

International business essay sample



**ASSIGN
BUSTER**

Briefly discuss the three types of staffing policies in international business.

Discuss the staffing policies adopted by MNCs (Multi-National Company) operating in Singapore. Which is the most attractive approach and why? The

3 types of staffing policies are ethnocentric, polycentric, and geocentric.

Ethnocentric approach fills key management position with parent-country nationals. Advantage:

- * Overcome the lack of qualified manager in host country
- * Unify corporate culture.
- * Transfer parent-country nationals' core competency to host-country operation. Polycentric approach requires host-country nationals to manage subsidiaries and parent-country nationals to manage headquarters.

Advantage:

- * Alleviate cultural myopia
- * Minimise mistakes arising from cultural misunderstanding
- * Cheaper to implement
- * Transfer core competencies

Disadvantage:

- * Immigration policies may make it expensive to implement Geocentric approach seeks the best people internationally, regardless of nationality.

Advantage:

- * Make the best of its human resource
- * Reduces cultural myopia & enhance local responsiveness
- * Develop unifying culture

Disadvantage:

* Expensive to implement

Most MNCs operating in Singapore seems to be adopting the geocentric approach. This approach is most attractive as it enables firms to build a strong unifying culture, and cultural myopia is at its minimal within the company.

Staffing policies that multi-national companies (MNCs) in Singapore adopt are the polycentric and geocentric policies. These policies are generally acceptable practices in Singapore as Singapore is a first world country that is populated with many races and cultures. As such, cultural clashes and differences are minimised and well managed as both policies alleviate and build strong cultural cohesiveness. Therefore, it helps to develop and promote the corporate culture within, creating a more dynamic and versatile workplace for all. However, the most attractive approach of the two would be the geocentric approach. Even though it may be costly to implement, it not only seeks for parent company nationals to hold key positions, but anyone who is eligible with the requisite skills to do the job, regardless of his/her nationality. It further promotes the organisation culture as all employees will be competing for key positions equally.

Ethnocentric approach: it is the staffing of key management positions with parent-country nationals, it is more suitable for a firm with international strategy. Firms that use this approach believe that there is a lack of qualified individuals in the host country to fill senior management positions and it is the best way to maintain a unified corporate culture. However, using ethnocentric approach limits advancement opportunities for host country nationals. – Polycentric approach: it is the recruiting of host country nationals

<https://assignbuster.com/international-business-essay-sample/>

to manage subsidiaries in their own country, and parent country nationals for positions at headquarters, it is more suitable for a firm with localization strategy. Polycentric approach helps to minimize cultural myopia and also less expensive to implement. However, host country nationals have limited opportunities to gain experience outside their own country. – Geocentric approach: it is the seeking of the best people, regardless of nationality for key jobs, it is more suitable for a firm with global strategy. The approach is consistent with building a strong unifying culture and informal management network, enabling the firm to make the best use of its human resources. However, it can be limited by immigration laws and is costly to implement.

Among the three staffing policies, geocentric approach seems to be the most attractive for MNCs as it is suitable for firms with global strategy, helps to build a strong unifying culture, enabling firm to make the best use of HR. In addition, in comparison to ethnocentric approach, it will not lead to cultural myopia in the workplace. Also, even though polycentric approach will help to minimize cultural myopia, but it is more for firms with localization strategy.

A geocentric staffing policy seeks the best people for key jobs throughout the organisation, regardless of nationality. This approach enables the firm to make the best use of its human resources. Also, a geocentric policy enables the firm to build a cadre of international executives who feel at home working in a number of cultures. Firms pursuing this policy may be better able to create value from the pursuit of experience curve and location economies and from the multidirectional transfer of core competencies than firms pursuing other staffing policies. Also, this approach may reduce cultural

myopia and to enhance local responsiveness. The most attractive staffing policy as well as the policy used by MNCs operating in Singapore is the geocentric approach because it utilises human resources efficiently and helps build strong culture and informational management networks.