

**Managing HR in the Purview of Globalization: A Study of Cross Cultural Challenges and Strategies to manage them**

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**Abstract**

*With the rapid industrialization all around the world, with fast technological advances, cultural changes, increase in the number of economies which are opening their economies for the rest of the world, opportunities are several for the companies operating globally. But these companies have to face a big challenge that is to manage the workforce which are coming from different geography, history and economy. This workforce is an asset for the company on the one side and presents a challenge on the other side. As already mentioned it comes from varied backgrounds so they have difference values and work attitudes. Managing this different work attitude is a cumbersome task but important enough for survival of the organization. The present paper is an insight attempt in the direction of finding out the different cross-cultural challenges and strategies for managing them. Research Approach in this paper is exploratory in nature.*

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## **(1) Introduction**

When a company is walking in the race of globalization and moving its operations not in one or two countries rather it is covering whole world. During this transformation process, it has to act and react to many challenges raising before it and find the solutions for the same. As it is quite obvious that a Global Firm is expanding its wings not only in terms of just selling its product and manufacturing it another different place. While globalization process, it has to even start new ventures in different countries where it will not only manufacture its products but will develop new products (R&D), marketing strategies (Pricing & Promotion), financial operations (from where to raise funds and where to invest), and more importantly company has to manage those resources which will handle the all functions of the business for smooth and efficient running that vital function is Human Resource Management. But in the purview of Globalization, this HRM (Human Resource Management) has to change into International Human Resource Management as now it is serving a market quite heterogeneous from one's own country and as market (customers) are different so the people who will work there will be quite different having different set of values. This is because as in the Globalization, when the products can move from one country to another, possibility of movement of required human resource is not there.

## **(2) International Human Resource Management**

Before we go for International Human Resource Management, we must know general Human Resource Management.

Typically, HRM refers to those activities undertaken by an organization to effectively utilize its human resources. This activity will include at least the following:

1. Human Resource Planning
2. Staffing
3. Performance Management
4. Training & Development
5. Compensation and Benefits
6. Industrial Relations

The question is of course which activities change when HRM goes into International. A model developed by P.V. Morgan is helpful. He presents HRM on three aspects:

1. The broad human resource activities of procurement, allocation and utilization.
2. The national or country categories involved in international HRM activities:
  - ✓ The host country where a subsidiary may be located.
  - ✓ the home country where a firm is headquarter
  - ✓ The other countries that may be the source of labor, capital or other resources
3. The three categories of employees of an international firm
  - ✓ Host Country Nationals (HCNs)
  - ✓ Parent Country Nationals (PCNs)
  - ✓ Third Country Nationals (TCNs)

Thus, for example, the US Multinational IBM employs Australian citizens in its Australian operations (HCNs), may send its own country employees (PCNs) or it can send its Singapore's citizens (TCNs) to Japan country.

### **(3) Challenges before International Human Resource Manager**

International Human Resource Manager is the person who looks after all the activities of human resource management internationally. It is a well known fact that doing business internationally or globally is quite cumbersome task compared to domestic business as here in international scenario, we have to encounter many factors or forces which are beyond our control yet they play a vital role in deciding the destiny of our business. In the same way domestic HRM and IHRM are quite different as there are many unknown factors which may create problems for business if not forecasting and handled in a right way.

- ✓ Legal and Political Factors
- ✓ Socio-Cultural Factors
- ✓ Uncertainty Avoidance

### **(4) Strategies for Cross-Cultural Management**

1. **Organisation Culture:** The sole responsibility cannot be handled by HR people, it is the team effort and especially the Top management needs to be involved. The culture can be

built, where people become more open for such job rotations or cross functional movements. Succession planning, retention, talent management, can be acquired through proper opportunities for development of internal employees, and one option is surely cross functional opportunities.

2. **Prepare people for changes:** What if we had a process and a system to inventory internal employees' competencies and we held regular talent review meetings to discuss career movement and development for current employees? If all this could be on a regular basis, No one has to feel the embarrassment ever. The review meetings can give you most of the things in Black and white and it is either the HR department or the supervisor who can recognize the talents across organisation. So prepare your team leaders in order to make it successful and make sure that human resource team is trained and prepared to assist leaders and employees with questions.
3. **Grapevine:** Grapevine and rumors need to be taken care of when cross functional movements are to be decided upon, the matter should remain hush- hush before the formal communication goes out.
4. **Proper structuring and planning:** Generally Cross functional opportunities fail because of the reason that they are poorly structured and planning not being done in timely and orderly manner. Brainstorm, identify high potential employees, conduct review meetings, meet them at regular interval, create their IDPs (individual development plans) and then make a move.
5. **Here is another example:** Once the person was selected and was notified that the movement will take him a level higher than the current one, and very enthusiastically he informs his team members about the promotion and functional movement. And when he is all set to join this new position in a different city he was told that the function is different but because he does not have experience in this area so he will have to join at same level. And then he just left the company.

These are just few of the solutions for the healthy movement across functions, cost factor, behavioral training, competency development training, and office politics are some of the other things which are equally important.

