Developing Global Workforce Across Cultures

Swati Chawla*

ABSTRACT

International Human Resource Management & Cross-Cultural Diversity

Today, expansion of transnational companies, migration patterns and technological advances are the characteristics of an increasingly globalized world and economic system. Over the last two decades there has been a remarkable boost in global trade and the expansion of transnational companies have resulted in cross-cultural workforces. There has been an unprecedented increase in the number of organizations that have internationalized their operations. This has brought revolution and one of its repercussions the world is facing is the international movement of labor. Borders are no longer restrictive and therefore globalization is the key to growing interest in IHRM.

Key Words: IHRM, Hofstede’s Model, MNC, High Context Culture, Low Context Culture, Multiculturalism

INTRODUCTION

Just like domestic business, human resource plays a pivotal role in international business also. The type of people, willingness with which they work and the commitment they exhibit towards the organization gives a competitive edge to an organization and rather can be considered an important driver of success of any organization. But when it comes to International Business, managing a human resource is considered multi-dimensional because of the issues that give International HRM a broader perspective. Some of these are

- Framing HR policies for Home Country and Host Country
- Staffing Orientations
- Expatriation and its challenges
- Devising an appropriate strategy to compensate expatriates
- Developing managers, who can do business in different countries
- International Labour Relations
- Multiculturalism

* Swati Chawla : Assistant Professor, Management Education and Research Institute, New Delhi
Liberalization, Privatization, Globalization and advances in transportation and communication technologies have encouraged companies to expand internationally and trade their products and services on a global scale. The strategic objectives of internationalization—basically the two main areas of motivation to enter foreign markets are to tap either growth potentials or cost saving potentials. Human Resource is considered to be an element of cost-saving potential. Today developed nations are outsourcing their strategic functions to developing nations because of the availability of less costly skilled labour and less stringent labour laws. MNCs are capitalizing to make up the competent global workforce. But, to understand how to build a competent global workforce, it is crucial to first explore the forces that are driving these changes; which countries fail to understand. Failing to which, there has been an unavoidable clash between personal culture and corporate culture. Additionally, there are new challenges associated with global operations—including human and labor rights violations, corruption and local regulations.

**CULTURE AND THE WORKPLACE**

Culture is not a constant; it evolves over time. The world of international business today consists of people from different countries and cultures coexisting in real and virtual workplaces. This is a result of economic globalization leading to cultural globalization. To be successful in international business, managers must, therefore, understand the challenges of entering global market. The expansion of business in other countries requires possessing knowledge about their cultures and how to adapt to them.

The critical elements of culture encompass language, gestures, religion, values, attitudes, customs, manners and aesthetics. They contribute to attitude of a person towards business, towards work, towards ethics, and as a result affect the economy of the country. Since the national culture, as a system of deeply founded values, attitudes and behaviors of the members of a society (Leung et al., 2005) to a large extent determines the characteristics of other systems of the country (legal, political, economic and others), it implies that the culture of observed countries is one of the most important factors that must be taken into account in the case of entering at the international business scene. The different dimensions of national culture and their importance in how business is transacted in different parts of the world have been further explained with the help of different classifications proposed by various studies. Having in mind the fact that national culture has influence on the preferred style and the content of HRM in organisations of a certain country (Stone et al., 2006); the aim of this paper is to highlight the influence of national culture on IHRM. This paper is divided into five parts. First part provides a brief introduction of the IHRM
definition. The second part highlights the influence of National Culture and its
dimensions on IHRM as a basis for designing IHRM, is examined. In the third part,
Multiculturalism and Hofstede’s 6D Model is used to understand cultural differences
among the nation. The last and final part examines the cultural differences in
communication styles with the help of The Lewis Model.

DEFINITION OF INTERNATIONAL HUMAN RESOURCE
MANAGEMENT (IHRM)

What is IHRM? Actually, it is not easy to provide a precise definition of international
human resource management (IHRM) because the responsibility of an HR manager
in a multinational corporation (MNC) varies from one firm to another. Generally
speaking, IHRM is the effective utilization of human resources in a corporation in
an international environment. Scullion (1995: p.352) defined IHRM as “the HRM
issues and problems arising from the internationalization of business, and the HRM
strategies, policies and practices which firms pursue in response to the
internationalization of business”.

