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Convergence/Divergence Approach in context to MNCs in India

Sapna Singh

Post Graduate Diploma in HR, All India Management Studies

Abstract:

Emic and Etic has always been a matter of discussion amongst theorist in IHRM. The study has thrown some light on emic/etic approach in context to MNEs in India and how the globalization has affected the cultural values in India. The research methodology is based on the interviews with International analyst (expatriates) working with leading KPOs in India and my experiences with few MNCs in India during 2004-2008 have also helped me with few inferences.

1. Introduction

In this paper I have discussed how globalization has affected developing country like India and how etic approach lead in context to MNEs in India. However, India being a vast country, we cannot over look Emic approach. This paper is presented as follows: Emic and Etic definition in next section. The reasons and effect of emergence of MNCs in India in section 1.2 followed by the convergence and divergence approach in HRM in section 1.3. section 2 discusses my approach and section 3 gives conclusion with a diagram of the study.

1.1. Emic/ Etic

“Emic refers to cultural specific aspects of concepts or behavior and etic refers to culture common aspects. These terms have been borrowed from linguistics: a phonemic system documents meaningful sounds specific to a given language and a phonetic system organizes all sounds that have meaning in any language.” [3] “A well known example of an imposed etic approach is the convergence hypothesis that dominated much of US and European management research in the 1950s and 1960s.” JD Child in his book culture, contingency and capitalism in the cross national study of organization in research in organizational behavior vol 3 edllcumings and BM staw, greewith CT: Jai press, 1981 made the point that convergence studies focus on macrolevel variables however divergence approach focus on microlevel for eg behavior of people in the firm. From the above definition from given authors I hope I have made clear that Emic approach is also called divergence approach and Etic approach is also called convergence approach [3]. The emic approach “investigates how local people think” (kottak 2006). In my opinion Emic approach is the one in which managers keep in mind cultural specific issues in mind while framing strategies however, when we talk about etic approach, we are more generalized and globalised. An emic construct is derived and operationalized through the eyes of natives in a particular cultural system. It reflects the insiders’ reported beliefs, thoughts, attitudes, and behavioral practices (Harris, 1968) [12]. Below figure explains emic and etic clearly.

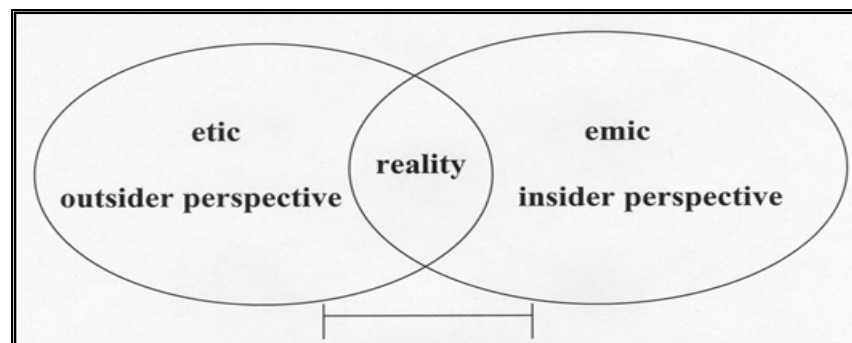


Figure 1 [14]

1.2. Reasons and effects of emergence of MNCs in India

In 1991, MNCs came up with a boom in India due to economic crisis in India and other reasons like unemployment. Till 2004 Indian youth did not have many options then to join MNCs. The factor which directed India towards liberation was severe economic situation India was facing at that time. The other external force which was challenging India’s tradition of “centralized

and inward-directed business policy” (Howe, pg 37) is what is termed globalization. India realized that in order to link itself with the world economy, it was essential that it first itself to the driving force behind globalization, namely the multinationals.” [6]. In India, the culture, behavior, language, dressing etc has seen dramatic change over last 50 years however, in 1991, the drastic change came with change in business through entry of MNEs, which has gradually changed their lifestyles, values and culture. As most of the Indians have the thought “A better life could be anticipate by emulating western ways, which were largely introduced by multinationals”[8]. What is culture? Culture is the set of values, norms and attitudes that shape human behavior, as well as the artifacts, or products, of that behavior as they are transmitted from one generation to the next. Culture is environmentally oriented. The nomads of Finland have developed a culture of arctic survival, similarly people of who live in the Brazilian jungle have created a culture suitable for tropical living, as have the san for the conditions prevailing in the Kalahari desert, the warmer climate in Africa has contributed to behavior such as outdoor cooking, which is uncommon in colder countries, such as Norway and Sweden. If it is no longer functional it fades away [13]. In industrial societies, time is scarce, carefully measured, and accounted for. Promptness is the norm and tardiness can lead to costly consequences. Arriving half an hour late for a job interview, final exam or court trial can have disastrous consequences. In Africa, Latin America and the middle East India arriving half an hour late is considered early as these are agricultural oriented societies As long as value or belief meets the society needs, it remains part of the culture[9].

