

# Example of managing human resources in different culture research paper

[Business](#), [Company](#)



## **Introduction**

In present environment when the world has become global market place and companies consider business expansion in international market as main way to achieve desired revenue growth. It is one of major challenges in front of multinational organizations to exercise their business practices in other environment. Culture of the country impacts all stages of Human Resource cycle, starting from recruitment, training, performance evaluation, feedbacks, and exit interview. It is important for multinational organizations to understand local cultural values of country and integrate those values in Human Resource Management processes. This paper intends to discuss cultural challenges faced by Coca-Cola in managing Human Resource in China. The paper further discusses how Coca-Cola can manage Human Resource in China.

## **Background:**

Coca-Cola is one of the biggest organizations operating across the world successfully by integrating company's practices internationally. Managers of the Coca-Cola are required to take advantages of company's capabilities and deploying those capabilities in different markets. Simultaneously, Managers are also required to adapt Company's practices in various contexts in order to build legitimacy in different markets. Local culture is one of the most essential aspects that Company's practices need to integrate while performing operations in various international markets. Human Resource Management is essential function that affects business performance in great manner hence needed to be adopted by the Coca-Cola. Various research

studies analyze Human Resource Management in different culture, its importance and challenges associated with it. The main objective of the study is to understand how Coca-Cola adapted Human Resource Management practices to Chinese Culture. The study will identify major cultural aspects, challenges and their impact on organization further study will analyze how Coca-Cola can effectively manage Human Resources in China.

In the beginning of 21st century, world was introduced to a new term, globalization. Various Companies decided to expand their business in different countries in order to gain more profit. Coca-Cola entered in China market in 1920 by forming a joint-venture with local food company. In 1992 when China removed quota from import of soft drinks and in 1996 also removed license requirements, Coca-Cola established multiple factories in the China and started full operation in Chinese market. China market now accounts for around 7 percent of total global sale of Coca-Cola (Daxue Consulting).

## **Human Resource Management in China**

In Chinese market, Coca-Cola is managing three stages of human resource: Personal, Human Resource and Human Capital management. These three stages deals with development and various changes occur with employees. Personal management deals with employee's benefits, legal proceedings in respect to trade unions. This stage is considered as expenditure for Coca-Cola as it invites unnecessary costs for the company. Second stage i. e. Human Resource Management is essential for the company as it adds value

to the organization. This stage includes job analysis, employee's recruitment, training and development, and all efforts that increase efficiency and performance of employees. This stage considered employees as important assets for the organization. It is important for Coca-Cola to manage this stage efficiently in order to perform business operations successfully in Chinese market. This stage also helps in developing competitive advantages for Coca-Cola which is important to achieve continuous growth in Chinese market where various local operators are successfully doing business. Third stage i. e. Human Capital management deals with capital or profit generated by employees and examine if all employees are performing their task efficiently to achieve desired targets. The major functions of Human Resource Management are:

- Job Design and job analysis
- Employee recruitment
- Training and development
- Performance appraisal
- Health and safety of workers
- Compensation management
- Employee's motivation
- Management of labor relations

All three stages are important for Coca-Cola while managing Human Resources in China. It is important for Coca-Cola to consider culture while managing Human Resource in China. Being a manager of Coca-Cola in China, I would like to utilize cross-cultural human resource management that deals

with cultural aspects which needs to be considered in performing all three stages of Human Resource Management.

## **Cross-cultural Human Resource Management**

Cross-cultural HR management refers to a comprehensive system that considers three main factors which are important for Coca-Cola to consider while performing business in China are:

- Macro level: Coca-Cola needs to handle two different cultures, first the culture of origin country and second the culture of China. These two cultures are different hence there will be negative cross-cultural behaviors.
- Concept Level: Generally it is observed that culture of origin country dominates the local culture and policies like HR policies and practices such as working style, recruitment, and overall business environment are highly impacted.
- Individual Level: differences, those are associated with individual's culture such as gender, age, education, and designation etc.

## **Importance**

Cross-cultural HR management helps in building trust between management and employees. The trust among employees is generated by effective communication, and good understanding that has ability to bring all employees together and forms a team. Employees feel that they are important part of organization and have sense of attachment. Cross-cultural HR management increases employee's loyalty that results in efficient performance of employees and organizational revenue enhancement.

However effective communication and good understanding comes from

value orientation, employee's behaviors, languages, habits etc. these factors vary from culture to culture and country to countries (Hofstede). Chinese people use different language, have different beliefs and habits. They follow different religion and values which influence their overall thinking and behavior that results in conflicts. Consideration of culture is so important that it maintains employee's relationship and can cause terrible consequences if neglected. Neglecting psychological needs will result in decreasing efficiency, increased cost of operations and reducing overall growth of organization.

## **Human Resource Management Challenges in China and Solutions**

According to Geert Hofstede, five major dimensions of culture that influence HR management in great way are: power distance, individualism, masculinity, uncertainty avoidance and long-term orientation. The major challenges that Coca-Cola is facing in China based of five cultural dimensions are:

### **Power Distance**

This informs about how power in origin country and power in host country influence HR management practices. The inequality existing in society is considered by people during their various life experiences like values and beliefs. Some cultures have power distance that connects with power centralization, leadership and decision making. Companies that have high power distance, does not empower their employees to take decisions and consequently make them reliant on leaders and senior management. Power

distance culture encourages the superiority of management and asks its employees to follow orders (Bartlett and Ghoshal).

