

INTERNATIONAL HRM

Section A:

This question must be answered by all students:

Boyacigiller et al (2006 p81) have stated that ‘A key difference between domestic and global managers is the need for global managers to deal with significantly greater complexity and to be open to the outside world.’ However, Baruch (2002 p36) has made the point that ‘although the concept of globalization reflects true business reality, the idea that there is a certain template-a “gingerbread man cutter” concept into which one should fit in order to be the successful Global Manager seems flawed’.

Critically evaluate these perspectives so that you address the arguments for and against these views.

Introduction

As the world of business has become increasingly globalised there has been a corresponding need to adapt the business processes which facilitate a successful business (Beardwell and Claydon, 2010). Human Resource Management (HRM) is a business function which has been forced to expand and integrate its remit to embrace international aspects of business and recognise that a ‘one-size-fits-all’ approach to managing employees is no longer acceptable in the modern business environment. This essay examines contrasting opinions of what comprises best practice in international HRM.

International HRM

French defines HRM as “a set of activities aimed managing organisational human resources at international level to achieve organisational objectives and achieve competitive advantage over competitors at national and international levels” (2010:12). He argues that the basic concepts of HRM do not differ in an international context, but the increased complexity of international cultures requires a further level of empathy and the ability to manage increased complexity. Dowling et al (2008) concur with this view and they suggest that the core aim of HRM remains constant regardless of the international context. In short, International HRM

Human Resource Management Assignment: Sample

(IHRM) is concerned with maximising the human capital of the organisation to achieve organisational goals, a view which aligns with that of Boyacigiller et al (2006:81).

Key Differences between Domestic and Global HRM

However, there is a wide body of knowledge which suggests that there are actually key differences between domestic HRM and international HRM. The literature appears to suggest that IHRM requires a further level of capability on the part of the HRM manager, as noted by Guirdham (2005). She suggests that there are three core differences between domestic and global HRM as follows. The first and most basic premise is that domestic HRM is conducted at a national level, whereas international HRM is conducted globally. The impaction from this is that International HRM is often more strategic in nature because it considers how core employees from around the world will work together. Secondly, domestic HRM can be introverted and is only concerned with managing employees at a national level, whereas international HRM requires the management of up to three types of employees; local, national and host. An example of a host employee is one whose nationality is neither that of the parent company or the country in which they are employed. For example a UK company may have a site in Saudi Arabia and employ a German to run the Saudi Arabian site (Ferner, 2007). Guirdham (2005), notes that each type of employee will require a slightly different form of management and support.

Thirdly, domestic HRM is generally concerned with a limited number of activities at a local or national level such as recruitment and selection and training and development. In contrast, international HRM is concerned with more complex matters such as expatriate management and relocation. As each country has different regulations and legislation covering foreign or expatriate workers this requires an additional level of management attention (Albrecht, 2000). Moreover, Ricks (2006) notes that many companies often fail to provide suitable induction programmes for expatriates when they re-locate them at other international sites. He argues that such inductions programmes should be almost entirely focussed on the unspoken cultural nuances that would help an international employee to integrate, for example advising them of social cultural norms and local customs. Ricks (2006) states that it “is very easy to unintentionally offend” (2006:119) when working in a different cultural environment, and he suggests that a good IHRM manager should be able to prepare employees for this.

Fourthly, Ferner et al state that “*domestic HRM is less complicated due to less influence from the external environment. IHRM is very complicated as it is affected heavily by external factors such as cultural distance and institutional factors*” (2011:485). It is this last core difference which illustrates and supports the view of Baruch (2002) that there is “no such thing as a global manager” (2002:36). The level of external influences and localized influence should lead us to conclude that on balance whilst it is possible to administrate HRM at an international level, for example determining where key employees would be serve the business, the actual management of HRM can only be successful at a local level because of the intricate level of localized knowledge that is required to function within each culture.

Attributes of a Successful Global Manager

Interestingly, Thomas (2008) argues that “what is essential in a global environment is the ability to work with individuals, groups, organisations, and systems that are unlike our own” (2008:255). He notes that differences matter and successful global organisations recognise that it is simply not possible to replicate the organisational culture of head office in another country. Similarly Luthans et al (2009) suggests that the three core attributes of a global manager should be “(1) a belief that differences matter; (2) openness to new and different ideas; and (3) cognitive complexity, or the ability to focus on both the “hard” and “soft” metrics in an organisation—the hard quantitative side along with the softer, people side” (2009:303). Luthans et al (2009) indicate that these are not necessarily skills that can be taught, and often require an inherent level of empathy and the ability to think outside of personal cultural norms. This further reinforces the view that IHRM is not a simple model that can be followed, but a complex and unique series of interactions which ensure that the organisation succeeds on a global level (Baruch, 2002; Thomas, 2008).