In most studies, the term IHRM has traditionally focused on expatriation (Brewster
and Harris, 1999). However, IHRM covers a far wider spectrum than expatriation
management. Four major activities essentially concerned with IHRM were
recruitment and selection, training and development, compensation and repatriation
of expatriates (Welch, 1994). Iles (1995) also identifies four key areas in IHRM as
recruitment and selection, training and development, managing multicultural teams
and international diversity and performance management. From the perspective of
worldwide people management, Hendry (1994) points out three main issues in IHRM:
1) expatriation management and development; 2) the management
internationalization through the whole organization; 3) creating a corporate culture
to internationalize the corporation to fulfill the increasing need of inter-cultural
interactions of doing business abroad and in home country.

Recent definitions concern IHRM with activities of how MNCs manage their
demographically decentralized employees in order to develop their HR resources for
competitive advantage, both locally and globally. The role and functions of IHRM,
the relationship between subsidiaries and headquarters, and the policies and practices
are considered in this more strategic approach. Dowling, Schuler and Welch define
IHRM as “a collection of policies and practices that a multinational enterprise uses
to manage local and non-local employees it has in countries other than their home
countries (Dowling et al., 1993: p2).”
Due to the development of globalization, new challenges occur and increase the complexity of managing MNCs. IHRM is seen as a key role to balance the need for coordinating and controlling oversea subsidiaries, and the need to adapt to local environments. Therefore, the definition of IHRM has extended to management localization, international coordination, and the development of global leadership, etc. (Gregerson et al., 1998; Scullion and Starkey, 2000).

To sum up, IHRM should not become a description of fragmented responses to distinctive national problems nor about the ‘copying’ of HRM practices, as many of these practices suit national cultures and institutions. Indeed, issues of concern in IHRM are those of consistency or standardization within diverse social and cultural environments (Nankervis, Compton & Baird, 2002).

**INFLUENCE OF NATIONAL CULTURE ON IHRM**

Culture has a strong relevance on International Business. The term culture can be variously defined. Culture can be explained as the acquired knowledge that people use to interpret experience, and passed on from one generation to another. Therefore, culture has an important role rather it becomes the basis for designing the models of IHRM. The world of international business today consists of people from different religions, cultures, nationalities and ethnicities and when they come together at organizational level, the complexities arise. So, it becomes really important to understand the dynamics of cultures of different countries.

The world of International Business requires managers to move from ethnocentric approach to polycentric approach. They should understand all cultures are important. Instead of understanding own culture superior it is important to have a cultural relativist approach. This necessitates cross-cultural training for expatriates. Now to impart cultural sensitivity training it is important to understand the basic nature of culture? For this multiple models of national cultures exist. These models offer useful basis for comparing management processes, HRM policies and business strategies across national borders.

About what is meant by national culture there are many answers. Geert Hofstede believes that national culture is a kind of mental programming, or patterns of thought, feeling and action that each person acquires in childhood, and then applied throughout life (Hofstede, 2001, p. 25).

National culture is subjective in nature and the category which is very much studied. Also that it is a convenient tool for explaining many phenomena in management, such as Strategic Management, Human Resource Planning, Business Ethics, Corporate Social Responsibility Leadership Styles, Organisational Structure/Model, etc.
The first authors who studied the national culture through certain dimensions were Kluckhohn and Strodtbeck (1961). These authors believe that the dimensions of national culture, in fact, reflect the fundamental issues that every society faces with (Kluckhohn & Strodtbeck, 1961). They pointed out that on each fundamental question there are three possible answers, which reflect the differences in the characteristics of national cultures of different countries. The overview of fundamental questions, i.e. dimensions of national culture, as well as the possible answers to these questions according to Kluckhohn and Strodtbeck are given in Table 1.