Power distance index of China is 80, which place country among top five countries. Chinese culture does not treat all people equally and in organizations hierarchy play important role. On the other hand U. S. A. scores 40, which shows that country promotes culture that considers liberty of people and justice for all (The Hofstede Centre). This difference is clearly visible in HR practices in China. Coca-Cola has clear hierarchy and relationship between management and subordinates is very formal. Managers greatly influence individual rewards and appraisals hence employees are required to respect their bosses even if they feel that they are wrong. People are not allowed to express their ideas freely.

High power distance de-motivates employees and prevents creating a healthy organizational culture. It also encourages discrimination that reduces efficiency of employees. Coca-Cola should reduce the power distance in China by decentralizing the decision making authority. It will help in building collaborative working environment that promotes innovations and learning thus resulting in increasing productivity of employees. Senior management of coca-cola China should encourage employees to share their ideas with the bosses and best ideas should be given recognition (Lansbury et al.). Company can start running a quarterly magazine where employees can share their thoughts, ideas, articles and writings.

## **Individualism**

Culture that inclines towards individualism focuses on individual's needs, values and activities in the interest of individuals. In such culture people give preference to their own requirements over relationship. Organizations, that are collective emphasizes on overall growth of group. Collective culture encourages employees to sacrifice their own needs for organization.

Individualism encourages people to perform their best so that they could be recognized by other members and move upward in organization. U. S. A. score on individualism is 91 whereas China score is 20 which reflect that Chinese people sacrifice their benefits, freedom and growth for common gain (The Hofstede Centre).

It is important for Coca-Cola to develop HR policies that promote positive individualism because positive individualism encourages employees to perform their best keeping in mind organizational goals. Positive individualism is considered as an essential factor that drives individual performance and further organizational growth. Hence Coca-Cola should emphasize on developing policies like reward, recognition, and special treatment for performers (Legg & Ackroyd). Managers should communicate more frequently with their team members in order to understand their requirements in terms of suggestion on any critical issues, routine problems, and training.

## **Masculinity**

This refers to difference prevailing in society due to gender. Masculine societies promote men to be confident, tough, and emphasizes on



materialistic success; whereas women are to be modest, soft, and family oriented. In feminist society men and women are equally responsible for family and quality of life. In Masculine society, men have higher obligations towards their family and society in terms of earning livelihood and to be respectful in society. Men in masculine society pay high attention to their work so that they get good money and recognition. Women have obligations to manage home and take care of family members including children. HR management owns the responsibilities to recruit right employees and place them in appropriate positions so that they yield best results.

USA score 62 on masculinity index and China score 66 which show that both countries are slightly inclines towards masculine society (The Hofstede Centre). Americans and Chinese both work hard to achieve monetary rewards and desired success in their careers. Success oriented people do not much bother about their families and tend to work hard during extended hours. They do not give importance to leisure time and holidays. This culture may seem good for organization but it is not ethical as it create discrimination and does not provide equal employment opportunity to women. Company should emphasize on fair recruitment policy that does not promote masculine culture by offering jobs only to males because they can stay late and work hard for organization.

## **Uncertainty Avoidance**

People are not certain about the future and extreme uncertainty makes people anxious. There are various ways that defend people from uncertainties causes due to nature, various laws, behaviors, religion etc.

there are some uncertainties that people cannot avoid. Different societies reflect different behavior towards avoiding uncertainties; societies that are high on avoiding uncertainties, tends to worry more about future than societies low on avoiding uncertainties. USA score 46 on uncertainty avoidance index and China score 30. It shows that Chinese accept uncertainties and are adaptable, and capitalist. Chinese are more open to innovations, new ideas, and willing to try different ways. Such employees do not obey rules, not consider value of time hence waste time, willing to take high risk, and change rules if find them rigid. HR management should form strict rules to control such behavior.

### **Long-Term Orientation:**

This refers to values such as frugality, perseverance associated with future. Short-term orientation emphasize on fulfilling traditional, and social obligations. China scores 118 on long-term orientation index whereas USA score is 29 (The Hofstede Centre). China score shows that people are long-term oriented hence gives importance to effective utilization of resources and making long-term investments such as real estate. According to them traditions and social values can be adapted as per requirement and situation. Americans unlike Chinese tend to emphasize on generating short-term results and strive on producing quick results at workplace. In an organization where boss is an American and subordinates are Chinese, it is obvious to have conflict.

On all cultural dimensions except masculinity, Americans are different from Chinese; hence it is important for Coca-Cola to develop HR policies in

manner so that all cultural conflict could be resolved. Company is require to address major issues such as: relationship between management and employees, dependency on managers, different decision making styles, no enthusiasm for team work, importance to individual benefits, mistakes by subordinates due to lack of guidance, stubborn employees, no desire to utilize opportunity for company and no inclination towards generating quick results (Wang).

Conclusion

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