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MNCs are more likely to pursue global uniformity or differentiation

Introduction

The Multinational Corporations (MNCs) are an essential part of the world in terms of an economy that is directly associated with the employment and trading. The performance of the multinational corporations is based on its employment structure and the human resource capability. The employees are the primary factor to achieve competitive advantage based on their knowledge and skills. The realization of the importance of the human resource management is directly resulting in the best practice of the human resource policies.

As the multinational corporations are operating in a number of countries, therefore, such organizations face several kinds of challenges that local organizations do not face. One of these challenges for such multinational organizations is about managing the human resource. Human resource is the most important resource of the organization and without properly managing the human resource, any organization cannot flourish. Therefore, the human resource management of multinational corporations always seeks to practice the best policies of HR. The objective of these practices is to have skilled, knowledgeable and informative employees. The multinational corporations have to deal with a variety of cultures, languages and norms across national boundaries at different places. Therefore, they require quality employees (Kidger, 1999).

The multinational corporations are engaged in the process to transfer knowledge across the borders as it has considered as essential for the

human resource practices. The international human resource encourages the transfer of experience and knowledge to ensure the best practices of HR.

There are multiple reasons and purposes of why multinational corporations move knowledge and experience and their practices to different countries and regions. The practices of the organisations are valued which are considered to be a repeat and utilize in all parts of the enterprise.

The multinational corporations transfer knowledge and practices to develop a single culture across the national boundaries for the practices of the organisations. As a corporate culture for an MNC, the best practice is to have justice and equality cross the borders for employees working in different countries. The transfer of the knowledge, practices and experiences not always work effectively and efficiently as there are some factors that influence the practice of the multinational corporations. It has seemed that the multinational corporations have different policies across national boundaries as compare to the practices of headquarter (Rosenzweig & Nohria, 1994).

Aims of study

The aim of the study is to evaluate the HRM practices of the Multinational corporations across national boundaries to determine whether multinational corporations are more likely to follow the uniformity in Practices of HR policies across different national subsidiaries or to follow different policies in different places. The study aims to determine the factors that influence the selection of the multinational corporations among two different policies of HR practices.

Research question

This research study will answer the following research questions

What are HR policies of the Multinational corporations?

What are the factors that influence the transfer of the HR practices of multinational corporations to cross national boundaries?

Odes Multinational corporations used the strategy of uniformity in HR policies among different places or use different strategies?

Literature review

HRM Practices of Multinational Corporations

The multinational corporations have been emerged after world war since with the emergence trend of the globalization. The multinational corporations have been considered as the essential for the development of the world economies. These multinational corporations have helped the world economy in increasing the employment level and in encouraging different national investors to invest in other countries. The importance of the multinational corporations has directly resulted in a primary focus on the HR practices of the multinational corporations (Thite et. al. 2012). The concept of the international human resource management has emerged with the growing importance of the multinational corporations. There are some research studies have been done on the practices of human resource in multinational corporations. The researcher found that the Human Resource management is more sensitive at the local level rather than international level (Kidger, 1999).

Another researcher argued that the international human resource management is now more important and focused with the emerging of the

concept of the world economy. The multinational corporations' practices are limited in developed countries as the developed countries resist the transfer of the knowledge, practices and cultures in their countries. The researchers found alternative results in the prospect of some developed countries of Asia. For instance, Japan, Korea and China, which have an ability to diffuse the multinational corporation practice having their advanced economies (Edward et. al. 2013).

The multinational enterprise practices of human resource to have skilled employees having excellent communication ability and knowledge and information of cultures and languages of others. The multinational corporations transferred practices to the other countries to increase the business, to share common cultures and to share common practices. The previous researches have less focused on the international HRM practices and more focused on the practices of the HRM at the national level (Geppert & William, 2006). The international human resource practice is very different from the practice of the HR at the national level as the national level HR faced fewer influences and effects. International human resource management aims to first understand the behaviour of the employees at the organization and then the strategies are formulated. Particularly when employees belong from different cultural background then the role of international human resource management is critical in appropriately managing them. The national HR is not about to diffuse the cultures and practices and knowledge while the international HR practice are directly associated with the transfer of the knowledge and experiences. The

multinational corporations faced challenges in the practice of HR across the national boundaries (Rosenzweig & Nohria, 1994).

