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Multicultural context of international human resources management

Introduction

International human resources management is the outcome of internationalization of economic activity of companies and capital groups. It is defined and interpreted in a wide variety of ways, for example as a method of managing employees in a situation when a company runs its economic activity in an international scale [Beardwell, Holden, 2001, p.634], "international human resources management" meaning a variety of activities involving people, aimed at reaching goals of international companies and fulfilling needs of these companies' workforce [Listwan, 1995] and as a highly qualified controlling activity which is directed at effective recruiting and taking advantage of human resources in the company active in an international market [Pocztowski, 2002, p.20].

In the last two decades international human resources management has been a subject of interest of both theoreticians and practitioners of management. This direct interest is the result of a growing participation of international capital groups in a global scale business which consequently constitutes the outcome of, among others, successive waves of fusions and mergers in companies as executed in international scale. This interest, however, stems also from the appearance of specific and complex social problems, among them cultural ones as well, as they are accompanying the functioning of this type of capital groups.

The goal of this dissertation is the analysis and evaluation of cultural context of international human resources management as carried out from the perspective of capital groups functioning in supranational scale. The basis for this research is the study of literature connected with this particular issue which is conducted by the author.

1. The range and qualities of international human resources management

The range of international human resources management embraces universal problems similar to those appearing in human resources management in the companies which operate in a national scale and specific problems characteristic in international business context [Pocztowski, 2002, p. 9] Traditionally and roughly speaking, this range coincides with the area of particular problems present in the process of recruitment of so called expatriants who are employees delegated by their mother companies to work in their overseas subsidiaries. However, in a wider perspective, international human resources management is perceived as a set of personal strategies and solutions of personnel problems which emerge in the process of internationalization of economic activity of the company [Scullion, 2001, p. 228].

Thus defined, international human resources management which can be related both to capital groups and individual companies running their activity in international scale, is characterized by the following features, differing it from human resources management in companies functioning in national context [Pocztowski, 2002, p.20-25]:

- a bigger number of ventures and personnel tasks connected with, among others, preparing managers and other employees delegated overseas to work in different cultural conditions, building personal and institutional relations in international environment, preparing special remuneration package for expatriants, coordinating the relocation of employees in international context, familiarizing with tax regulations of these countries where employees are delegated to [Paaue, Dewe, 1995, p.78];
- a bigger complexity of processes and tasks originating from heterogeneity of recruited employees who come from different countries and represent different nationalities;
- a stronger employer's interference in extraprofessional life, particularly as far as expatriants are concerned as they move to work abroad together with their families;
- a bigger number and complexity of interior and exterior factors influencing personal decisions. Among the most crucial exterior factors are technological advance and progressive in global scale, diffusion of technical and organizational innovations, freedom of cash flow, products, services and workforce, changing legal regulations connected with labour market and recruitment, frequent changes of international corporations' structures which have both a direct and indirect impact on personal decisions, political risk coming from a threat of war actions, terrorism or expropriation, financial risk connected with a change of exchange rates, risk of expatriants' failure, internationalization of trade unions' activity, consulting companies and

- employees' organizations. Interior factors are, among others: organization of production, logistics and distribution processes, work organization, informative-decision making systems, technological advance of IT and telecommunications infrastructure which is essential in functioning of these systems, level of qualifications of managers and employees, personnel policy and strategy accepted by decision-makers ;
- the importance of cultural context in solving the most crucial problems in all stages of human resources management process. Human resources managers are obliged to take into consideration cultural diversity in value systems, in defining the rules of personnel policy, in creating corporate procedures whose goal is to popularise multicultural diversity, creating training programs, in communication processes inside the company and offering help to managers and specialists who have been delegated to work overseas, to overcome culture shock.

2. International human resources management in multicultural environment

International capital groups functioning in a global scale but in a number of local markets, encounter influences of various national cultures. Corporate cultures of subjects constituting these capital groups are frequently varied as well. Human resources management in this type of companies takes place in a multicultural diversity context. In literature one can encounter the name 'intercultural management' which draws attention to the necessity of a various shaping of corporate culture and a different approach to personnel management in multicultural environment [Spillan, 1997, p.49-51].

'There exists a widespread conviction that globalization of life and economy has led to the rise of homogeneous culture, common to almost the whole world. Globalization of culture is connected however with its external layers, its products and not deeply rooted values which are behind them. Thus , this diversity must become a priority in management [Chmielecki 2010, p. 260]. National cultures and corporate cultures reveal plenty of similarities and differences. The denial of cultural differences' importance or their exaggerating may definitely lead to shock, cultural tensions and confusion. Cultural differences are an essential factor in building both relations between organizations and interpersonal relations. They may contribute to the growth of an organization and to the increase in the level of its competitiveness [Bertagnoli, 2001, s. 9.]. Their acknowledgement in decision making processes and personnel problem solving influences the improvement of both results of work and quality of it [Gilbert, Ivanicevich 2000, s. 94]. It is worth mentioning in here that in the circles of researchers dealing with corporate cultures exploration, there exists an unsettled debate between the perspective of convergence and cultural divergence. Some authors support

the idea of culture unification [Fukuyama 1997], while others are in favour of diversity and divergence of culture reinforced by globalization processes [Harris. Morgan 1996; Hofstede 2000; Huntington 2003].