## **(5) Cross Cultural Challenges and their Solutions**

1. One of the best opportunities to apply a knowledge and understanding of cross cultural differences lies in negotiation. For e.g. Americans are typically outnumbered in negotiations but for them there should be greater reliance on team work and division of negotiate labor and Americans place a high value on informality and equality of participants in negotiations. This may conflict with the customs and class structure of foreign cultures. To overcome the problems we can obtain information from self study and local agents on local attitudes and values.
2. There can be the language problem. If someone is going to be regularly doing business with a country, take the time, make the effort and learn their language. Select and develop a good working relationship with a competent interpreter.
3. Some people in comparison from other cultures may be blunt and impatient. The solution can be: understand that people from other cultures need to develop a sense of connection and personal trust in order to feel comfortable about doing business.
4. In some culture people like to state the case up front and are not accustomed to “feeling out” prospective partners. For them: need to slow down and recognize the need to ask the same question in different ways.
5. In some trends people are uncomfortable with silence during negotiations and often deal with their discomfort by running at the mouth they should always recognize that silence is golden. Reflect on the words that have been spoken and on your own objectives and values. In other words, value the silence. Take advantage of it.
6. Some officials favor a linear, organized, left-brain style of negotiating. This is not an universal approach. Recognize your own right brain capability. Embrace a more holistic approach toward negotiations.
7. This is a projection of an expectation which may not be shared. Accept a more gradual, supplemental view of negotiations and joint effort.
8. To remove rigidity in the negotiation, adopt a more flexible standpoint. Be willing to change the mind and to adapt to your opposite.

9. Cultural factors are important influences on the marketing of industrial products and must be recognized in formulating an International marketing plan. Different conventions regarding specifications are an important variable internationally.
10. One of the major requirements of a successful industrial marketing effort internationally is persistence. If a company wants to penetrate in other country's market, it proceeded realistically to implement this objective. The company should assign the responsibility to the govt. representative who had the experience and skill to guide the company's campaign to penetrate other country's market.

#### **(6) Cross- Cultural Training Methods**

While the matching of the correct personalities to the country and culture contributes significantly to business success abroad, the support and training given by the organization also plays an important role in the effectiveness of an expatriate assignment.

- **Area Studies:** This program provides factual preparation for a manager to operate in, or work with people from, a particular country. This program should be a basic type training programs for all the programs repercussions.
- **Cultural Assimilator:** Under this trainees must respond to scenarios of specific situations in a particular country. The programs have been developed for the Arab countries, Iran, Thailand, Central America, and Greece. The results of the trainees' assimilator experience are evaluated by a panel of judges. This type of program has been used more frequently in cases of transfers abroad on short notice.
- **Sensitivity Training:** It focuses on enhancing a manager's flexibility in situations that are quite different from those at home. With the introduction and facilitation of internet, this training can be provided through on-line.
- **Field Experience:** It exposes a manager to a different cultural environment for a limited amount of time. Although the expense of placing and maintaining an expatriate is high (and, therefore, the cost of failure is high), field experience is rarely used in training.
- **Language Training:** Cross-cultural and language training prior to departure featured high on the respondents' list of actions a company could take to assist their adjustment on arrival in the new environment and their on-the-job effectiveness.

- **Embrace local culture:** Many corporate credos include a promise to be best possible corporate citizens in every community operated in. Showing sensitivity to local customs helps create local acceptance and builds employee morale. More important, it contributes to a deeper understanding of the market and keeps the company from inadvertently doing something to alienate constituents.
- **Build Relationships:** Each country market has its own unique set of constituents who need to be identified and nurtured. Establishing and nurturing local ties at the various stages of the market development cycle develops relationships that can be invaluable in expansion and countering political risk. Many such emerging markets require long term commitment on part of the company.
- **Employ locals in order to gain cultural knowledge:** The single best way to understand a market is to grow with it by developing the human resources and business partnership along the way. The rest are locals who know local customs and purchasing habits of their compatriots.
- **Help Employees understand you:** Employing locals will give a marketer a valuable asset in market development. However, these employees also need their own process of adjustment in order to be effective.
- **Adapt products and processes to local markets:** Nowhere is commitment to local markets as evident as in product offerings. Global, regional, and purely local products are called for and constant and consistent product development efforts on a market by market basis are warranted to find the next global success.
- **Coordinate by region:** The transfer of best practice is critical, especially in areas that have cultural similarities. The company encourages its product managers from different parts to hold regular periodic meetings and share insights and strategies.

## (6) Conclusion

HR is an asset for a company not a cost because through HR only we can take our company on the peak of the seventh cloud as at the end of the end it is only the people or the individuals who work for an organization forms the very structure of the organization and set the path of success or failure for the company. In the international context it becomes more complex as we have to manage people coming from different countries and have to send them from different countries.

If the path is not correct through which transfer of people from one country to another is being gone, the individual have to pay most in terms of stress, decreasing performance for themselves first and in totality for the company, work-life imbalance situation causing a stress environment for the company and family. So by the above mentioned strategies and some solutions we can flexible the transforming process.

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