

# Hrm less ethnocentric more polycentric

Business, Human Resources



Brewster, Sparrow and Vernon (2007) claim that there is a significant debate between those who believe that the world is getting more globalized and therefore all aspects of management, including HRM, are becoming more alike, and those who believe that each country continues to have its own approach to management in general and human resource management in particular. Organizations have several choices in structuring their international operations according to Perlmutter (1969).

The following two orientations mediate the response of organizations and how they structure themselves abroad according to such criteria as whether to emphasize the global or the local. Ethnocentric organizations are home country-oriented corporations which are run from the headquarters. The foreign subsidiaries are not given autonomy or power to make strategic decisions and are even managed by expatriates from the home country. Ethnocentric organizations seem to assume that practices that work in the home country will work successfully anywhere in the world without any kind of modification.

Cultural sensitivity is regarded as of little importance and the organization assumes there is only one way to manage and organize. Polycentric organizations are host country centered organizations in which each subsidiary is given autonomy in its own decision-making. Each subsidiary is considered as a distinct national entity. Most subsidiaries are managed by local employees who are seldom promoted to positions at headquarters. The practice of the polycentric approach is the belief that each country is unique.

This idea allows a company to adapt and develop unique business and marketing strategies to the cultures of each country the company works in. Franchises often use the polycentric approach successfully. These two orientations are not necessarily completely exclusive to one another but organizations should be able to change from one approach to another. Even though the rather arrogant ethnocentric approach might work in some circumstances, it has several flaws. The use of expatriates from the home country in the managing positions in subsidiaries is an important issue.

First and foremost expatriates are high-cost investments. The organization will have to cover moving and relocation costs for the expatriate and his/her family members such as schooling for the kids and possible medical treatment. Not to mention insurance costs. Different cultures have different values which affect an individual's way of thinking and behavior. According to Geert Hofstede's research (2001) on cultural dimensions, different countries and cultural areas differ tremendously from another.

Expatriates or their families might have severe difficulties in adapting to foreign culture and norms and no expatriate can ever adapt so well to a different culture that he or she would understand the foreign country's culture as seamlessly as a local-hired manager would. The polycentric approach recognizes the national and cultural differences and the need of the use of local managers. The use of ethnocentric approach is costly for the human resources making staff planning more complicated and selection procedures prone to errors.

The HR team has to diversify and adjust in being flexible to accommodate the host country's culture and employees' norms and social relations in the workplace. If the organization's HR team is formed ethnocentrically this might be extremely difficult or even impossible to accomplish. Even integrating the most basic HR systems might be problematic considering that the HR practices in the host country will most likely differ from the home country's practices.

The polycentric approach endows a company to be more flexible and more adaptive to the local environment in its HR management. The legislation of the foreign country has to be taken into account as laws that apply at the home country might not apply abroad. Laws of different countries should be respected and taken into consideration. The ethnocentric organization's subsidiaries will most likely be less innovative or lack innovation completely as all the strategic decisions are made at the headquarters and the subsidiaries are not been courage to innovation.

Due to globalization, the cultural sensitivity has become critically important, especially managing employees of different backgrounds and dealing with customers and suppliers of varying cultural backgrounds because ' what works well in one country doesn't necessarily work the same way in another'. In order to be effective global competitors and to be able to adapt to international environments more easily, the ethnocentric organizations and individuals should realize the advantages the polycentric approach offers and what the ethnocentric approach is lacking.

The ethnocentric style is just not very convenient or even applicable to the global world today. Cultural sensitivity to differences, which the polycentric approach offers, might determine the thin line between organization's success and failure. 2. What are the key features of the working environment that have an impact on an employee's level of performance? Armstrong and Baron (2004) define performance management as 'a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance.

As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved'. Employee's level of performance is related to numerous factors within the working environment, such as overall job satisfaction, training & development and management. Effective training targets the gap between what is expected and what is currently being done. This will make the employee aware of his goals and how they can be reached.

Training employees in the organization, where each employee fits in the organization and know how the organization fits into the overall industry creates innovation. That is, employees who have a knowledge framework delivered through training are creative in solving both short and long term problems. Training also increases the employee's job knowledge making him feel more comfortable in his job and performing at a higher level. Employee's developmental needs should from time to time be evaluated and addressed.

This means increasing the capacity to perform through training, giving assignments that find new skills and improving work processes. Providing

employees with training & developmental opportunities encourages good performance and helps employees keep up with changes in the workplace. Active career development is a huge motivator and probably one of the best ways to impact on the employee's level of performance. Thus employees are motivated to perform the best possible way to get a promotion or other career development path.

Career development gives the employee a clear focus on the career track ahead and creates even more employee friendly work environment with high learning. Performance appraisal may often be defined as a formal interaction between an employee and his manager, that usually takes the form of an interview, in which the past work performance of the employee is reviewed, trying to find weaknesses and strengths as well as opportunities for improvement in the future performance.

The performance appraisal is important for the development of the employee and can have effect on the employee's level of performance. There is a lot of research on the relationship between job satisfaction and work performance. Job satisfaction has said to have beneficial effects in increased work performance. E. g. Organ (1988) found that the job performance and job satisfaction relationship follows the social exchange theory; employees' performance is giving back to the organization from which they get their satisfaction.

Effective communication in the organization can also be discussed on having impact on employee's level of performance as ineffective communication is frustrating for employees and can become a source of a conflict. Lack of

information and misunderstandings can even lead to employee's inability to perform work well and therefore decrease employee's performance. A situation like this might occur when an employee is not aware of what is requested of them.

Effective and positive approach to communication in the organization provides employees with a clear understanding of what is demanded from them, with knowledge of what to do and what to expect. It's also crucial that the employees receive continuous and constructed feedback from the manager. For the organization, this creates effective performance of the staff. Some organizations use rewarding when an employee has shown exceptional performance to encourage and motivate its employees. Rewards can be monetary or non-monetary and show sincere appreciation of the employee's efforts or performance.

For the rewards and recognition to play part in the employee's level of performance they should follow closely the achievement being rewarded. In the end, managing and developing people have perhaps the most powerful effect on overall performance of the employees (Caulkin 2001). It's crucial for the managers of any organization to have the necessary managerial skills in order to provide the employees the necessary key features of the working environment so that the employee's performance is maintained or improved to a highest possible level.