As beautifully said “People are products of the society to which they belong. As member of particular community, nation or population group they adopt its culture, in other words people learn the language, values, religion, knowledge, laws and customs of their society. Culture is however non static, over a period of time, a society’s values, laws and customs alter and consequently so do the individuals who make that culture.” [2]. Similarly, people have been changing in India for their welfare. In India it is difficult to state that we follow one culture, as nowadays young generation is changing and following a mixed culture. It has become more like American culture “where the culture is youth oriented. Youth is admired, glorified and worshipped while Indian culture is supposed to be traditional society where old age carries great respect which young people countless”[9]. Also, the employees follow the corporate culture rather than specific to any country culture. As we often thought of culture in macro terms such as American culture, an English culture, a french culture, a German culture, a Scandinavian culture and so on. Today, however, we have expanded the concept to include the organizational or corporate level; thus one can talk of IBM culture, a GM culture, a Power Gen culture as shell culture and so on (Deal and Kennedy 1982; Schein 1985)[10]. Even at present vibrant engineers also work for companies like Infosys, Tata who outsource their work to foreign clients like US, Europe, S Africa, Australia etc and these companies too are service based. India is a hub of MNCs and most of the urban population is working in MNCs. In metropolitan cities people have adapted themselves with the cultural changes due exposure to western culture. Be it the language, the way we dress up, familiarity with different cuisines and other aspects. In MNCs located in India people like to celebrate Christmas more than their own festivals like Diwali and Holi. The main reason is these employees enjoy holidays on festivals which are celebrated by their customers. These are service based companies and holidays are as per US or UK calendar. In Year 2013 Queen’s Birthday was celebrated in UK based Company. In one of my friend’s society I have spotted people celebrating Halloween. There has been mushroom growth of International Schools in metropolitan cities which follow International board. Not only urban population follows the western culture in India, westernizations has great hold in rural India too. Indian youth in villages like to wear jeans and T-shirt and have forgotten dhotis, kurtas and turban. So, to large extent we can say that convergent approach applies to corporate culture in India

2. Convergence/Divergence approach in HRM

Sparrow, Schuler and Jackson (1994) in their study of HR systems of 12 countries evaluated the HR practices and policies for competitive advantage. They tried to find out that what must be done to gain competitive advantage and do firms in different parts of the globe practice human resource management for competitive advantage differently? Their investigation concludes that there is indeed a convergence in the use of HRM for competitive advantage, however, in pursuing this convergence there are some clear divergences, nuances and specific themes in the areas of HRM that must be handled carefully [4]. “HRM has also been highly influenced by thinking in the USA in the past. The US origins of theories of HRM have been widely accepted across the world, irrespective of the cultural or national context. Taylor, Barnard, and Mayo as well as Mouton and Blake stand as examples of management theorists who seek to develop management principles that can be universally employed as ‘best practices’ (e.g., Pudelko 2005, p. 2045). According to Müller (1999, p. 126), the American concept of HRM in particular ‘has emerged as one of the most important prescriptions for a world-wide convergence of managerial practices’. A study of six Asian and three Western countries addressed the question of trends toward convergence or divergence in beliefs about hiring, training, performance appraisal, and compensation practices (e.g., Galang 2007). A soft convergence was noted in some aspects of HRM, such as hiring, for instance; it is indeed tempting to say that given time, countries will eventually converge.”[5] Convergence of HRM across national borders is, clearly, not a foregone conclusion. Globalization and international trade and finance may place substantial pressure on firms to standardize practices and policies. Local customs, institutions, and labour forces do, however, provide serious constraints on the degree of convergence and may well lead to increasing levels or divergence [1].

2.1. My Approach

In spite of too much of modernization and westernization in India and convergence being a key in corporate world where globe is taken into consideration when framing policies, we could not deny divergence playing its role when it comes to HRM. I would like to quote some of my personal experiences as an employee of Multinational company in India. In year 2008 I was responsible for staffing of expatriates and was also involved in resolving their personal issues if they had any due cultural differences. These expatriates being in different country and environment used to face problems living in India. I can assure you it is very difficult to

understand their problems without being emic (insider). Every culture has different eye of looking at things and no matter how diverse you are but being an Indian or being a part of any nation for the matter of fact it would not be easy to understand the feelings of particular native. As HRpersonnel Ineeded to understand the true state of an employee to address the issues effectively. Let me put some examples of issues faced by expatriates regarding food, security and cultural difference etc. One of the expatriate who was The Netherland national and half Indonesian got to face something strange; he was waiting outside a restaurant and was slapped by hooligans for no reason. He was shocked at this behavior and could not comprehend the psychology behind it but such incidents do happen when you are in different country. An Italian national saw his domestic help running out of the window with his shoes. I would like to narrate an incident personally experienced;CEO fixed a meeting with a German expatriate, the appointment was fixed at 1' o clock in the afternoon however when German expatriate reached the office CEO's secretary informed him that he will have to wait .The CEO continued with unscheduled meeting with a client as in India clients are always given preference. Germans adhere to the time as part of their culture; they are punctual and very particular about the timelines. They work as per their appointments and schedule. The German expatriate was appalled by CEO's behavior.