The ability to effective work in a culturally diversified business environment, tact and tolerance while building interpersonal relations become nowadays a valuable asset searched for in employees and managers recruited by international capital groups. In accordance with certain views, employees of international corporations must learn to appreciate and respect other values, opinions and practices [House, Hanges, Javidan, Dorfman, Gupta, 2004]. The ability to cooperate in intercultural environment and team playing skills are among the most desirable ones between managers in international capital groups [Webster, 1992, s. 1-17], as has been highlighted previously.

According to A.K. Koźmiński, intercultural management focuses on behaviours, attitudes and interactions of managers and employees coming from various countries and representing more than one culture and it is based on an assumption that culture strongly influences the way people fulfill organizational roles [Koźmiński 1999, s. 205].

National cultures and corporate cultures of companies building an international capital group may vary. These cultural differences should be taken into consideration in human resources management, particularly while taking decisions and actions and preparing various projects from the area of human resources management involving managers, such as : leading internal negotiations in the holding, communication with managers with cooperating companies, establishing working hours, preparing remuneration systems, complying with the rules of sex, ethnic and religious equality while appointing to managerial posts.

A model proposition of building relations between a parent company and its overseas daughter companies, functioning within international holdings in multicultural conditions is proposed by D. A. Heenan i H.V. Perlmutter and connected with a variety of types of cultural relations between the headquarters of international corporation and its overseas subsidiaries (tab.1).

Table 1. Human resources management in international corporations in various types of cultural relations between the headquarters of the corporation and its overseas subsidiaries

Elements of human resources management in international corporation	A type of a relation			
	ethnocentric	poliocentric	regiocentric	geocentric

Power decisiveness	Centralized on the level of the board of directors	Relatively low in the parent company	High in overseas subsidiaries, close cooperation between subsidiaries	Cooperation between a parent company and daughter companies in a global scale
Recruitment and selection	Key posts are appointed by headquarters from the country a parent company comes from	Key posts are appointed by subsidiaries' own employees	Key posts are appointed to the best candidates from the region	Key posts are appointed to the best candidates in the global scale
Remuneration	High remuneration in headquarters, low in overseas subsidiaries	Diversity of remuneration adapter to local conditions	Remuneration dependent of subsidiaries' input in its results	Remuneration dependent of subsidiaries' input in All corporation's results
Personnel development	centralized, controlled by the headquarters	Independent of corporation headquarters	Limited to the area of activity of the regional unit	Complex, implemented in the global scale
Communicationn, flow of information	A flow of directives and orders from the headquarters to the subsidiary, controlling information in the opposite direction	Poor flow of information from and to headquarters and between overseas subsidiaries	System of Communications based on regional systems of communication	A complex system of Communications between headquarters and subsidiaries and between subsidiaries
Staff mobility	In the majority of cases from headquarters to overseas subsidiaries	low	High between subsidiaries in the areas of its activity	High, present in both directions

Source: the author's study based on [Heenan, Perlmutter 1997, s. 18-19]

The above table mirrors various approaches of high executive managers in international corporations which should be treated as its attitude to the process of internationalization. They are the basis for isolation of four types of corporations: ethnocentric, polycentric, geocentric and regiocentric. They also allow to characterize the attitudes of these corporations' management to human resources management issues connected with applied by them mentioned above orientation.

In the ethnocentric (monocentric) type of corporate culture there occur transfers of norms and cultural values from a parent company to its overseas daughter companies. On the level of a parent company it is assumed that daughter companies approve of cultural patterns offered by a parent company, regardless cultural differences. These very differences in the ethnocentric model are regarded as of little or no importance. Depreciation of the importance of cultural differences in reality may lead to maladjustment of operational systems and management tools to cultural determinants present in the host country. It can result in a poor efficiency in the area of personnel activity and wrong tools chosen for recruitment and selection of candidates for work, assessment, rewarding and development of employees and overseas managers in subsidiaries.

The assumption taken in the ethnocentric model that the country a parent company comes from is superior to the country a daughter company originates from, results in the import of personnel tools and operational systems and managers and personnel specialists from headquarters to its overseas subsidiaries.

The possibility of standardization of communication systems and coordination within a corporation in international holdings based on ethnocentric models, creates a chance for a decrease in management costs of such corporations which can be definitely considered an advantage of this model. It is worth mentioning here that headquarters play a key role in coordination and internal communication processes as seen from the whole company perspective.

A polycentric model of corporate culture is characteristic of a diversity of corporate cultures present in overseas daughter companies which is induced by influence of national cultures hosting these companies.

Cultural diversity in the scale of the whole corporation has its advantages and disadvantages. One of the advantages is a greater flexibility of overseas organizational units of the corporation which allows them to react to changes appearing in economic, legal and trade environment faster and more efficiently, as well as the possibility of stimulation of its employees creativity hired in these units with the usage of elements of various cultures. This multiculturalism however on the other hand hinders strategic human resources management in a global scale. Daughter companies located off the country the parent company is located in, have a bigger freedom as far as communication with the headquarters is concerned as compared with the ethnocentric model. It allows these companies to better adjust coordination processes to conditions present in the hosting country, but on the other hand it may simultaneously lead to building communication barriers between them and headquarters.

