

International human resource management assignment



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Expatriate management now is an essential issue of human resource department because it takes a large amount of budget from the corporation. It is inevitable for expatriates to face culture arises in subsidiaries because of unique national cultures in all countries over the world. National culture is “cultural experiences, beliefs, learned behavior patterns, and values shared by citizens of the same nation” (Neal _et al 2006, p. 26).

A national culture will significantly affect any employee working in firms and furthermore, national culture will influence the management framework in a company as well accompanied with organizational culture so that cross culture management is helpful not only for the supervisors’ decisions but also for employees especially for expatriates (Chem., 2006, p.). In the case study of JELL, it showed a range of problems in their expatriates which related national cultures and JELL will implement a British managerial system into its Russian subsidiary.

This essay will first examine the problems and issues in managing expatriates in JELL and then evaluate the proposal from Jim Filing, the CEO of Saguaros’ who will apply an entire British managerial system into a Russian subsidiary. JELL is a British pharmaceutical company which was founded in 1925 and it has expanded its business by acquiring other pharmaceutical companies in Malaysia, India, Greece and USA. Recently, JELL has made the largest acquisition of Saguaros’, a pharmaceutical company in Russia.

At the headquarter of I-J, JELL applies a decentralized organizational structure. All managers are required to give their own opinions to avoid some drawbacks of group decision making which is conformity pressure in

groups (Robbins and Judge, 2009, p. 336). Employees are allowed to propose valuable ideas to manufacture and administrative systems as well.

Supervisors will award monetary incentives (one of the physical needs) as motivation to employees and managers (Carrel, Albert and Hatfield, 2000, p. 9) if their initiatives are judged as potential innovations. On the other hand, in subsidiaries, JELL applied localized human resource practices in order to fit local cultural values and legal systems (Dowling, Fisting and Engle, 2008, p. 217) by keeping local managers with existing organizational and managerial systems. In past years, those subsidiaries in Malaysia, India and Greece were continually making profits to JELL and JELL also regularly sent managers and specialists to those subsidiaries for expatriation in a period of time.

After the acquisition of Sagueros, DRP. Jim Filing will be the CEO who had spent last here years in the subsidiary of USA. PART ONE: EXPATRIATES MANAGEMENT AND CROSS CULTURE MANAGEMENT IN MULTINATIONAL CORPORATIONS Culture is a popular topic in literature research and it could be described as a “ software of the mind” (Hefted, 1991, p. 2) . With the trend of globalization, managing cultural differences has become an important issue in human resource management of multinational corporations.

Misunderstanding may be occurred if culture differences are not well-managed even these colleagues are working in the same organization (Hall, 1995, p. 6). In the case study, seven expatriates of JELL have heir own problems and for JELL, there is a high expatriate leaving rate after repatriation (Appendix F). This essay will identify the problem of seven expatriates working in JELL and its subsidiaries and after that, rational <https://assignbuster.com/international-human-resource-management-assignment/>

proposals of changes will be given to them on the basis of improvements of Silk's human resource department.

The possible solution of dealing this problem is establishing an effective reward system by performance appraisal (Performance -related reward system). Performance-related pay (PR) can change the payment from a rigid structure to a flexible way depended on performance (Harris, Brewster and Sparrow, 2003, p. 94). By applying this system, the productivity of employees will be significantly increased and for expatriates, they will be motivated and more willing to finish their assignments as well (Gillie, Kerchiefs and Van, 2010, p. 299).

Furthermore, accurate evaluation is also a factor which company need to take account because there is an essential link between motivation and performance appraisal (Carrel, Albert and Hatfield, 2000, p. 315). B (RETURNED FROM INDIA) India living and schooling as seemed to be suffering (Case Study). The main problem of the human resource department of JELL is expatriate selection specially in cross-cultural suitability and family. Cross-cultural suitability and family are two of the most crucial criteria of expatriate selection (Dowling, Fisting and Engle, 2008, p. 20). In culture aspect, Hypotheses national culture model demonstrated the main various between I-J and India in power distance and individualism (Appendix A). According to appendix A, the power distance column in India is much higher than it in UK as well as individualism so that there maybe the reason of his spouse had enough of India. In addition, unlike Western Europe civilization, there is a caste yester in India which cause the high power distance and many females in India basically are not regarded as equal to males (Robert <https://assignbuster.com/international-human-resource-management-assignment/>

