International hrm case study case study

The major problems which require the resolution by Peter Hanson are the apparent deficiency of skills to ensure cross culture management, improper understanding of the working culture prevalent in China and non-diffusion of cultural changes in the company. Peter Hanson, while formulating the policies and working environment of the company has focused on the western culture and has not tried to incorporate or amalgamate the working culture prevalent in China with his desired way of working. The company is driven by the corporate vision of Peter and PDC's growth strategy.

It is extremely important for an organization to have well established IHRM policy to harness the competitive advantage in the industry. Cross cultural management creates the viable environment for an organization to survive and thrive and align the organizational goals with the unique culture of the region. This reduces the friction between the employees and the policies. The employees are habitual of working in the prevalent working culture in that region and prefer to work in that, however, an office culture which differs majorly poses a challenge for the employees promoting the attrition rate. Cross culture management also ensures that the recruitment process, selection, promotions and compensation are aligned with the prevalent culture of the companies in that region.

In the case study, Shell is portrayed to have effectively implemented cross culture management wherein they have customized their recruitment and selection process as per the Chinese culture whereas Hi-Tech Systems used its " The Space Shuttle" game to assess and finalize the candidates. The research conducted by Shell also revealed that Chinese people due to their education does not adapt well to hypothetical problem-solving discussion

and are not comfortable in discussions with strangers. This fact masks their actual talent. In spite of reacting to the research or adopting a proactive approach to understand the Chinese culture to enable enhanced recruitment process, Hi-Tech Systems deploys its global recruitment policy in China. The company should involve cross culture tools and techniques to enhance the recruitment and retention process (Black 1999).

Chinese people believe in ' guanxi' or the personal relations they share with others and use the same to enhance their performance and have a good appraisal. Peter, though realize the importance of networking in the organization, however does not encourage benefits from personal relations in terms of appraisal and compensation and is firm on implementing the same practice in its China PDC. The statement of Peter " your performance equals what you deliver – not the personal connections or guanxi, that you have" (case study) reflects the decisive policy of Peter. This will create problem with the local employees as they may not be able to adapt to the completely different culture. Hierarchy and seniority, which is given due importance by the Chinese people is not followed in PDC and the promotion in terms of designation which is required by local employees is also not incorporated in the company HR policies.

The company also requires the local employees to be aggressive in the work to propel the development and growth of company whereas Chinese culture requires people to have respect for face, hierarchy and harmonious personal relationships. The competitive spirit of western culture would not be appreciated by the local employees and the attrition rate would definitely increase. Already the rumors of the High-tech Systems company culture

being different were hitting the market and if some concrete steps are not taken to align the company culture with the local culture, the recruitment and company growth in China in terms of employees can be in serious jeopardy. Peter however maintains and asserts the respect of Chinese employees and their culture which is evident by its action of coaching the expatriates to be limited in their conduct with the local employees.

Hi-Tech Systems requires increasing its understanding of the Chinese culture as the incorporation of the same in its HR policies can only increase the growth potential and employee-friendliness of the company. PDC, in order to achieve its business goals has to adapt business environment of China and should not focus on implementing the western strategy. This would require Peter to restructure the organization goals and also to formulate different HR policies for China PDC rather than adopting the ones prevalent in West. Peter also realizes that promoting the employees every year can be a challenging task as the goals for every employee are very challenging and superseding them in terms of performance is not going to be an easy task. The company also plans to have local employees heading the divisions in next 2-3 years which requires the retention of the employees. For the retention of the local employees, they should be able to relate to the company culture and also link themselves to the future of the company as their own professional growth. However, since the Chinese culture and the Western culture which PDC is currently following have major difference, this might be a difficult task. Moreover, as the China PDC is still not a major PDC and usually works in collaboration with other PDC's, the employees may not get great compensations and as specified, local employees are willing to change jobs

for increased pay package, it may become difficult for Hi-Tech systems to retain the employees.

Employees are also to be provided the cross-culture training though it is not easy to train employees to absorb the cultural differences significantly; still it helps in reducing the cultural shock. Presently, there are no employees in Hi-Tech Systems China PDC who actually understand the Chinese culture as the three Chinese who are currently working as heads have also returned to the country after 10 years and have also never worked in the country. Hence, the company needs to rely more on their local employee and other market research to gain better understanding of culture. For cross-culture training, the employees also have to be willing and motivated to achieve organizational goals and assist in realigning the goals of organization with their culture (Laroche 2005).

Team building exercises and their initiatives are to be planned meticulously as Chinese people are habitual to formal and respectful in group gatherings. These types of initiatives would be appreciated by the employees, still the research on the local companies to gather the better way of conducting such exercises would result in higher success rate as the practices popular with western culture does not hold true for Chinese culture.

References

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