

# Hr management challenges at jaguar land rover



## 1. Introduction

This report is being presented in response to a request by the Chartered Institute of Personnel and Development (CIPD) to analyse and assess some important HR implications of the current initiatives by some leading UK companies to send some of their brightest talent to work in emerging markets in order to gain fruitful international experience.

Jaguar Land Rover, an iconic British company that has in the past gone through very difficult times and was purchased by the Indian TATA Group of Companies, has been steadily improving its operational and financial performance during past two years. Much of the company's growth is arising from its success in the newly developing emerging markets of the world. Whilst the company still has to make its presence felt in India, the home country of its new owners, its sales are steadily improving in countries like China and Russia, which have many high income individuals ready to spend on high performance luxury cars.

The JLR management has recently initiated a proposal for sending some of its best senior managers to China and Russia to gain important international experience (Peacock, 2010, p 1). The company has further more informed its managers that strong experience in such international postings will improve their chances for progression to the board of directors. The Chinese market is extremely important to JLR, second in numbers only to the UK and the USA (Peacock, 2010, p 1). The company is also investigating the possibility of establishing a joint venture in China for the manufacture of thousands of cars (Bowman, 2010, p 1-2). With emerging markets like China, India and Russia

becoming increasingly important to western business corporations, many British and American companies are actively investigating the idea of sending their managers to such countries to gain important international experience and insight (Bowman, 2010, p 1-2). JLR's proposal to send some of its key managers abroad was followed by the news of a survey of 418 UK executives that revealed that 40% of companies have plans to send more of their employees to emerging markets in East Europe, the Middle East, Russia and Asia (Bowman, 2010, p 1-2).

Such proposals for systematic relocation of high quality organisational talent from home environments to overseas locations is bound to have a number of HR implications, not just from the individuals likely to be effected by such moves, but also by their bosses, who might not be willing to be deprived of bright employees working under them. Whilst such moves by UK companies are bound to have a number of organisational implications, this report deals with three specific HR issues namely, (a) organisational change, (b) cultural differences in international human resource management and (c) Talent Management.

## **2. Organisational Change**

Contemporary business organisations like JLR operate in extremely dynamic environments that are constantly being influenced and impacted by changes in technologies and in marketing and economic environments. JLR has in fact suffered extensively in the past because of its inability to respond adequately to global developments in the markets for luxury cars. Its takeover by the India based TATA group has been followed by a number of initiatives in different operational and marketing areas with good results. The <https://assignbuster.com/hr-management-challenges-at-jaguar-land-rover/>

company has decided to expand beyond its traditional markets in the UK and the United States and is actively searching for new markets in the Middle East, Russia, China and other emerging economies. Such changes in marketing strategies have been prompted and necessitated by the huge ongoing change in global economies and the expansion of wealth to the emerging and developing economies.

Adoption of different organisational strategies often results in the need to bring about significant, long lasting and beneficial organisational change (Bovey, 2001, p 372). Such organisational change requires an identification of where an organisation should be, compared to where it is today, for achievement of strategic objectives, and the formulation and implementation of strategies to take the organisation from where it is to where it should be (Bovey, 2001, p 372). Whilst organisational change can be required on account of a number of environmental and marketing reasons, such change is essentially brought about through the agency of organisational managers and employees and needs to be viewed mainly through HR perspectives (Bovey, 2001, p 372).

Numerous studies have confirmed time and again that the majority of organisational change initiatives are unsuccessful in achieving all or some of the original change objectives despite their being widespread agreement about the importance and relevance of such change (Hayes, 2006, p 87). Whilst some change initiatives may founder and lead to adverse consequences because they were essentially grounded in wrong decisions and inappropriate strategic thought, the majority of reasons behind the failure of otherwise important and desirable change initiatives largely occur

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because of various employee related issues (Hayes, 2006, p 87). There is general agreement on the fact that change initiatives brought about only through orders of senior managers are unlikely to be successful without strong support, involvement and participation of employees. Much of organisational resistance to change comes about from the apprehensions and insecurities of employees in being able to cope with the demands of the planned changes. Such insecurities could arise from the prospects of having to learn new technologies, work in different locations, handle different people and exploit new markets (Hayes, 2006, p 87). The employees of JLR who are being asked to move to locations in China may well suffer from various apprehensions about the impact of such movements on their personal and professional lives. Such changes could lead to their having to be separated from their wives and children and working in different social, cultural, economic and legal environments (Hayes, 2006, p 87).

Resistance to change is a much examined organisational phenomenon. Change management experts like Lewin and Kotter have advanced useful methods for implementation of organisational change. Lewin recommends a three stage change management process that consists of unfreeze, change and freeze stages (Lewin, 2005, p 14). Kotter on the other hand recommends that change should be brought in more gradually over the course of eight appropriate stages (Kotter, 2009, p 7).

Whilst such tools for bringing about organisational change have been found to be useful, management experts assert that good change management stems out of effective leadership. Leaders are responsible for bringing about effective organisational change (Kotter, 2009, p 54). It is their responsibility <https://assignbuster.com/hr-management-challenges-at-jaguar-land-rover/>

to determine the change objectives, engage in transparent and clear communication about the need for change with organisational employees, identify and motivate change champions throughout the organisation, back change initiatives with physical and human resources and be committed to the achievement of the change objective (Kotter, 2009, p 54).