et al. , 2000, up. 54-656). Moreover, individualism in India is much less important than UK so that residents in India intend to work, study and live collectively (South Asian Studies, 2011) that is totally different to I-J. As a result, the wife and child keened on back to UK because of the cultural adjustment problem while her husband was still working only with British colleagues (Case Study). The solutions will be provided here are selecting an appropriate candidate as an expatriate and putting more emphasis on cross-cultural suitability and family requirement.

Category, the family element is having more important weight in expatriate selection because of non-working factors and potential influence to working expatriates (Anderson and Aaron, 2008, up. 386-387). C (RETURNED AFTER A-FIVE-YEAR-ASSIGNMENT AND WOULD BE SENT OUT IMMEDIATELY) The problem of JELL here is about repatriate management and in detail; it will be related to re-entry management. In general, after completing an international assignment, an expatriate will go back to the home country as called re-entry or vituperation (Harding and Recursively, 2004, p. 37).

However, most repatriates will cope with culture shock after they back to the home country. Using an example of India and UK here, although many British work in India as expects for its booming economic and after their finishing assignments, back to I-J, they therefore only find they cannot work under a I-J context (The International Herald Tribune, 2009). That may be the reason that JELL sent employee C abroad again without hesitation in order to avoid coping with culture shocks (Case Study).

It is obviously that JELL need to improve their repatriate management and there are any models here from other multinational companies. JELL could '
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Offer repatriation training, pre-departure training, and re-entry orientation to employees and their families' (Lie, 2005, p. 129) and expects can increase the awareness of repatriation and decrease the uncertainty after back to the home country . Moreover, JELL could management because expatriates have various working experiences in other countries (Barman and Ursula, 2009, up. 80-81).

D (NOW WORKING IN GREECE AS AN EXPATRIATE) The major issue of expatriate D in Greece now is adapting the local customs and ultra in Greece although JELL had a prepared pre-departure training programmer (Case Study). In Hypotheses national culture demonstration of I-J and Greece (Appendix B), the uncertainty avoidance is extremely high and no long-term orientation in Greece. In the case of expatriate D, a problem of communication is occurred as well. In theoretical aspect, there four problems in cross-cultural oral communication: " semantics, word connotations, tone differences and differences among perceptions" (Robbins and Judge, 2009, up. 07-408) and English and Greek are classified to two different language system. As a result, it will take a longer training programmer to completely learn and understand a foreign language. Likewise the body language and gestures in England are slightly different to the world, for example, a " V' gesture means victory or peace in many countries but in England, " if the palm and fingers face inward, it means ' up yours' especially if executed with an upward Jerk of the fingers" (New York Times, 1996, p. E).

Consequently, post-departure training is a rational option for expatriate D to continually make adjustments into Greek culture. The reason is that post-departure raining is suit for expatriates living in a country which has an <https://assignbuster.com/international-human-resource-management-assignment/>

entirely different culture and it can accelerate accustoming another culture (Managing Training and Development, 2005). E AND F (CONFUSED AFTER REPATRIATE) Expatriate E and F have similar problems after finishing their international assignments because JELL currently have no response about their repatriate (Case Study).

The problem of JELL must be repatriate management. The possible solution will be provided here is putting emphasis on repatriate management. In fact, in last ten years, there is an increasing number of multinational reparations focus on repatriate management while in sass, only few companies would hold a re-entry discussion. According to a survey in 1997, only 27% firms supposed to hold a discussion about re-entry and it had been improved in sass. In 2004, there are 86% companies intended to discuss the re-entry issue (Dowling, Fisting and Engle, 2008, p. 199).

JELL could offer repatriate supports to repatriates such as give interaction to human resource management to increase the sense of loyalty so that the company can avoid losing these experienced employees (Harding and Recursively, 2004, up. 343-344). G (THOUGHT GREEK DISCRIMINATE AGAINST FEMALE) qualified or experienced (Case Study). Thus, for JELL, it shall investigate the culture and even the working environment in Greece. From Hypotheses national culture model, I-J and Greece possess almost the same figure in masculinity and Greece actually has a lower masculinity figure than I-J (Appendix B).

