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Globalization and HRM: From Discrepancies to Adaptation

A. T. M. Sayfuddin
Lecturer, College of Business Administration
International University of Business Agriculture and Technology, Bangladesh

Abstract:
Organizations, in this phase of globalization, around the world are not confined within a specific territory. With the blessings of science and technology, ideas and practices of businesses reach throughout the world. As a result, globalization is creating a new dimension of competition in the global market. To survive in this intense competition, human resource management (HRM) of an organization possesses the key position, which is not beyond the influence of globalization again. The impact of globalization on HRM is mainly of two dimensions: firstly, globalization requires the organizations to standardize their HR practices in the international level; and secondly, the organizations have to adapt their HR activities with the local cultures and practices. As a result, organizations necessitate aligning their HR practices between the demand for standardization and the adaptation of local practices. Ulrich's HRM model provides four very crucial roles of HRM, a proper application of which considering the global and local demands can be a successful initiative. This paper, based on review of previous literatures, shows the implications of Ulrich's HRM roles incorporating Hoffstede's five cultural dimensions across cultures. Moreover, it reflects on possible ways the HRM transference may occur together with immanent constrains.

Key words: HRM, Globalization, Cross-cultural differences, adaptation

1. Introduction
Globalization has various influences on the organizations operating worldwide and more especially for the firms, which are associated with customers with greater expectations of effective cost, quality and efficient performance. On the other side, globalization also creates pressure on Human Resource Management (HRM) practices to adjust with the divergence throughout the world and to create more value. Research indicates that an efficient human resource management is crucial for companies' financial performance in various countries (Khandelar & Sharma, 2005).

Literature review of Globalization and HRM has revealed that there are researches, especially focused on the impacts, implications, trends, future directions and etc. of globalization. But, majority of them are on specific countries or the focus of the paper is rather narrow. For example, papers on implications of cultural differences in HRM are without directions as to overcoming the constraints of differences. On the other hand, papers on adaptation of HRM in global context lack focus on differences and subsequent impacts on HRM across cultures.

This paper, therefore, focuses on how differences in cultures affect human resources management followed by a reflection on how the discrepancies may be minimised for a more effective and efficient HRM in this globalized economy. In order to do so, firstly, the importance of HRM and some recent trends in global market have been illustrated. Then, the implications of globalization on HRM have been analyzed through Hofstede's five dimensions using Ulrich's model. And lastly, an overview on the impacts of globalization has been presented followed by an illustration of possible direction as to how global HRM adaptation may take place.

2. Importance of HRM in Globalization
According to organizational psychology, successful and sustainable organizations do not depend exclusively on durable competitive advantage and market realities. In fact, there are so many factors. According to Pomoni (2009), those are successful organizations, which regard human resources as the most significant asset. Wilkinson et al (2001) distinguished two core subjects that hold central position in the discussion of organizational success from the sustainability standpoint. The first one is concerned about the changes that companies make so as to sustain their competitive advantage. This is perceived as the kind of development that meets the requirements of existing generation together with ensuring future generations' social, economical as well as environmental needs. The later theme emphasizes on the ethical and deliberate practices of human resource management that can accelerate and maintain staff development. In addition, it should convene the sustainable aim of an organization.

Wilkinson et al (2001) view that both of these concerns can be dealt with in an integrated manner as each of them necessitates a holistic goal, a long-standing viewpoint and an alteration in the criterion of attempting to ensure instantaneous profits. This point of view is further enforced by Eisenstat (1996) according to whom, human resource management is the key determinant of

organizational success and is able to include the issues regarding sustainability within the range of diverse relationships those interact within and outside the company.

On the other side, a common characteristic of global business in nowadays is the frequent flow of financial and human resources, more predominantly in the developed nations. Thus, globalization is creating new markets in the world economy that emphasizes the necessity of managing human resources in a more effective way to sustain competitive edge of businesses in the global market. The recognized factors, which impacts human resource management in the global atmosphere are: a) Political system-legal framework, b) Economic system, c) Culture and d) Human resources (Noe at al, 2006). Thus, while HRM possess the prime value for an organization's success, globalization poses a new dimension of challenges that again accentuates the significance of HRM.