JLR is in the process of implementing a number of change initiatives to improve its strategic processes, market share and operating efficiencies. The proposal to send its talented managers to an important business location like China in order to prepare them for board level positions is integral to such organisational change initiatives. The organisation leadership will have to take care to ensure the careful and appropriate implementation of such processes to achieve change objectives.

### **3. The Impact of Cultural Differences in International HR Management**

Globalisation, along with the liberalisation of isolated economies like those of the erstwhile Soviet bloc, China and India, has helped in the development of enormous business opportunities for western corporations (Zakaria, 2000, p 497). Western MNC's have being quick to spot the huge potential markets in these regions and have increased their marketing and production operations across Latin America, the Middle East, Russia and Asia, both to make use of their low cost economic environments and to exploit their growing and attractive markets (Zakaria, 2000, p 497). China represents an important destination for JLR and constitutes the third most important market for the company with potential for substantial future growth. The country is also an attractive destination for the establishment of economic production

operations. Whilst the country is extremely important for the achievement of the organisations overall strategy, the success of such a strategy will be significantly influenced by the ability of the company and its managers to succeed in significantly different environmental conditions in China (Stulz, 2003, p 315). Whilst China is making strong efforts to integrate into the global economy, its social, cultural, economic, legal and political environment is significantly different from those of the UK and the USA (Stulz, 2003, p 315). MNC managers are required to handle numerous variables and deal with complex challenges in such foreign environments, many of which are not relevant in their home locations (Stulz, 2003, p 315). The need for such managers to operate in essentially different cultural environments is among the most significant of such challenges. The effect of such cultural differences on the functioning of expatriate managers is often extensive and is commonly termed as culture shock (Gallagher, 1996, p 228). HR experts state that culture shocks can not only affect the effectiveness of expatriate managers to succeed in their assignments, but that the ability of such managers to successfully operate in foreign conditions is largely dependent on their ability to recognise, plan for and overcome cultural differences (Gallagher, 1996, p 228). Cultural experts like Hofstede and Trompenaars have studied the issue in details and analysed specific reasons for such differences, which are unique to the social and cultural milieu of individual nations (Gallagher, 1996, p 228). It is important to appreciate that such cultural differences can lead to the emergence of frustration and feelings of strain, which can arise from not understanding the thoughts and actions of local people. Such strain and frustration can lead to anger, depression and helplessness (Maznevski, et al, 2002, p 276).

International managers have to be trained to cope with the emotional, thinking and social aspects of cultural differences (Maznevski, et al, 2002, p 276). It becomes very important for organisations to engage in carefully planned and deliberated efforts to orient their managers to deal with a vast range of cultural differences, especially so when managers have to be sent to countries with very different cultures (Stulz, 2003, p 315). The senior management of JLR must take careful note of this aspect of international operations and engage in appropriate action, if it wishes to truly exploit the enormous opportunities available in China.

#### **4. Talent Management**

Talent management represents a complex array of interrelated HR processes that are jointly used to improve the quality of organisational talent (Farndale, et al, 2010, p 32). With it widely being accepted that human resource constitute the most important organisational resource in modern day business, most well run organisations aim to utilise their human resources effectively by taking specific steps to sharpen and improve organisational talent (Farndale, et al, 2010, p 32). McKinsey referred to this growing movement for improvement of organisational talent as the war for talent. With competition intensifying progressively across the world, most organisations realise that the maintenance and enhancement of competitive advantage is significantly dependent upon their ability to recruit, attract, develop and retain talent (Farndale, et al, 2010, p 32). JLR competes, in its segment of high priced luxury cars with globally famous competitors like BMW, Mercedes Benz and Toyota, all of which are known for the superior quality of their managerial staff and workforce. JLR must also thus make



deliberate efforts and adopt appropriate HR policies to nourish, nurture and reward its in house talent and make efforts to attract the best of external talent from outside.

Its efforts to send employees who have been recognised on account of their superior management skills to China in order to develop them for senior organisational positions is an important HR process for development of organisational talent (Guthridge & Komm, 2008, p 5). The exposure of these chosen managers to very different working and cultural environments will help them to understand different cultures and work with diverse types of people in alien environments (Guthridge & Komm, 2008, p 5). Such exposure will help these employees extensively in understanding and appreciating the global economy and important company markets. It will also help them to obtain a world view and appreciate human diversity. Such experience should be invaluable in their development as professional managers (Guthridge & Komm, 2008, p 5).

Reward and remuneration policies also constitute an integral part of talent management processes (Briscoe, et al, 2009, p 46). Organisational talent not only has to be nurtured but also has to be rewarded handsomely in order to build organisational loyalty and retain it in house (Briscoe, et al, 2009, p 46). JLR's proposal to tie up assignments in China with positive weightage for future board level positions indicates its organisational policy to handsomely reward managers who are committed to organisational interest and personal and professional development.

JLR must follow up its proposal to send these managers to China with transparent and clear communication on the reasons for doing so and how such an initiative will help the organisation as well as the individual managers.

## **5. Conclusions**