However, the power distance in Greece is much higher than it in I-J which means whatever a male or female, their ideas are hardly applied to

supervisors as an employee. In Greek working condition, it is surprisingly to find much evidence of discrimination against female. According to an official report written by Greek Helsinki Monitor (GEM) and the World Organization against Torture (MOST) (2002, up. 13-21), there are approximately 4500 rapes in working communities every year and only 6% are reported to police.

Furthermore, Sexual harassment in communities is common in Greece due to no specific legislation of sexual harassment. Those factors may be the reasons of Greek male employees discriminate against female in the working place. In Silk's view, it is a challenge to solve this problem as well, one of the effective ways is sending a male expatriate instead of female employee in Greece to prevent any denied risks in Greece and make further investigation in Greek subsidiaries.

ORGANIZATION From the case study, JELL have a high expatriate failure rate (Exceed 46%) in subsidiaries except USA (Appendix F). JELL has paid a low attention on cross culture management because it applies a localized managerial system and most managers in the subsidiaries are from the host countries. In fact, many multicultural corporations which apply localized managerial system have the same issue in manage culture difference (National Centre for Vocational Education Research, 2006, p. L). According to Bernstein (1995, up. 5-280), a localized managerial system will positively fit the local context and it is easier to bring profit like autonomy units in a shorter of time than centralized management system. However, the drawbacks are employees especially the expatriates from the parent company will probably face a huge culture shock in the subsidiary if their cultures are totally different. As a result, JELL must release many

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improvements in human resource department especially in expatriate management field. If JELL continually applies a localized managerial system in acquired firms, it may only have problems on expatriates' management.

However, once the supervisors intended to transplant the whole management system into a country with entirely different national culture like flag-planting, it definitely will bring a serious impact to the target subsidiary and the worst consequence may like the failure of Aspirations entering UK sass. The main problem that JELL has is on its international human resource management as a part of managerial system. In the case study, seven expatriate had a range of typical expatriate problems comprising training, expatriate selection and repatriate management.

Moreover, 43 per cent of expatriate left JELL after their repatriation and t least 46 per cent of expatriate cannot complete their tour in subsidiaries except USA. In short, those fundamental factors of expatriates' problems are totally based on various national cultures that JELL need to take account in its cross culture management. PART TWO: APPRAISE THE DECENTRALIZED MANAGERIAL SYSTEMS OF JELL APPLIED IN RUSSIAN AFFILIATE Like national cultures, many companies have developed their own organizational culture as well as managerial structure.

Organizational structure is important to multinational corporations because it will definitely interact with different national ultras in host countries (Francesco and Gold, 2005, p. 236). In the case study, JELL applies a polytechnic control system in Malaysia, India and Greece and decision making authority is awarded to subsidiaries in order to avoid drawbacks on

the motivation and political problems in these countries (Storehouse _et al 2004, up. 382-383).

As a result, those subsidiaries make profit very shortly (Case Study). This essay will evaluate Jim Fling's proposal who intends to transplant a whole managerial system from JELL headquarter to its Russian affiliate.

STRENGTHS AND WEAKNESS OF SILK'S AND GROSGRAIN'S STRUCTURES AND MANAGERIAL SYSTEMS At the headquarter in I-J and its affiliate in USA, JELL uses a decentralized management structure and employees will be empowered to make decisions on their own works (Case Study).

Currently, many European multinational companies applied decentralized managerial structure and developed an organizational culture called 'old boys network' with high autonomy (Bartlett, Shoal and Brainwash 2003 up. 342-343). Decentralized structure is one of the most successful management systems in transnational corporations which has experienced a long time modification and has generated many derivative systems. Under this system, diverse standards are made to fit specific manufacturing cases and it will enhance developing new and innovative products Monsoons _et al 2008, p. 66). For JELL, it is a brilliant choice because innovation is actually a crucial factor to a pharmaceutical company. Yet, the those subsidiaries are working as autonomous while Saguaros used to apply a centralized structure which renowned for the efficiency of implements business strategies. Furthermore, JELL developed a monitoring system with performance appraisal in headquarter and USA which can significantly motivate employees in irking place (Decency and Robbins, 1999, up. 292-294). However, there are a few weaknesses of performance appraisal system.

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For example, a report from General Electric (GE) which applied performance appraisal system and it found that those employees who received a honest but negative feedback from supervisors would actually not motivated them but decrease the motivation in their work (Berg, 2000, p. 64). On the contrast, a centralized structure has a formal bureaucracy system with a tall hierarchy and fixed official duties (Francesco and Gold 2005, up. 240-241). This Truckee is therefore suit for small or middle-sized companies at the beginning stage for effective control power in strategy implementation Among, 2001, p. 446).

One the other hand, the Economist (2004, p. 33) found that with the increasing size of firms, a centralized structure will constantly lose the efficiency of decision making process through the complicated bureaucracy system and the employees will get used to receive orders from supervisors instead of expressing their own idea. In addition, there is no performance related rewards in Saguaros because a tall hierarchy management system proposed to make a uniform management system by airtailed, vertical and fair control so that regulations are designed to fit every employee as a same unit (Contain, Romaine and Movement, 1999, p. 12). NATIONAL CULTURE DIFFERENCES JELL used to transplant their management system to its subsidiary in USA and it successful worked. This is the main reason that Jim Filing, the former manager in US affiliate wants to transplant the system to Russia again. Before making the final decision, it is necessary to analyses the reasons of this success in USA. As main economics in Europe and North America, there are many similarities in the national culture of UK and USA. According to Harris, Moran and Moran (2004, up. 297-298, up. 37-440), free

enterprise, culture affinity, English speaking, private, good manners, aggressive and self-realization are the common key words of American and British. Moreover, in Hypotheses national culture model (Appendix C), the national culture of USA and UK are almost the same and in uncertainty avoidance column, USA is slightly higher than I-J. However, Russia is totally a different country in East Europe. First, employees in Russia are regarded as a kind of cost rather than a resource (Organizational Dynamics, 1999, p. 5). Second, beside the language usage, all management decisions are made by supervisors in business context.

Furthermore, Russian basically have a slow time sense and they intend to work collectively (Harris, Moran and Moran, 2004, up. 497-500). In Hypotheses national culture demonstration (Appendix D), Russia has a higher power distances, lower individualism, higher uncertainty avoidance and no apply a reactor business strategy in order to meet immediate need instead of long term benefits but most of those companies are finally failed (Miles and Snow, 1978, p. 353). RELEVANT CASES After culture analysis, it is showed that there is a huge difference in national culture between Russia and I-J.

Hence, it is not sure that Jim Filing will still succeed again in his transplanting programmer. Look back at history, in sass, Aspirations once became a popular word in I-J and Toyota established its manufacturing plant in Derby in 1992 because there was an existing skilled engineering workforce there (The Independent, 1992, p. 23). During the early sass's only about 55000 people were employed by Japanese companies in the I-J (The Journal, 1999).

Aspirations is a Japanese managerial system with Cost- entree Just in Time
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System, long term contracts, vertical integration to supplier and low labor turnover rate (Heehaws, 2001, up. 65-166). However, once Japanese manager attempted to entirely implement this system into British subsidiaries, it was not worked effectively with British employees and many Japanese companies like Ionians finally failed in I-J market because Japanese manufacturing method did not fit British economic and culture conditions with collective working method (Procter and Cracker, 1998, p. 241, up. 244-245). In Hypotheses national culture model Appendix E), Japan is a collective, success oriented and long term oriented country with high uncertainty avoidance which is almost an opposite of I-J.

It is recommended to apply a centralized managerial structure in Russia because many most Russian companies applied a “ traditional production-oriented culture with strong factory patriotism” Just like a typical Soviet traditions (Clarke, 2004, p. 418). In 2003, KEA opened its first store in Russia and many Swedish worked in KEA Russia as expatriates. After repatriation, their feedbacks are high power distance in the working place accompanied with rigid centralized management structures monsoon, 2008, p. 34).