Factors that influence the HR policies of the Multinational corporations across national boundaries

Human resource policies have an important role in defining how the employees perform. If an organization implements positive human resource policies, then it ultimately increases the motivation of the employees. There are numbers of challenges that are being faced by multinational corporations. The multinational corporations have found to face major difficulty because of the parent country. The country where headquarter of the enterprise exist pressures the practices of the multinational corporations across the national boundaries (Pauly & Reich, 1997).

National pressure

The multinational corporations faced a major challenge in their practices as how to maintain the equilibrium between global economic need and the adaptation at the local level. The national background of the multinational corporations is the primary factor that influences the practices of the HR of multinational corporations to choose uniformity or differentiation and to maintain balance. The country from where the organization emerged is being considered as the national state of the multinational corporation and it resist the transfer of the knowledge and information (Minbaeva, 2005).

The researcher used the word borderless or nation less for the multinational corporations to clarify the concept of the national companies and multinational corporations (Pauly & Reich, 1997). The researchers revealed

that the primary influence on Multinational Corporation in terms of its practices cross the borders is from its origin state, or country means from where the corporation has emerged (Harzing, 2002).

Other researchers also supported the same view and said that the multinational corporations have found as being controlled by the national state beyond its concept of being international and global corporations and institution. The practices of the multinational corporations at the international level are being decided by the state of origin (Myloni et. al. 2004). There is some evidence have found in the researchers that suggested about the influence on the policy of the HR of multinational corporations and also about all multinational corporations have the national background and some origin. The policy of the Human resource is based on the choice of the origin state as the national state mainly decides about the policy of the multinational corporation for the international practices (Minbaeva, 2005). The researcher revealed the fact that the origin state supports the policy of the policy of the multinational corporation in those countries that have the same style of organisational practices, cultures and policies. The U. S has an almost same style of Human resource management, and its values as the Japanese have. The Japanese thus, supported the transfer of the multinational corporations to the United States. The Japanese believed to increase the international network same as the U. S. has, however, the U. S has more controlled system as compared to Japan in terms of having worldwide networks (Harzing, 2002).

The country or origin state impacted the HRM practices of the multinational corporations beyond the fact of having the low context of the culture or high

context. The differences in cultural context result in the low and high influence on the policy of HR across the national boundaries. The cultural context in eastern countries is high as compare to Western countries where the cultural context is little. The cultural contexts have a great influence on the HR policies as it resulted in the alliances, groups and supports (Harzing, 2000).

The multinational corporations have a significant influence on the selection of the uniform policy of HR in the context of national boundaries. The multinational corporations faced influenced by many other factors to select the policy of the HR (Myloni et. al. 2004).

Communication barriers

Communication barrier could influence the performance of the employees at the organization. The human resource management of the multinational corporations has faced issues in dealing with the employees having different cultures and languages. The language barriers directly result in the communication barrier, and it directly impacted the success and failure of the multinational corporations. The employees having different language faced challenges to communicate with each other and to communicate with management (Edward et. al. 2013). The Human resource management of the multinational corporations faced a challenge to practice same corporate culture across the borders due the language and communication barriers.

Cultural differences

The culture is the most important part of any country, and the norms and values of the people are mainly associated with their cultures. The every

country in the world has its culture that is different from each other. The multinational corporations used the strategy of having a different policy of HR at various places to cope up with the challenge of the cultural differences among employees across the national boundaries. The cultural differences are a significant problem for the multinational corporations as the employees across the border have different norms and values (Geppert & William, 2006). The research found that the culture differences directly influence the HR practices and policies such as the Japan have different norms and values for the organisational practices as compare to the practice of the UK. The Japan appreciated people to work with equal timings while the UK considered the overtime ad valued according to the ability and skills of the employees. The cultural differences also have an impact on the legal issues. Thus, the legal issues are also impacted the policy of the HR across the national boundaries. For instance, the liabilities issues in different countries resist the transfer of the knowledge and information and practices and thus directly impact the HR policy (Edward et. al. 2013).