Conclusions

Thus having reviewed the alternative perspectives that IHRM is a simple process whereby HRM practices can be replicated on a global level, and the contrasting view that IHRM is highly complex and a “cookie-cutter” approach is inadvisable, the balance of arguments would be in favour of the complex view. This can be linked to the basic premise that people are different, and a failure to recognise and embrace differences within the overall aims and objectives of the business will undermine employees and alienate prospective customers.

Section B:

Nonaka and Takeuchi (1991) attribute the success of Japanese companies to the mechanisms and culture developed to harness tacit knowledge: on the job training, employee autonomy, long term employment and a cultural tendency to internalise experience. Using examples of relevant practice and drawing on models of international culture, knowledge management and other areas covered by HRM116, critically evaluate this view.

Introduction

According to Doeringer et al, Knowledge Management (KM) “comprises a range of strategies and practices used in an organisation to identify, create, represent, distribute, and enable adoption of insights and experiences. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organisational processes or practice,” (2003:266). There is a growing body of evidence amongst scholars of HRM that KM forms the basis of competitive advantage for many firms, and especially Multi-national Corporations (MNC’s) that transfer knowledge from one division of the business to another and adapt it for local needs (Geppert and Matten, 2006). This essay critically examines the view of Nonaka and Takeuchi (1991) that the success of Japanese firms can be directly attributed to their internal mechanisms for capturing and codifying organisational knowledge.

Best Practice in Knowledge Management

The concept of knowledge management has gained increasing popularity in recent years as many of the developed economies of the world have begun to focus on how they can leverage their internal knowledge for competitive advantage (Edwards et al, 2007).

Because different people learn in different ways it is often necessary for learning and knowledge transfer within organisations to take place as an iterative exercise. That is to say, it is necessary to repeat the information and develop it incrementally as further knowledge emerges as a result of external and internal influences and developments (Adler, 2007). Most scholars differentiate between tacit or unspoken knowledge which is embedded in organisational culture, and explicit or tacit knowledge. Whilst the latter is relatively easy to

Human Resource Management Assignment: Sample

identify and measure, the former can be quite challenging to define and transfer (Smith and Bond, 2006). Thus it is important for firms to develop a strategy or process to ensure that both types of knowledge are captured and codified, and that they are also transferred to employees on a global basis.

Redman and Wilkinson (2009) highlight that there is a vast range of knowledge transfer strategies which can be adopted to facilitate the effective transfer of knowledge and information within an organisation. These include knowledge repositories, ongoing review, multi-functional or cross-functional project teams, internal experts and storytelling. They argue that each of these strategies can be applied in different circumstances depending on the culture of the organisation and the type of knowledge that is to be transferred. They offer the example of transferring technical knowledge, such as a unique patent or an internal development after considerable research. Such knowledge should be easy to codify and transfer to other employees. In contrast tacit knowledge linked to organisational culture, or the “the way we do things around here” (Hofstede, 2003:82) is far more challenging to elucidate and transfer. Best practice indicates that it should be done in order to provide competitive advantage, but theory and practice do not always align, and other influences can make KM a difficult process.

Knowledge Management and Organisational Cultures

Leopold and Harris (2009) suggest that there is a link between successful KM and organisational culture, insofar as certain organisations have proved to be far more successful at KM than some of their contemporaries and competitors. As much of KM relies on successful mechanisms for internal communication this is not actually particularly surprising. Thus, organisations which encourage open communication and participation are more successful at sharing explicit knowledge, and often successful at sharing tacit knowledge. Leopold and Harris (2009) attribute this to the fact that organisations that encourage employees to work collaboratively derive tangible benefits in the form of faster and more effective outputs, and intangible benefits in the form of an organisational culture which is more cohesive and flexible. This view is shared by Jandt (2010) who notes that cohesiveness and flexibility are vital when conducting business and sharing knowledge internationally. To this effect he supports the view of Nonaka and Takeuchi (1991) that internalising knowledge

Human Resource Management Assignment: Sample

in order to codify it and prior to transferring it forms the basis of a knowledge-led organisation.