3. Trends in the Global Market

The Society of Human Resource Management (SHRM) recognized some key global trends in the area of human resource management. In the year of 2006, managers of human resource stated that the propensity of firms for global expansion, enhanced cross cultural awareness and economic development in Asia were presumably to have influence on organizational practices (Schramm, 2006). In the year of 2004, they recognized some global trends that include: increase of awareness across cultural boundaries, augmented exporting of manufacturing as well as "white collar jobs" from USA and lastly, pressure of European Commission to conform to employment regulations throughout the European nations (Schramm and Burke, 2004). The key reason behind exporting jobs to undeveloped and developing countries from developed countries is the lower cost of labour (Babcock, 2004). Development in telecommunication and internet technologies has allowed businesses to outsource certain jobs, for instance customer care and technical support to the countries where the labour cost is lower.

On the other side, HRM practices also differ from one country to another. Such as, the payments of severance for dismissed employees in USA range from 1 week whereas in Spain it is 9 weeks for each year worked (Falcon, 2004). Again, the accepted duration for medical and family leave differs from twelve weeks in United States to one year in France (Falcon, 2004). Hence, there are variations in the practice of human resource management. The other practices of HRM are also impacted by globalization including labour relations, salaries, benefits etc.

4. Ulrich's Model of HRM

Ulrich (1997) developed a model of HRM that comprises of four roles: strategic partner, change agent, administrative expert and employee champion.

Strategic partner, the first role, necessitates the manager of HR to initiate the HR activities in line with the strategic goal of the organization. The next role, change agent, brings about a transformed and improved organization, which is more capable to compete in the intense competitive market. The subsequent role, administrative expert, provides effective procedures (such as recruitment, training, workforce planning, compensation, performance appraisal, job analysis etc.) using modern technologies as well as superior processes. Finally, employee champion, increases contribution and dedication of employees in two distinct ways. Firstly, managers of HR pay attention and act in response to the requirements of employees with existing resources spending almost 19 percent of times dealing with the issues like discipline, motivation, concerns regarding workmates etc. On the other hand, HRM activities maximize skill, aptitude and understandings of employees in order to contribute in organizational efficiency (Ulrich and Brockbank, 2005).

5. Cross Cultural Implications of Ulrich's HRM roles: an investigation through Hofstede's Model

Differences across cultures impact dissimilarly on the HR roles of different nations. Hofstede (1980, 1993 and 2001) explored cultural differences across national boundaries and developed four dimensions, which was subsequently added by another dimension. All these dimensions are: power distance, individualism, uncertainty avoidance, masculinity and long term orientation. In this section, these five dimensions are used to examine and explain cross cultural implications of HRM roles developed by Ulrich (1997).

It should be noted that the implications of each HRM role in international trend and cultures are not equally exclusive. Such as selecting a job for outsourcing is a strategic choice (strategic partner); on the other side, executing that decision in an effective way is an operational concern (administrative expert). In the following section, Implications of cross-cultural differences in globalization are described using Ulrich's (1997) HRM roles.

5.1. Strategic Partner

Companies, now a days, prefer mergers and acquisition for achieving their desired growth; whereas, HRM has a prime position to align their strategic choices across national boundaries (Aguilera & Dencker, 2004). But, sometimes, mergers cause fall in shareholder value and the most likely reason for this frustrating outcome is that the HR executives are not very often involved in this integration process. Again, after the completion of integration process, globalization keeps influencing on the HR planning and staffing of organizations. In response to this continuous influence organizations need to develop globally compatible framework.

Differences in culture across nations pose execution concerns for HR managers, which ultimately necessitates HRM to take leadership role. In an organization where there is high power distance, superior management has a tendency of viewing themselves as upper status people and consequently keep a distance from the lower management. Again, in an organization characterized by masculinity, HR managers enhance accomplishment and independence while developing strategic proposals. Moreover, in case of higher uncertainty avoidance managers of HR present comprehensive schedules and plan so as to reduce

anxiousness that results from uncertainty. Long-terms vs. Short term orientation may have impact on the attributes of justifying investment. For instance, countries like Japan and China (long term oriented) consider returns from an investment of five years whereas countries like Russia (short term oriented) prefer annual returns. Lastly, individualism vs. Collectivism also influences on strategic initiatives. Countries with individualism (for instance UK, USA, and Australia) are open to HR activities and enhance success and obligation at the individual level whereas collectivistic countries (Pakistan, China etc.) prefer success and obligation at the collective level.

5.2. Change Agent
As a result of globalization, organizations come into contact with different cultures, languages and traditions that create new challenges for the companies. This ultimately necessitates an effective change agent role from HRM. But cultural differences also determine HR managers' role as change agents and leaders.