<table>
<thead>
<tr>
<th>The fundamental question / dimensions of national culture</th>
<th>Dominant belief</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding human nature</td>
<td>People by nature are good. People by nature are evil. People by nature are neither good nor evil.</td>
</tr>
<tr>
<td>The relationship with nature</td>
<td>People can and should master nature. People must subjugate nature. People should achieve harmony with nature.</td>
</tr>
<tr>
<td>The nature of human activity</td>
<td>People should strive to achieve specific goals and accomplishment. People should strive to develop themselves into an integrated whole. People should focus on living at the present moment.</td>
</tr>
<tr>
<td>Relationship among individuals</td>
<td>Individualistic - the advantage has own interests. Collateral - primacy have small groups and care for them. Lineal - relations between people are based on the relationships of dominance and subordination.</td>
</tr>
</tbody>
</table>

He argued that humans share biological traits and characteristics which form the basis for the development of culture, and that people typically feel their own cultural beliefs and practices are normal and natural, and those of others are strange, or even inferior or abnormal. He defined a value as: “A conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends of action.” (Kluckhohn, 1951, p 395).

It can be concluded by the researches mentioned above that that dimensions of national culture have some influence on the preferred content of the HRM system in organisations of the certain country. However, their contribution is reflected in the fact that there are some dimensions of leadership that are important to its effectiveness in different cultures, i.e. there are dimensions of leadership that differently affect the effectiveness of leadership in different cultures (Janiæijeviæ, 2013, p. 584).

Later on Edward T. Hall highlights language is the key to culture as it is the primary means of transmission of ideas and information. Language facilitates social interaction and fosters a system of shared values and norms. Hall study says instead of breaking down culture from national to business to organizational to occupational let us just classify culture in two broad categories – HC and LC Culture. In a low context culture, communication is clear and direct and people from this culture are individualistic in their approach (‘I’ approach). America is a good example of a LC Culture. In a high context culture, on the other hand, much goes unsaid and is collectivistic in their approach (‘We’ approach. Asian Cultures fall into this category.

This has an immense impact on recruitment and selection. How? The LC countries consider individual achievements as basis for recruitment and selection. The HC countries lay emphasis on team related skills than on individual competencies.

MULTICULTURALISM AND HOFSTEDE’S 6D MODEL

Multiculturalism, the consequence of globalization, is another challenge that is persisting in companies, especially those in developed countries. Globalization has reduced barriers for immigration. Today countries like Singapore, Canada, Dubai, Germany and the United States have gone through profound changes in their population profile. The immigrants have made population more diversified and manpower is more heterogeneous in nature now. Managing workforce diversity is another repercussion of multiculturalism. With business operation in different countries, work-related values vary. It is considerably important to understand culture
that affects the values found in the workplace. These variations bring differences in every country’s management practices and processes. Therefore, an expat working in any country needs to be imbibed local culture. Expat needs to acquire cross cultural competence while working in different host countries. To understand how culture relates to values in workplace, probably Hofstede’s 6 D Model is the famous and widely used study to compare cultures and cultivate cosmopolitan outlook and attitudes.

Professor Geert Hofstede defines culture as “the collective programming of the mind distinguishing the members of one group or category of people from others”. Hofstede collected data on attitudes and values in IBM Employees (1,16,000) in 70 countries and in 3 regions like E. Africa, W .Africa and Saudi Arabia. On the basis of his data he isolated six dimensions which highlight of how values in the workplace are influenced by culture.

The Hofstede model of national culture consists of following dimensions:

- **POWER DISTANCE INDEX (PDI)** - the degree to which power is distributed
- **INDIVIDUALISM VERSUS COLLECTIVISM (IDV)** - people’s self-image is defined in terms of “I” or “we.”
- **MASCULINITY VERSUS FEMININITY (MAS)** - “tough versus tender” cultures, society at large is more competitive or its opposite
- **UNCERTAINTY AVOIDANCE INDEX (UAI)** - the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity
- **LONG TERM ORIENTATION VERSUS SHORT TERM NORMATIVE ORIENTATION (LTO)** – normative or pragmatic approach
- **INDULGENCE VERSUS RESTRAINT (IND)** – Degree of happiness.