Indians are quite comfortable working and delivering work at short notice. The prerogative is client need and do not mind working around their schedule for customer satisfaction. On the other hand Germans would adhere to their schedule and are not comfortable with last moment situations. Being an intermediary between the Indian manager and German expatriate I had a hard time in getting the work done on short notices.

Food is one of the main hiccups while working in other countries. Italian, Romanian, Russian and Spanish used to complain about the food in the canteen though office premises had all international brands like Costa coffee, Pizza hut, Barista etc. Still Indian food could not cater to their pallet.

Once one Canadian friend shared her discomfort due Indian men leching at her and their behavior.My worst experience was when I went to visit TajMahal with my Romanian friend, she wanted to experience one of the seven wonders. Unfortunately it was difficult for us to walk on the road as locals thought she is some Hollywood actress and school children started taking autographs from her. The guide offered his services free to cost just to be around. So, from the above examples it can be inferred that even after globalization and India being hub of Multinational companies , considered comfortable with western culture , still we cannot say that expatriates would not face culture specific issues .In my opinion IHRM has to be always be culture specific and has to think like emic (insider) when dealing with expatriates.

According to one of the German expatriatewith who was interviewed and was working in India with one of the leading KPO in 2008, "German management is very direct in their communication wherein in India you've a long introduction before talking about main points. Furthermore in Germany saying 'NO' (directly) is not an offence. However in India it's not common to use 'NO' instead a'MAYBE' isconsidered to be a better solution. In Germanydeadlines and timelines are very important, wherein in countries like India you are able to postpone things more easily. Hierarchic structures are more important in India than in Germany, where there are sometimes there is a quite flat hierarchy. In India a written protocol is not as important as in Germany where do words didn't count and you need a written approval of every decision."

Stating above incidents I can easily say that cultural difference play an important role and this study could benefit present as well as future HR managers and most of the times marketing managers if they will keep in mind the cultural specific issues in countries like India where other cultures are easily accepted, as MNCs like McDonalds, Pizza hut faced culture specific problems with their products.McDonalds combines Global and multidomestic strategies. Menus differ around the world. In Germany, Mc Donald sells beer, In Brazil, it serves soft drink made from guarana, a berry native only to the Amazon and in Malaysia it offers milkshakes flavored with Durian, a fruit popular locally because of its reported effectiveness as an aphrodisiac [7].In India, Mc Donald has aloo tikki and MC veggie in their menus. Also, Pizza hut faced a big problem initially in Hyderabad with their menu which included pork and Hyderabad being Nizam driven state (Muslim community is in majority) and according to their religion eating pork is considered sin.

3. Conclusion

It is important for HR managers to take into account the fact that though globalization has great impact on Indian youth and culture and MNC being the major source of employment in urban India plays a major role in improving Indian economy conditions. In IHRM we cannot think of strategies which are not cultural specific when we are working in different countries of the globe and similarly in India no matter how MNC has effected youth and brought western culture in their lives and embedded corporate culture, the strategies and decision are culture specific. As Clark and Mueller for example argued that 'firms are so embedded, constrained and encultured by their national homes that the room for corporate agency and it zones of manoeuvre could be, perhaps is, rather small'[11]. Below is the inference taken out through this study in form of diagram:

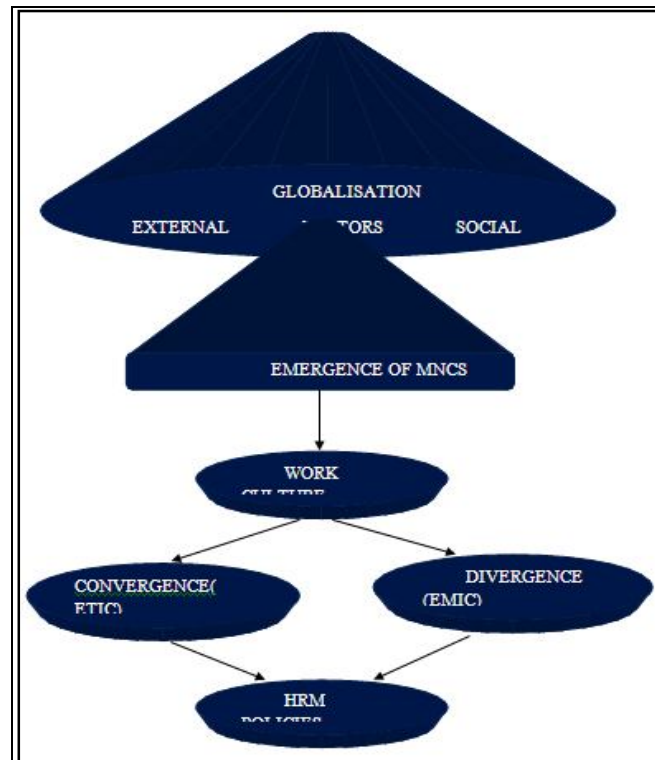


Figure 2

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