factors (Carvalho and Cabral-Cardoso, 2008).

According to Stolt (2010), SMEs not only lack enough resources, but also capital, and managerial expertise. As such, they generally face many hurdles while internationalizing their operations. Such impediments are of three types: liability of foreignness, liability of newness, and the liability of smallness. Therefore, it would be necessary for them to take these liabilities

into consideration while internationalizing. As per Graubner and Richter (2003), SME consultancies can also confront the problem of establishing new networks.

ISSUES EXPERIENCED IN TRANSFERRING HR POLICIES AND PRACTICES ACROSS BORDERS

Schuler and Jackson (2009) consider that organizations operating internationally are often urged to implement HR policies and practices uniformly in all of their global operations. Such a situation arises because of the company having been following HR practices since long in accord with the domestic parameters. It is thus necessary to take into account the domestic as well as foreign country factors while evolving IHRM strategy. There are countries whose laws are oriented to protect employees' interests, while many other countries favor employer interests (Griffin et al., 2010). Muller-Camen and Brewster (2008) mention hurdles like lack of experience and understanding, cultural disparity, and inadequate resources that companies generally confront in international markets. As such, it is desirable to implement HR strategies that accord with the legal and political parameters of the host country.

IHRM while specifying job profiles and task parameters to be implemented by the foreign subsidiaries, should consider the availability of suitable workers for the specific jobs (Harzing and Pinnington, 2010). Domestic employees having compatible skills and experience can be deployed but it gives rise to issues related to compensation and reward systems (Stolt, 2010). According to Griffin et al. (2010), people recruited from the host country would be ignorant of the parent company's vision, mission, and objectives.

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FACTORS RELEVANT FOR THE DEVELOPMENT OF INTERNATIONAL ASSIGNMENT POLICY

Complexity of Operations: The complexity comes into play when operations are spread over many countries and employees belong to different nationalities. These two variables play a crucial role in differentiating IHRM and domestic HRM (Schuler and Jackson, 2009).

Cultural Environment: According to Pham and Hongyu, (2012), cultural ignorance can generate adverse feelings about the host country and its people and a desire to return home early. Cultural disparities can be interesting only for some time but in the long run may look shocking to the expatriate. People belonging to diverse cultures harbor varying aptitudes, differing dispositions, and dissimilar beliefs (Harzing and Punnington, 2011). Paying scant attention to these aspects often results in an organization's failure. Richter et al. (2008) advise that an organization's recruitment and related policies should accord with the host country's culture and HR practices. Working in new cultural environs can create difficulties both for the local workers and the expatriates.

Standardizing Pay and Conditions: According to Sparrow (2009), emoluments and working conditions differ from country to country and are influenced by the local market environments. Therefore, MNCs need to ascertain the intrinsic and extrinsic factors obtaining in the host country (Harzing and Punnington, 2011). A significant task before the IHRM is to evolve viable compensation and reward systems for implementation globally. While evolving an international framework of remuneration and reward, an organization should take into account two basic concerns, the first being that

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of comparability (Harzing and Pinnington, 2010). According to these authors, remunerations given to workers should not only be internally comparable but also should conform to market environments. The parameters that influence the fixation of remunerations and salaries comprise the accessibility to expatriates and local skilled workforce, the existing wage structure, and the host country's regulations. Harzing and Pinnington (2011) opine that an organization should apply different parameters for evolving pay system for each country. Altomi Associates need to develop viable reward systems for their local workforce engaged in rendering services internationally and addressing the issues of standardizing pay and conditions.

HR STRATEGY FOR ALTOMI ASSOCIATES

An organization or its HR setup has more than one action for aligning HR strategy with the local parameters and integrating it globally. There are four main alternatives that can be thought of along with their respective costs.

These are:

Local Adaptation

International strategy: This strategy is appropriate in cases when foreign business is not much and involves transfer of knowledge from central headquarters at insignificant costs.

Multinational strategy: In this case the affiliates enjoy autonomy and their systems are oriented towards local conditions. Benefits of cross-border standardization and learning are meager and coordination expense is the lowest.

Global Integration

Global strategy: This strategy yields benefits on account of standardization of policies and practices, but is highly centralized, lacks responsiveness, faces hurdles due to fragmentation of markets, cultural disparities, policy implications, and entails high costs.

Transnational strategy: It accrues benefits resulting from globalization, local adaptation, and simultaneous cross-border learning. However, the expense involved is the highest.

In such a scenario, every organization will have to determine its own approach for global integration depending upon the prevailing environments (Harzing and Pinnington, 2011). The approach could vary in case of executive personnel and skilled workers. In today's circumstances, the preferable course of action could be to dispense with local self-determination and domestic country preference (Stolt, 2010). The UK organizations that have achieved success generally followed globally integrated HR policies. Incorporating refinement and effectiveness in the global reward systems, transferring personnel every now and then from one country to another, and instituting training programs with global dimensions, enable transferring crucial expertise, result in achieving speedy transfer of skills, outcomes of innovation, systems of quality control, and cost-effective methods of manufacture (Donnelly and Dowling, 2010). Though at present, the country managers enjoy liberty concerning HR practices, yet the thinking now is to nurture global managers, integrated policies, and foster culture with global dimensions.

The suggested HR strategy for Altomi Associates should comprise such a vision and guidelines as are mutually oriented, nurture broad behavior, fosters mutual trust, forges global cooperation. The decision-making process should include decision-making committees that have global perspective, are based on communication between the product, country, and field experts in the network (Carvalho and Cabral-Cardoso, 2008). Suitability of staff should be based on qualification rather than on country of origin (Budhwar et al., 2009). Human resource development should be through international networking and incorporate educational advancement, overseas placement, and flexibility in dealing with issues concerning personal maintenance. The strategy should incorporate appraisal systems and cross-border advancement opportunities that are in tune with the international systems and practices. The strategy should also have a policy that corroborates with the main organizational objectives.