Changes very often take long time to get the desired result. As a result, HR managers in short term oriented cultures should use goals and schedules more frequently and employ metric in relation with short term results in order to ensure that the company does not terminate the change before it gives the desired result. Again, as changes increase anxiety, an organization with lower uncertainty avoidance is likely to welcome the changes whereas it may not be much accepted by a company with higher uncertainty avoidance. On the other hand, a firm in masculine culture can be an impediment for change agents who prefer cooperation and interdependence other than self- dependence and being assertive. And in case of high power distance, it may be difficult for the change agent to get access to higher management; nevertheless, HR managers must remove these difficulties to make the change succeed. In sum, change agent's leadership approach has to be compatible within the context.

5.3. Administrative Expert
Globalization forces to be more effective and efficient in various ways. Firstly, intense competition for limited resources and growing demands from the customers to provide the products and services in a cost-effective, prompt manner. Secondly, the reality recognized by organizations that reduction in cost results in greater profitability. And thirdly, greater proficiency facilitates quicker delivery period. Such as timely staffing and proper selection of personnel across national boundaries decreases costs and open up new opportunities. In global context, the services of HRM are therefore crucial. In relation to efficient and proper staffing, administrative expert role has a notable implication that may entail an extensive Human Resource Information System (HRIS), which renders in-time information for making proper decision throughout the world.

Greater administrative efficiency may involve changes introducing personnel to latest technologies or outsourcing of HR practices. Since, a lot of these changes entail huge investment; organizations of higher uncertainty cultures need a guaranteed return from investment as expected. On the other hand, sometimes new technologies necessitate support from higher management; but top management with high power distance may create impediment in active participation of lower management. Moreover, Speed of change is influenced by cultures. Such as firms in china welcome new process and technology that need prolonged period to be implemented; on the other hand, short term oriented companies accept changes that can be completed within short time.

5.4. Employee Champion
Employee champion role is for increasing employees' contributions towards organization and to advocate for their rights. The introduction of distance learning and e-learning can facilitate the companies to improve personnel in the international level at a lower expense. On the other hand, world wide expansion of businesses is increasing the amount of expatriate employees and personnel coming back to home country. HR practices therefore should include proper selection, socialization and expatriate training program (Babock and Du-Babock, 2001; Harvey and Novicevic, 2001). In addition, political instability, increased rate of migration and other economic issues are creating new dimension. Thus, sensitivity to various employees from diverse regions of world poses challenges with regard to employee champion role.

The role of employee champion is to make most of employees' contribution where training and career advocacy can be used as useful tool. Yet, a number of cultural issues may resist the development. Personnel from high uncertainty avoidance culture are likely to reject developmental initiatives as transference, new skills learning and risk taking might be needed. On the other hand, manager may be reluctant for training and developmental program because of lack of assurance for getting proper profit or revenue. Consequently, outcome of this type of program should be evaluated in advance so as to avoid the uncertainty (Tyler, 2002). In addition, in the culture with high masculinity and power distance, advocacy for career progression as well as employees' right would be challenging. With regard to training programme, collectivistic culture may involve group based training whereas a personalized training programme for particular individuals would be more appropriate for individualistic cultures. HR executives should take into consideration about the time-span before initiating developmental plans, as an extensive plan may be suitable for a long-term oriented culture.

6. Impact of globalization on HRM: An Overview on the Development of new approaches
As globalization has an all-embracing effect on human resource management and organizational operations, in some cases globalization generates demands for a universal, more frequently perceived as "best", assignable range of HRM practices, which can be dispensed across national boundaries. These set of practices are regarded as much influential that can even overrule the current systems. On the other side, HRM systems based on countries are also considered as more appropriate, to some extent due to the systematic foundation of specific culture as well as institutional settings. Based on these notions, globalization mainly requires for two basic approaches: a) Universal approach b) Contingency approach.

6.1. Universal Approach

Globalization has added a new dimension to HRM practices through opening up the national boundaries among countries and enabling the external forces to penetrate into any marketplace. As the world is becoming closer, both local and multinational companies are expanding their business across national boundaries that direct them to be introduced with HRM practices of other countries. Consequently, the outcome is more publicity and grater importation of HRM practices throughout the world (Kerr et al, 1962). In case of management (including HRM), an insinuation is the existence of pervasive truth, which can be employed all over. In addition, as a result of social, political, economic and technological changes along with globalization, there is a common propensity among the countries and their HRM to be similarly characterized by the imitation and shift of practices (at times perceived as "best practices") within them (Bae and Rowley, 2001).