However Jandt (2010) proposes that it is necessary to extend the argument espoused by Nonaka and Takeuchi (1991) insofar as it is now necessary for MNC's to accept that different divisions of the organisation may have their own preferred method for capturing and sharing knowledge as guided by their local culture. Accordingly whilst the MNC as a whole may have a preferred strategy of capturing and transferring knowledge, this must be sufficiently flexible to accommodate knowledge transfer in different cultures. Tayeb (2006) shares this view offering the example of how different cultures are essentially brought up and educated to share knowledge in different ways. Tayeb (2006) argues that the well-known Nonaka and Takeuchi (1991) framework as set out in *figure 1* is the perfect example of this, as Eastern cultures often share knowledge and develop ideas “spirally”, that is to say they work around a subject to examine all of the angles before reaching a conclusion. In contrast, Western modes of thinking are very direct and logical leading from one stage to the next in a linear progression as shown in *figure 2* below:-

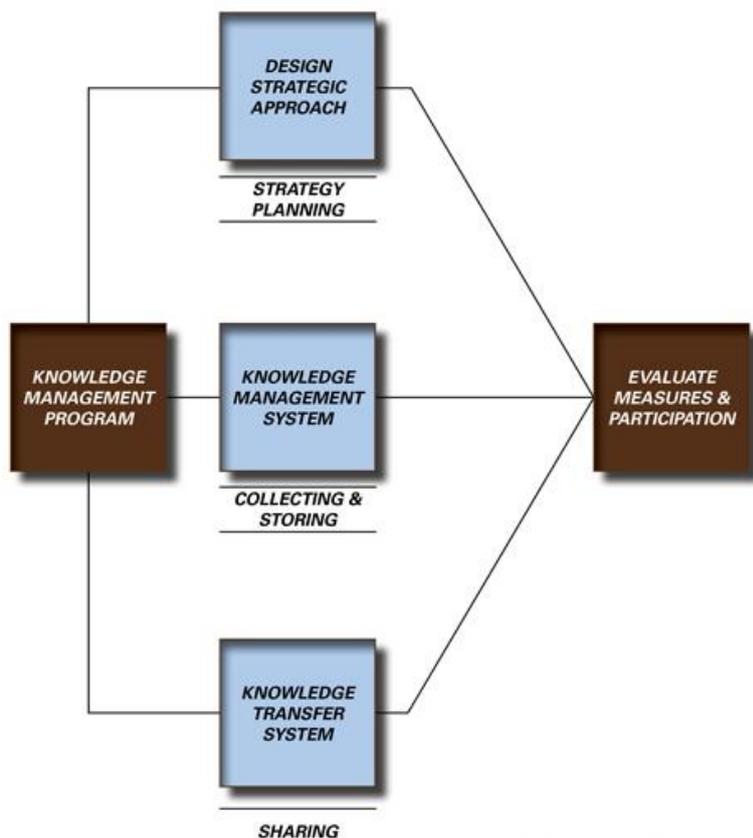


Figure 2: Knowledge Transfer and Sharing (Adapted from Tayeb, 2006:67).

Human Resource Management Assignment: Sample

The point to take from this is that both methods are effective and a MNC must recognise that attempting to force a national culture to adopt a means of sharing knowledge which is fundamentally alien to them is not going to be successful. Thus for knowledge transfer to be effectual the MNC must permit each cultural division of the business to capture the knowledge in the manner that they see fit, and then when this knowledge is diffused elsewhere in the business it must be adapted in recognition of the fact that different cultures will absorb the knowledge in different ways. What is important is that the fundamental message remains consistent.

Conclusions

In brief conclusion it can be seen that there are a number of methods and techniques for successfully capturing and sharing knowledge within an organisation. The literature seems to suggest that much of the success of knowledge management can be attributed to the culture of the organisational at a global level. What is also important is that when sharing knowledge internationally it is necessary to respect the different tools and techniques that cultures adopt, and to ensure that the message is consistent even if the method may not be.

Reflective Statement

When completing these questions I felt that I had read far more widely and gained a deeper understanding of what was required. Because the questions forced me to critically consider two sides of an argument it was necessary to first isolate the factors to be considered and then find further evidence which both supported and criticised the viewpoints that were held. With wider reading it was easier to see how it is possible to have diametrically opposed viewpoints on the same subject, and more importantly how the situation can arise. For example when discussing international HRM at first glance it is quite easy to see why some people may argue that international HRM is no different from domestic HRM because at the most basic level they address issues relating to people management. It was not until I read more widely that I appreciated that deeper levels of analysis exist which are perhaps more subtle but equally important. This is especially true when identifying the distinction between the 'hard' quantifiable elements of HRM and the 'soft' intangible ones. It is only possible to address these distinctions once a problem has been examined from a variety of perspectives.

Human Resource Management Assignment: Sample

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Human Resource Management Assignment: Sample

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