The consequence of polycentric orientation of the management of international corporation is a Lack of possibility of standardization in the scale of the whole group of recruitment and selection systems, assessment, motivation, and

programs of development for both managers and specialists and unification of organizational structures and channels of internal communication. It leads to employment in daughter companies of staff from the hosting country only which considerably limits their chance for promotion in headquarters located off the hosting country.

The most crucial assumption of a geocentric model of corporate culture is the integration of headquarters culture and its overseas organizational units. It is systematically accomplished by purposeful stimulating the development of elements of corporate culture of the parent company and national cultures of countries hosting daughter companies. The effect of this integration is the rise of homogenous corporate culture different from the culture of the parent company and cultures of daughter companies. The course of coordination and internal communication processes in international corporations functioning in accordance with a geocentric model is characteristic of mutuality, both between headquarters and subsidiaries and overseas subsidiaries themselves. It can result in prolongation of information flow but at the same time it creates a chance for reaching the synergy effect. It also creates a chance for division of competence as far as recruitment, remuneration and development of managers and employees is concerned between a parent company and daughter companies.

In a regiocentric model of corporate culture one deals with the appearance of the elements characteristic for both polycentric and geocentric models on the area limited to a certain region. The cultural base for human resources management here are regional values and cultural norms. They allow to implement strategic, cultural and social integration in functioning corporations in accordance with assumptions of a regiocentric model in the regional scale. Operationalization of management in these corporations enables the usage of managerial practices and operational systems and tools adjusted to regional conditions of functioning daughter companies. Its characteristic feature is the mediation of corporate representatives in the processes of coordination and communication between headquarters and subsidiaries. These representatives play a role of organizational units whose task is to regulate these processes in the scale of this region.

3. International capital groups' personnel strategies

Hierarchic and result relations between headquarters and subsidiaries located overseas in international capital groups active globally, treated as a criterion of personal strategies division in this type of corporation, allows to distinguish four types of corporate personnel strategies: monolithic, pluralistic, global and transnational [Stor, 2007, s. 79]. Simultaneously, global personnel strategy of the whole international corporation forms a base for building the following personnel strategies in its daughter companies: implementary strategies, progressive strategies, standardization and diffusion-capitalization strategies [Stor, 2007, s. 79].

Characteristics of the mentioned above corporate and local personnel strategies in international corporation is represented in table2.

Table 2 Types of personnel strategies in international capital groups

Corporate personnel strategies			
monolithic	pluralistic	global	transnational
Centralization of decision on the level of corporation. . Lack of autonomy of daughter companies in the area of personnel issues. They implement headquarters' solutions	Adjustement of headquarters' solutions in personnel issues to local solutions. A high level of daughter companies autonomy. They frequently create their own personnel solutions.	Aspiration to create standardized personnel solutions, which can be applied in any overseas organizational unit. Centralization of decision making while trying to maintain a certain daughter companies' autonomy	Development of the best local personnel practices. They can be transferred to local units or become a part of the human resources management system common for the whole corporation . Local personnel strategies contribute greatly to a global personnel strategy of the whole corporation or daughter companies.
Local personnel strategies			
implementary	progressive	standardized	diffusive-capitalized
Originating from a monolithic strategy Aiming at creating local conditions enabling to implement the headquarters' personnel solutions	Originating from pluralistic strategies. Aiming at development of various local personnel solutions, adjusted to the character of local units	Originating from global strategies. Aiming at constant adjustment of local personnel solutions to improved corporate standards	Originating from transnational strategies. Aiming at creating local conditions for the development of daughter companies human resources capital. It is an added value which through internal diffusion of knowledge and skills capitalizes on the level of the whole corporation or its daughter companies

Source: Stor, [2006, s. 317-322].

Implementation of each of the mentioned above strategies requires a certain level of corporate strategic integration. Within each from the presented above, goals and tasks are defined which refer to particular elements of human resources management such as recruitment, remuneration, assessment and development

of employees and managers compliant with the norms of personnel policy and strategic goals of a parent company.

Conclusion

Multicultural character of the internal corporate environment and the architecture of these corporations lead to the rise of specific social problems. International human resources management of this type of corporations of global range should be oriented at efficient problem solving. Efficiency of human resources management in international corporations to a large extent is dependent of competence, behaviours and attitudes of managers who perform their job in a global environment of the whole company and multicultural internal environment present in daughter companies. One of the key skills of these managers is the ability to build appropriate interpersonal relations and taking the right business decisions in this type of working environment.

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Abstract

This paper is dedicated to the analysis of the cultural context of international human resources management. The issue has been presented from the perspective of international capital groups active in the global scale. A variety of different definitions of international human resources management has been presented, as well as its range and characteristic features which distinguish it from human resources management functioning in a national scale. The analysis of various models of multicultural environment where processes of international human resources management takes place, has been carried out. Personnel strategies built and implemented in international corporations have also been discussed in a synthetic manner.