Though, there exist some controversies in the contents and inner meaning of "best practices", as some practices are considered as "best" based on "fashion" or other successful companies' actions, a number of which were unsuccessful eventually; the insinuation is that advantage from HRM requires an integrated and widespread inclusion instead of picking and mixing some isolated practices.

6.2. Contingency Approach

In contrast to the universal approach, contingency approach tries to explain the subsisting multiplicity within the nations along with the regional groups (such as: Asia) (Rowley, 1997; Turner and Auer, 1996). In reality, there is no existence of "best practices" in organizations (Armstrong, 1999). Instead, the effects of practices depend on the relationship between HRM and firm's strategic position along with the national context (for instance, culture and institutions) and contingent variables (Bae and Rowley, 2001). These hinder the demands for convergence. Moreover, differences in HRM practices not only result from just observable variations, for instance size of firms or level of economic and industrial development of nations but also from working environment along with its scope, influence and nature of technological involvement and usage. Locke & Kochan (1995), after exploring HR practices in several nations found that though new approaches were observed as a result of emerging interrelationship among the countries, the nature and scope of dispersion differed noticeably due to variations in contextual history, organizations as well as strategic visions of firms. Briefly, in spite of globalization, different HR practices across nations persist since distinguishing cultural, political, economic and organizational frameworks limit changes and convergence of HRM.

7. Transference of HRM: Stage, Configuration and Acceptance

Transference of HRM may take place at several stages. These stages may include- first stage: "System architecture" (fundamental assumption and steering principle); second stage: "Policy alternatives" (integrate consistently with first stage and exterior or interior fit); lastly, third stage: practice procedure (methods given proper assessment at first stage). The best practices may be executed at third stage though its impacts may vary based on first and second stage. Nevertheless, the universal impact on the performance of organization may be visible at first stage (Becker and Gerhart, 1996: 786).

On the other hand, three types of alignment can be used. These are: firstly, "Architectural" match within HRM structure and practices; secondly, structural match among HRM activities or policies (internal) as well as HRM process with other institutional elements; for instance, business structure as well as strategy (external); and thirdly, "cultural" match in both national and business level.

The transferred HRM's level of acceptance is also another aspect. This entails probable gaps within the newly initiated HRM and the possessing outlook of organizations. Best practices do not necessarily bring about positive result always until they are not granted and accepted by people. Hence, it may be simpler to reform the HRM practices than that of employees' behaviour (Shadur and Tung, 1997:293).

8. Conclusion

It may be argued that differences in cultures across national boundaries may not be same as across organizations. Cultural differences in terms of organizations are tangible as they are visible in their practices; whereas in terms of countries, cultural variances are implicit, found in people's values. Therefore, implications of Ulrich's HRM roles along the dimensions of organizational cultures alongside national cultures may provide an in-depth view for practitioners. Yet, a country's culture plays one of the most crucial roles in shaping organizational cultures of businesses operating within it (Organizational Culture & Change Management, 2014).

The above discussion reveals the how globalization affects the HRM of businesses that necessitates development of new approaches so as to adapt with the changing HR practices. From one side, globalization is creating pressure for a standardized human resource management process, on the other side, it demands to adapt with local cultures, which is a challenging job. And this challenge includes all the organizations operating in the local or global market. Indeed, it is obvious that new challenges will continue to be exerted. As a result, the appropriate use of human resource management practices is apparently a dominant option for companies to triumph over the challenges and to develop goals along with their management culture as well as their cognitive, qualitative aspects.

Nonetheless, the extent, stage, acceptability and outcome of HRM adaptation may be subjected to debate. A successful policy requires acceptance of employees, which needs consistent integration with the company's structures and cultures. Adaptation initiative, if not successful, may even be counterintuitive leading to destruction of employees' competencies rather than developing. Importantly, in transitional phase businesses should take caution to eliminating or adoption of any system as it may be possible to incorporate several values concurrently. Moreover, successful business practices may not have similar positive

impact on all organizations, since it depends on various internal and external organizational factors as mentioned above. Above all, Local or national culture exerts its influence even when globalization is at its peak.

9. References

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