Analysis & Discussion

The data found in the study shows that the multinational corporations are mainly focused on their policy of HR at local and national level rather than international level. The multinational corporations are whether global organisations, but it is being considered as part of national boundaries of the country from where it originates. The data found that the multinational corporations faced several issues and challenges in their practices across the borders of different states and regions.

The multinational corporations transfer its knowledge to cross the border to increase the global economy, global integrity and for the global interest. The transfer is considered as crucial to increasing the business across the world to improve the global economy, but the study found that the transfer is being influenced by many factors. The study is aimed to find the answers to the questions that what are the factors that affect the practice of the multinational corporations HRM whether to choose the policy of the uniformity or the differentiation? The question is being answered as there are some factors have been found in the study. The primary factor found in the study is national pressure. The national state of the multinational corporation influences the practices of the organization. The origin state of the multinational corporation resists the practices of the multinational corporation that resulted in a challenge for the multinational corporation to practice different HR policies across the borders. The national state always focuses on national interest.

The study also found that the cultures and languages of the other countries also influence the choice of the policy for the HR of the multinational corporations. The cultures of the different states resist the diffusion of the culture of another state on their own. The research questions of the study about the choice of the policy of the HR in multinational corporations is also being answered as it has found that the multinational corporations have found significant challenges to decide the policy of the HR across the national boundaries. There are different factors that influence to practice uniform policy while some factors influenced to practice different policies. The factor of culture and language barriers influenced the policy selection in

terms of having a different system in different places.

The multinational corporations have continuously involved in the process of transferring the knowledge and information beyond facing challenge and influence from the factors affecting the policy selection. The factors found in the study are constant factors and as it is not possible for MNC to have similar background and therefore, merging different cultures in one could be difficult. Thus, the multinational corporations are continuously involved in the process focusing on other solutions for reducing the influence of the factor impact of the HRM practices and policies. The multinational corporations are assumed to practice those polices which are suitable according to the situation and national policies. The factors found in the study might be discussed as some factors peruse to follow the policy of the uniformity. Among these factors, national boundaries are the primary factor. However, some other factors that influence to follow the policy of the differentiation among different places are cultural and languages barriers.

Conclusion & Recommendations

The study found that the multinational corporations faced some challenges in practices of HR across national boundaries and faced issue in deciding whether to practice uniformity or differentiation. The study showed that there are some factors that influenced the practices of management in multinational corporations. The major factors found in the study are national influences, communication and language barriers and cultural differences. The national influence is considered as the major factor to resist the transfer of the practices of the multinational corporations to other countries. As the

country from where the organization has emerged or the host country is mainly focused on the local interest rather than the global economy integration, thus it impacts the uniformity in policy.

The national pressure on the multinational corporations is found as the main factor influencing whether multinational companies (MNCs) are more likely to attempt to follow uniform HR policies across different national subsidiaries, or to follow different policies in different places. Some external factors have also been found in the study such as the liability issues in other countries and the reputations of the origin country. It is concluded from the study that the factors found in the study that influence the practices of the human resource of multinational corporations are the primary cause of the failure of the transfer of the practices, knowledge and information across the national boundaries. The culture and language barriers are also found as most important factors influence the international HR practices as the differences in cultures and languages create barriers to practice same corporate culture and structure. It is finally concluded from the study that the multinational corporations faced challenge and issue in HR practices, and it directly impacts the decision of the management to practice uniform policy or different policy at various places.

The study recommended to the multinational corporations that:

The organizations should practice effective management to deal with the major challenged

The management should understand the value of cultures and languages across the borders that would help to reduce the issue to decide upon the

policy for the human resource

The multinational corporations need to focus on HR issues more to decrease the rate of the failure of the transfer of the practices, knowledge and information and corporate culture.

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