

The hr policies in multinational companies



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A critical issue faced by host-country nationals with respect to HR management is the degree to which Multinational Companies (MNCs) include parent HR policies as part of global HR policies (Lawler, 1999). This greatly depends on the company structure, market structure, and its global presence. However, HR policies are affected by various factors that these MNCs need to incorporate once they start operating in host countries.

A major factor because of which MNCs incorporate these factors in their HR policies is due to culture; many of the HR policies of MNCs take into account the culture of the host country of which gender is an important factor (Lawler, 1999). If gender discrimination is not appreciated in the host country, companies will need to formulate HR policies accordingly, whereas in countries that discriminate on the basis of gender and is culturally and socially acceptable, then MNCs may or may not formulate policies based on it as then it would be the parent companies discretion as to how they would want to approach the matter keeping in mind the company values and objectives.

One way to study the culture of countries and understand how important the issue of gender discrimination is is by examining factors using Hofstede's cultural dimensions. These dimensions are power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance (Hofstede, 1991). To study the extent to which gender issues affect the HR policies of MNCs, it is more appropriate to look at individualism/collectivism rather than masculinity/femininity; gender issues in the context of HR is more about the degree to which women liberalisation is prevalent in the country rather than how masculine or feminine the culture of the country is.

Individualistic cultures focus more on personal accomplishments hence those cultures are more likely to influence MNCs to formulate gender bias-free HR policies when operating in that particular country; the study reveals that in individualistic countries, HR policies of MNCs do not discriminate people on the basis of gender (Lawler, 1999).

Globalization

The world today has become highly dynamic and competitive; globalisation has become the catchphrase in the business world where policies and strategies are developed as per global competitiveness (Joynt and Morton, 2005). Due to this factor which affects revenue generation and profits of organisations greatly, multinationals try and formulate bias-free policies when it comes to gender. A research was conducted to compare the HR practices in insurance companies of Indian and multinational companies; results showed that Indian companies discriminated salaries and job positions on gender basis; however, in multinationals, this practice was not evident (Kundu and Malhan, 2009). Today, what companies are looking for is a competent skilled employee who is the right person for the job; jobs are not restricted to males or females, rather they are about the right person. Hence, it can be concluded that in multinational companies gender does not affect HR policies if organisations are revolving their strategies and corporate objectives around 'globalisation' and are trying to gain corporate and competitive advantage on a global level.

European Cases

The European Foundation for the Improvement of Living and Working Conditions (2005) studied a number of European corporate cases that
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included the HR practices of companies operating in Europe. All these examples focus on how important gender has been in being a part of HR policies and finally in achieving corporate objectives. Grupo Texto Editores is a Portuguese company that realised the importance of gender equality and made it a part of its HR policies as the management felt that gender balance was extremely important in order to make the company competitive; this HR policy of the company has won it the Gender Equality and Quality Award by CITE in 2000 (European Foundation for the Improvement of Living and Working Conditions, 2005). According to Mr. Luis Pedro Nunes, Head of Global Human Resources Operations of the group, the company's success is largely due to the gender policy of the group; the HR policies have been built on the principle of hiring the right people and hence it automatically maintains a gender balance in the organisation.

Another case that the European Foundation for the Improvement of Living and Working Conditions (2005) has studied with respect to gender and HR policies is that of Nestle. Nestle France has faced major challenges with respect to gender imbalances in the company which has affected its reputation globally. The multinational's HR policies in recruitment and other areas such as training are seen to be highly discriminatory by the union; women are not promoted to senior positions, they are not sent on training, and much of their demands are not addressed by the senior management. This resulted in unbalanced salary structures between men and women, limited training opportunities for women, and very few promotions for women to senior levels. French legislation has passed considerable bills that

force firms not to discriminate on the basis of gender; companies with a workforce of over 200 are required to even have equality commissions.

Nestle France however falls short in displaying gender quality and hence falls behind other global competitors such as Danone. The management did get concern about the discriminatory practices in the company and hence conducted a survey which showed drastic discrimination against women. Nestle France consequently made changes in its HR policies to tackle this problem and by 2003 the company had female managers in high positions and a female member on its board. Nestle has also put certain mechanisms to ensure gender equality as part of its global HR policy. Nestle France clearly illustrates an example whereby how gender-biased HR policies can affect the reputation of companies. If companies do not address these issues, they fail to gain competitive advantage over other firms, just like Nestle France has lost it to Danone.