This model has become basis for international organizations to understand cultural differences of nations and thus developing learning programmes for leading across cultures. Moreover this model helps MNCs to develop cultural sensitivity trainings to be imparted to the expats. These pre-departure trainings make expats better equipped, when faced with the challenges of intercultural business, enabling them to work effectively and confidently in an ever-changing world.
Table-1 Japan, USA & Venezuela compared using Hofstede’s current dimensions

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>USA</th>
<th>Venezuela</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power Distance</strong></td>
<td>Lesser Inequalities</td>
<td>Least Inequalities; The American premise of “liberty and justice for all.”</td>
<td>Individuals in societies are not equal</td>
</tr>
<tr>
<td><strong>Individualism</strong></td>
<td>Collectivistic society</td>
<td>Highest ‘I’ Approach</td>
<td>‘We’ Approach</td>
</tr>
<tr>
<td><strong>Masculinity</strong></td>
<td>Highly Competitive and Goal-Oriented</td>
<td>Highly Competitive and Goal-Oriented</td>
<td>Highly Competitive and Goal-Oriented</td>
</tr>
<tr>
<td><strong>Uncertainty Avoidance</strong></td>
<td>Constantly threatened by natural disasters and have the capacity to recover from natural disasters within 48 hrs</td>
<td>Fair degree of acceptance for new ideas, innovative products and a willingness to try something new or different</td>
<td>Seeks mechanism to avoid ambiguity</td>
</tr>
<tr>
<td><strong>Long Term Orientation</strong></td>
<td>The idea behind it is that the companies are not here to make money every quarter for the share holders, but to serve the stake holders and society at large for many generations to come</td>
<td>Normative in nature STO</td>
<td>Normative in nature STO</td>
</tr>
<tr>
<td><strong>Indulgence</strong></td>
<td>Rigid and Inflexible; Restrained by social norms – Particular about their behaviours and how people should behave, everything is prescribed in great detail in an etiquette book</td>
<td>Work hard and play hard.</td>
<td>Highest Happiness Quotient; high importance on leisure time, and spend life as they wish.</td>
</tr>
</tbody>
</table>

Source: https://www.hofstede-insights.com/product/compare-countries/
CULTURAL DIFFERENCES IN COMMUNICATION STYLES – THE LEWIS MODEL

“By focusing on the cultural roots of national behavior, both in society and business, we can foresee and calculate with a surprising degree of accuracy how others will react to our plans for them, and we can make certain assumptions as to how they will approach us, (When cultures collide : leading across cultures; Richard D. Lewis.—3rd Edition)

Lewis plots countries in relation to three categories: Linear-actives - those who plan, schedule, organize, pursue action chains, do one thing at a time. Germans and Swiss are in this group; Multi-actives - those lively, loquacious peoples who do many things at once, planning their priorities not according to a time schedule, but according to the relative thrill or importance that each appointment brings with it. Italians, Latin Americans and Arabs are members of this group; Reactives - those cultures that prioritize courtesy and respect, listening quietly and calmly to their interlocutors and reacting carefully to the other side’s proposals. Chinese, Japanese and Finns are in this group.

The point of all of this analysis is to understand how to interact with people from different cultures. The Lewis Model emphasizes that any business interaction begins with communication. If communication fails, trust tends to break down. This model is a basis for expats to communicate effectively. The Lewis Model helps expats to:

![Lewis Model Diagram]

Fig 2. Cultural Types: The Lewis Model
• Analyse how different cultures are programmed, including your own.
• Understand the three categories, and find out where your personal orientation falls in.
• Identify the commonalities between different cultures and exploit them to build empathy.

CONCLUSION

This paper deals with one of the biggest challenges of the process of internationalization of business. That is the creation of adequate human resources management system. This is a challenge because employees who are employed in the entities abroad usually have different cultural background. This paper points out that the national culture is of a particular importance since this factor has impact on a deeply based way of thinking, attitudes and behaviour of people coming from different countries, nationalities and cultures. As a result, it is natural to expect that employees from different countries exhibit different preferences for policies and procedures in this area. Hence the employee dissatisfaction is correlated with IHRM system because of differences in the system of values and norms of behaviour of an individual. This paper highlights a clear link between dimensions of national culture and preferred policies and procedures in the field of human resources management. It is noted that the basis of all segments of IHRM is culture. Further, the dimensions of national culture are observed from the perspective of the referent authors in this field are presented. This paper has its limitations, which is primarily reflected in the lack of the empirical research that confirms the causal relationship between the dimensions of particular national culture and policies and procedures in the field HRM.

REFERENCES


Website:


