

Human resource management strategies



**ASSIGN
BUSTER**

Introduction

The importance of international human resource management is getting increase everyday as we have globalisation and internationalisation over the world. As a result, numbers of the multinational companies are getting increase. According to Brewster et al. (2007), the multinational companies are increasing and there is economic dominance as 80% of the industrial output for the world is produce by the world's 1, 000 largest companies. Brewster et al. (2007) also mentioned that as the number of multinational company increases, global transferring is increasing such as sending works between team members of the company based everywhere over the world. In addition, through this trend, diversity is increasing within the organisation and the multiculturalism must be carefully considered by the organisation to utilise its human resources effectively in their organisation.

The one of crucial role of human resource manager is developing effective human resource management policies and practices for organisation such as recruitment, reward, training, development, flexibility, work-life balance, employee relations and communications (Brewster et al, 2007). However, these policies and practices can be varied between national cultures.

Rosenzweig and Nohria (1994) argued ' that HR is the area of management most likely to be subject to national differences' (Cited in Brewster et al, 2007).

In these days, many large companies are trying to expand the company from their own country of origin to all over the world. These multinational companies are all facing same issues, which are developing policies and

practices for the human resource management in their subsidiary overseas operations. In this paper, as a senior human resource manager of a multinational company in the Great Britain, will be discussed the main factors which will be considered while developing policies and practices for subsidiary in Latin America and also differences of policies and practices between the UK and the Latin America subsidiary operations.

Culture

Before start its operations, it is crucial that company looks for cultural differences between home and subsidiary countries. Briscoe et al. (2009) defined the culture, ' Culture is the characteristic way of behaving and believing that a group of people have developed over time and share'. Brewster et al. (2007) argued that it is important managers to know how organisation formation and process, leadership idea, human resource practices can be affected by national cultural differences in this borderless world. These differences could make crash when the company start operations in various countries. According to Briscoe et al. (2009), these differences will become striking challenge for the company when people in the company has less knowledge or uncomfortable with these differences. In result, both operations and their human relations within the company will be failed. Briscoe et al. (2009) also added that when company uses their home country practices for activities such as recruiting in their overseas subsidiary, it will lead alienation and lack in trust and could be further more consequences.

As many authors and scholars mentioned, it is important to look at the cultural differences between home country, which is the Great Britain, and <https://assignbuster.com/human-resource-management-strategies/>

overseas operations in Latin America. For the point of departure, Elvira and Davilla (2005) recommended to use the Hofstede's research as it is widely known, accepted and used to explore the cultural differences. Briscoe et al. (2009) also mentioned that Hofstede made the first major study and best known of the studies of the differences in national cultures. Hofstede discovered that the cultural differences could be divided and described by four factors: power distance, uncertainty avoidance, individualism, and masculinity (Brewster et al, 2007).

Power distance

The power distance dimension shows the level of equality within a society. According to Elvira and Davilla (2005), that the larger the power distance, the lesser the equality in a society, and the small the power distance the higher the level of equality in a society.

It can be clearly defined that the Latin American countries are highly scored in the Hofstede's power distance index ranking table (Hofstede, 1991 cited in Brewster et al., 2007). According to the Hofstede's ranking table, five of ten countries at the top of table are all Latin American countries; it is Guatemala, Panama, Mexico, Venezuela, and Ecuador. The rest of Latin American countries also highly placed in the ranking table. Lucas et al. (2006) argued that high power distance countries like the Latin American countries, there are strong trend of hierarchical organisations and monocratic leadership. This argument can be proved by Hofstede's mentions, that the high power distance societies are more likely to be centralised and pyramid shape and a lot of superiors existed, large income gap between professions, a large scale

of unskilled labours, and a higher respect for office jobs than jobs in manufacturing sector (Hofstede, 1982 cited in Elvira and Davilla, 2005).

By contrast, the Great Britain scored low, which is rank 42 in the ranking table with Costa Rica, the one of Latin American countries. Not like the others, Costa Rica has lower power distance in their society. The Great Britain, however, scored low compare to the most of Latin American countries. Lucas et al. (2006) explained that the low power distance countries like the Great Britain mostly have horizontal structures and more democratic style of management. This kind of societies often called as equal society.

Uncertainty avoidance

Uncertainty avoidance dimension refers to the degree which members of a society desire structures, which has clear rules for appropriate performance (Elvira and Davilla, 2005). Brewster et al. (2007) also argued that the uncertainty avoidance is about the degree, which societies feel threatened by indefinite situations and try to escape ambiguous situations.

According to Hofstede's uncertainty avoidance index ranking table (Hofstede, 1991 cited in Brewster et al., 2007), Latin American countries such as Guatemala, Uruguay, Peru, and Chile has highly ranked, which was in the top ten of table. The rest of Latin American countries also have highly ranked in the table. The companies in high uncertainty avoidance countries like Latin American countries, has strong bureaucracies, task-oriented, rules, and job constancy. In result, in Latin American countries, they fight with uncertainty situations through these strong bureaucratic management styles

in addition, Hofstede's mentions can support this argument that ' they are less willing to make individual or risky decisions, ritualised, and dependent on power to control uncertainty' (Hofstede, 1982 cited in Elvira and Davilla, 2005).

By contrast, the Great Britain clearly divided into different category from the Latin American countries, which can be seen from the table. They placed in rank 47 in the rank table, which is nearly bottom of table, it means they are totally different from the Latin Americans. Lucas et al. (2006) argued that the companies in the low uncertainty avoidance countries are encouraging more diversification in the views and have more flexible structures. In result, companies in the Great Britain are not relying on the power or others in their organisation to deal with the uncertainty situations, totally opposite from the Latin American.

Individualism

Individualism is the degree to which people prefer looking after themselves and performing individually rather than group working (Elvira and Davilla, 2005). Great Britain has ranked high in the Hofstede's individualism index ranking table (Hofstede, 1991 cited in Brewster et al., 2007), placed in third place following the USA and Australia. Great Britain is one of the highly individualist cultures in the world. According to Lucas et al. (2006), in highly individualist cultures like Great Britain, people in the society cares themselves and their family, and it is important for them to make achievement for themselves.

By contrast, most of Latin American countries has ranked lower in the table, especially, Venezuela, Panama, Ecuador and Guatemala has places at the bottom of table. It means that they are low in individualism, which can be said that they are highly collectivist countries. According to Elvira and Davilla (2005), companies in collectivist countries, they concern individual as well as family welfare and people have a sense of duty and loyalty for the company.

Hofstede (1991) argued that there are strong relationship between high power and collectivism. Hofstede added that if people dependent on each other in the group, they usually dependent on power distance figures.

However, Hofstede explained that there are exceptions, for instance, France, which has high power distance with strong individualism (Hofstede, 1991 cited in Brewster et al, 2007).

Masculinity

Masculinity is the opposite of femininity (Lucas et al., 2006). According to Brewster et al. (2007), 'masculinity measures the extent to which the dominant values are male, such as assertiveness, the acquisition of money and goods, and not caring for others'. Elvira and Davilla (2005) also argued that these values are related to the social role of men overcome other values like life quality, human relations, service, caring for the weak and goals related with women's roles.

According to Hofstede's masculinity ranking table (Hofstede, 1991 cited in Brewster et al., 2007), Latin American countries has a dispersed scale of highs and lows. Venezuela, Mexico and Colombia highly ranked in the table, which is in the top eleven, however, Costa Rica and Chile ranked nearly

bottom of table while the others are placed in the middle of table. Great Britain also expressed moderate value in the table; ranked at the ninth, which can be said it is a bit highly masculinity culture.

Policies and practices

So far, discussion of the cultural differences between home and overseas operations has been made. Theories and analyses of cultures and cultural differences are clearly studied and it will lead to help on developing the company's policies and practices in Latin America. However, in advance, defining and studying of the general policies and practices in Latin America will make this development further forward.

Elvira and Davilla (2005) argued, at present, human resource management policies and practices in Latin America are mostly influenced by dominant global theories or imported practices from foreign countries. In result, these imported policies and practices are often cause failure when they implementing on their original plan. Montano (1991) also argued that these policies and practices would not fit to the general Latin American workers (Montano, 1991 cited in Elvira and Davilla, 2005)

Another trends in Latin American countries are, that there are strict manufacturing processes and management control systems that stop workers' development by reducing their decision making rights. In addition, there is an informal structure that symbolically compensate is going on for the impersonality of firm bureaucracies (Elvira and Davilla, 2005). Montano argued that theories are not needed to control the Latin American workers,

while informal structure exist, Latin American companies will staying at the market (Montano, 1991 cited in Elvira and Davilla, 2005).

Recruiting, staffing & promotion

In Latin America countries, recruiting is normally based on personality characters and physical characteristics (Elvira and Davilla, 2005).

Abarca et al. (1998) highlighted, in Chilean companies, it is crucial that they primarily consider the physical characteristics such as appearance, age, and gender for selecting managerial staffs. In addition, it is vital to have good relationship with rich families, colleagues, or geographical bonds because it is most effective way to be promoted in the company hierarchies rather than their talent and ability (Abarca et al., 1998 cited in Elvira and Davilla, 2005).

Husted and Serrano (2002) also argued that many companies in Latin America have been run as family business for several generations (Husted and Serrano, 2002 cited in Elvira and Davilla, 2005). In result, labour markets are small in Latin American countries and it means that people finds difficult to find jobs.

As mentioned earlier in the precious section, about the Masculinity, quite many Latin American countries seem as high masculinity society and this fact is partially supported by Elvira and Davilla (2005) as they mentioned that women in Latin American countries are mainly works in manufacturing sector rather than authority positions because of few reasons and the one is companies in Latin America has negative attitude toward women in authority roles.

Reward & recognition

It is crucial to develop motivation schemes for workers in the company to utilise their ability well. Before actually build the motivation scheme, it is important to consider the meaning of work for them. According to Elvira and Davilla (2005), in Latin America, family is central in worker's lives. Generally, important aim for work is seen as to provide high life quality for the workers' family. For this reason, companies in Latin America try to provide support and benefirs for worker's family. According to Elvira and Davilla (2005), companies in Latin America provide health care, scholarships, support for purchasing education materials, and mortgage credit. Due to a family-oriented culture in Latin America, companies are never giving up thinking motivation schemes for workers as well as families. Elvira and Davilla (2005) also mentioned that many companies in Latin America hold many family events such as yearly family-day visits to the company, organise picnics, many different parties for the family, celebrate Mother's Day and Children's Day, and offering some training courses as well.

Training & development

Wilkins and Pawlowsky (1997) reported that '90 percent of the workers in an assembly plant in Mexico were unskilled or at most semi-technically skilled'. This is due to lack of investment on training programmes by companies (Wilkins and Pawlowsky, 1997 cited in Elvira and Davilla, 2005).

Chantell et al. (1999) and Lawrence and Lewis (1993) also argued that it is serious problem for Mexican workers that they have shortage of knowledge, education, and analytical and communication skills. Because this shortage

delays the functioning of management practices, for instance, Just-In-Time production systems (Chantell et al., 1999 and Lawrence and Lewis, 1993 cited in Elvira and Davilla, 2005)

The companies consider training the workers in modern management practices, however, they know that not all practices would match which local characteristics and some might be refused by workers or could be modified according to the Latin American's style and experience (Chantell et al., 1999 and Sargent and Matthews, 1998 cited in Elvira and Davilla, 2005). Peterson et al. (2003) found the good example of training that US subsidiary taught Mexican employee to express their opinion at the company because they use to have fear of being sanctioned (Peterson et al., 2003 cited in Elvira and Davilla, 2005).

Relations & communications

The information or communications flows mostly from top to bottom, as there are hierarchy and vertical structures at the companies in Latin America. There are often communication barriers exists for managers as Latin American managers prefer and favoured centralisation preferences (Wilkins and Pawlowsky, 1997 cited in Elvira and Davilla, 2005).

The companies in Latin America, they consider personal contact very seriously as they importantly consider the harmony and good labour climate. Elvira and Davilla (2005) argued, ' Social interaction and friendship are important conditions for good and stable labour relations here'. Thus, someone who is courtesy and diplomacy can be highly valued.

Conclusion

To develop the human resource management policies and practices, it is crucial that we clearly define the cultures of the home and subsidiary countries as well as cultures of the company. Defining is not just enough to be success. The company needs to find out best matches of policies and practices for both subsidiary and company itself. In other word, we need the policies and practice, which can make both subsidiary and company in home country happy about it. There are often big difference between national cultures and company cultures. It is not great idea company to push their subsidiary to adapt original company culture and also conversely, it is also not great idea company to adapt whole culture of the subsidiary country. The headquarter might seriously consider the various different types of approaches that it mentioned earlier in this paper such as ethnocentric, polycentric, geocentric, or regiocentric. Based on research, company could decide which approach is the best answer for them.

The best-known culture of Latin America is the paternalism management, in other word, family style of management. Each members of company are dependent on each other, cares each other and they higher valued for group loyalty. This is what we don't have in the home country in Great Britain. The company can utilise this advantage culture with what they are good at. However, company also need carefully consider about employees' priorities such as family-oriented living or religiosity.

It might be a too obvious suggestions, however, it is crucial to clarify what is good about Latin American culture and also same for company's culture and should be well mixed them to make synergy effect. There is no one best

answer, however, at least this study found reasonably good answer based upon research and analysis.