The Case of Norway

Gender greatly affects the reputation of countries because of which they continue including it in HR policy formation. Norway has been given the status of forerunners regarding gender equality in Europe; it is also among the top countries that promote female participation in the workforce.

However, the government of Norway, even after these statuses regarding gender equality, realised that the companies operating in Norway did not have much representation of women in leadership positions. To counter this issue, the government encouraged companies to formulate HR policies that give more opportunities to women and increase their role in leadership positions. Another reason they formulated such policies was because the

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country realised that they are wasting the 50% female population of the country and were not utilising these resources when females could contribute to the society in similar ways as men could.

The Ministerial Intervention at the EU Informal Ministerial Meeting on Gender Equality (2008) discussed gender bias-free HR policies as a precondition for building competitive organisations in the global corporate world. The MNCs also saw women as the future and a sign of modernity for them which encouraged them to formulate gender-friendly HR policies. Due to these reasons, the gender balance requirement was set in Norway which was at 40% in all companies. This has proven successful across Norway; hence, it can be concluded that gender does affect HR policies in multinational companies and other companies, especially when countries, as a whole, realise the strategic importance of gender bias-free policies.

Gender Pay Inequalities

One of the major reasons for gender-based discrimination in MNCs is pay (Blau and Kahn, 2007). Many labor force statistics reveal the existence of gender pay gaps. In the USA, an average woman had to work until April 2008 at the present gap rate in order to earn what an average man earned towards the end of 2007 (The National Women's Law Center, 2008).

Likewise, in the European Union, there are a number of MNCs being biased in their HR policies where the matter is related to pay structures. An average full time working woman in the UK would miss approximately £369, 000 in her working life (BBC News, 14. 11. 2008). At times, women do not even realise that they are being discriminated against on the basis of pay structures; in some cases, women may be aware of the discrimination as per

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company HR policies; however, they might not consider pay disparities as important when compared to other dimensions of work (Khoreva, 2009).

The Global Gender Gap Index

Gender, being a discriminatory factor in global HR policies, has become so important in today's globalised world that a need for a Global Gender Gap Index has arisen. Gender greatly affects the HR policies of MNCs, consequently creating gender gaps. The Global Gender Gap Index scrutinises the gap between women and men in four basic yet extremely important areas: economic participation and opportunity, educational attainment, political empowerment and health and survival (The Global Gender Gap, 2008).

It can be concluded from the report that the gap has been widening globally as the number of countries with widening gaps in 2006-2007 was 24, whereas in 2007-2008 the number was 41 (The Global Gender Gap, 2008).

Although countries with narrowing gaps are more than countries with widening gaps, the percentage of improvement is decreasing over the years; from 91% in 2006-2007, the rate has gone down to 87% in 2007-2008 (The Global Gender Gap, 2008). Hence, it is evident that MNCs globally are not addressing gender discriminatory issues in their HR policies as the Global Gender Gap Index is continuously increasing.

Conclusion

The discussion throughout this paper focused on different factors and reasons that affect HR policy formation; policy formation is not only based on corporate philosophies that promote gender equality or favor women,

however there are multiple ways by which gender affects HR policy formation in multinational companies. Gender equality greatly affects HR policies in multinational companies primarily because of the global village the world has shrunk into. The need of the hour is the integration of the entire world where gender plays an extremely important and crucial role. Gender equality has become a prerequisite in developing multinational companies into highly competitive organisations. The world has become so competitive that in order to survive, companies will not just have to include women in its workforce but also invest in their training and development in order to help them reach leadership positions in top management. If companies favour either of the two genders, they will never be able to achieve success levels that organisations having gender bias-free HR policies might have achieved or will achieve in the future. Incorporating gender as a major factor in formulating HR policies especially in multinational companies motivates the local population of the host country. It helps bring the youth of the country, both men and women, together in contributing to society and more by being part of these companies. Finally, equal opportunity policies should be formulated as HR policies of multinational companies so that these companies are able to develop trust between the people of host countries they are operating in and the MNCs as that will facilitate the entire process of global communication and make the world a better place to live and work in.