

HUMAN RESOURCE MANAGEMENT

Assessment 2

MODULE CODE: LCMB7000

MBA General Management

Faculty of Business and Management

MAGANDAZI DANIEL KATAKAYA

Student Number: 1605751

Prepared for Mary March

28/05/2020

Table of Contents

1.Introduction.....	3
1.1 Human resources Management at Patties Co	3
2. The impact of national and organisational culture on HR practices	3
2.1 National culture differences influencing HR practices in Sukies and Patties co.	3
2.2 A comparison of cultures between European and South east Asian companies.....	4
2.3 Organisational culture differences influencing HR practices in Sukies and Patties co.	5
3. The relevance of ethical human resource practices across Patties co.	5
4. Recommendations and conclusion	6
5. References	8

1.Introduction

There has been an increasing acknowledgement of human resource management, as a determining factor in the failure or success of international organisations, mergers as well as acquisitions (Evans *et al.*, 2002). However, developing countries continue to report faltered development of HR structures and policies supporting globalization (Rioux *et al.*, 2008). None the less, several IHRM functions such as global staffing, recruitment and career development continue to be formulated during globalisation, with emphasis on the difference between global and local or optimise HR practices (Sparrow, 2006). Good human resource practises are characterised with fair processes and procedures, performance bases rewards and career progression system, training and skills development, provision of employee job security, management approaches which emphasize employee engagement and empowerment (Evans *et al.*, 2002).

1.1 Human resources Management at Patties Co

After Sukie acquired Patties co, a company based in the south-east of Asia. Patties co, a 400-employee company has problems such as irrational pay rates where each employee is paid a different rate based on negotiations at the time of enrolment. Furthermore, Patties co has many problems such as the unequal distribution of workloads with lower management staff reporting 60 hours as overworked hours. Furthermore, there are limited training and development opportunities, leave alone the absence of a proper induction procedures and an employee handbook which clearly definition of employee rules and procedures.

The top management is dominated by male staff and high levels of nepotism and intimidation. Despite the 35% employee turnover rate, management continues to bully junior staff members. This report examines the reasons for the difference in HR practices between Patties co and Sukies co considering both organisational and national culture as the main influence and seeks to establish a business case for the introduction of the good HR policies, strategies and procedures at Patties co to deal with the problems.

2. The impact of national and organisational culture on HR practices

Culture is often shared by people considered to have been or live in a common social environment and is therefore a collective in nature. Culture as is the case, is learned and known to comprise of a range of rules although not written that determine the social norm. Essentially, it is that distinctive collective mind programming which enables one to tell the difference between groups of people (Hofstede *et al.*, 2010 p.6).

When considering mergers and acquisitions, companies need to take into account the influence of several factors such as culture and local institutions on the establishment of a sustainable human resources practices, within the country where the newly acquired companies are operational. Although more emphasis is put on the diffusion of the necessary human resource practices into the national and organisational culture (Child, 2002). Therefore, culture's influence on human resource management is inescapable and may be examined using Hofstedes' model to identify the best HRM approach.

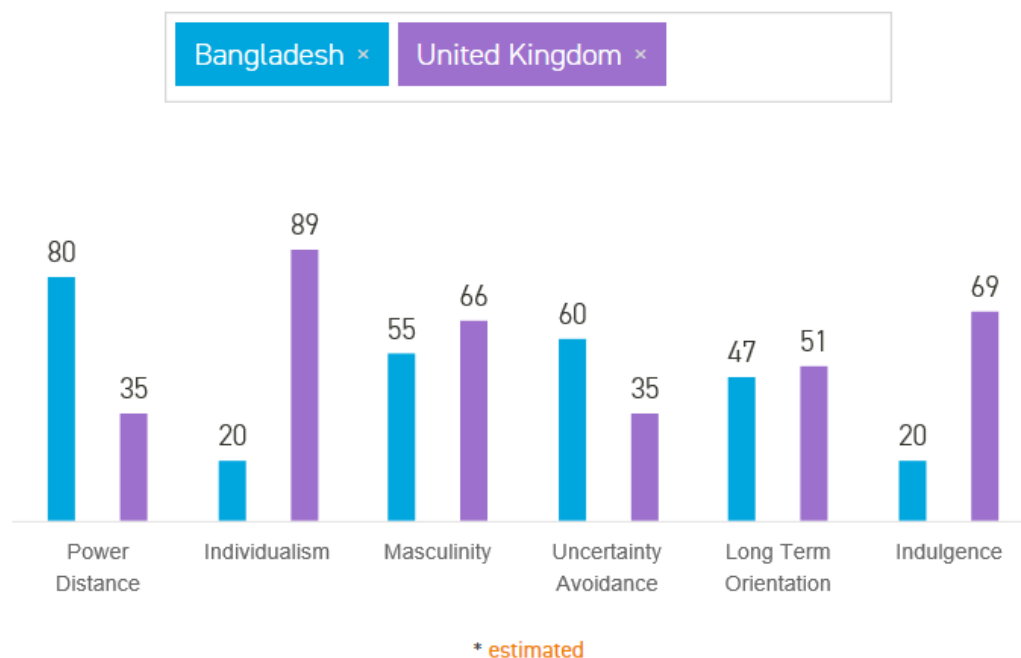
2.1 National culture differences influencing HR practices in Sukies and Patties co.

National culture is broken down into the dimensions of individualism, power distance, masculinity, long-term orientation and uncertainty avoidance (Hofstede and Hofstede, 2005). After acquisition of Patties it essential for Sukies to establish the best approaches to ethical human resource practices by firstly examining how these cultural dimensions affect the HRM practices. See figure 1 below for a comparison of cultural differences between Sukies and patties based on their geographical location.

2.2 A comparison of cultures between European and South east Asian companies

The comparison shown in figure 1 below considers the fact that Sukies co which is based in Europe acquired Patties co a company in south east Asian cities. Thus, drawing on the fact that patties owns the factory in Bangladesh, it is most likely that Patties is supplying Sukies with fashion ware in the UK and hence the comparison between country cultures.

Figure 1. A comparison of Hofstede's cultural dimensions index between UK and Bangladesh.



Source: www.hofstede-insights.com/country-comparison/the-uk/ (2019)

Power Distance Index

As shown in figure 1 above, the power distance stands at 85 for Bangladesh and the UK stands at 35. Drawing on the definition of PDI, the high PDI index in Bangladesh represents high levels of power inequality in Patties with top management dominated by male autocrats. Meanwhile Sukies in Europe may averagely operate on UK's 35 PDI making it inevitable to apply HRM practices that are acceptable in a society dominated by the idea of keeping power inequalities on a bare minimum.

Individualism

Bangladesh is a collective society with high levels of interdependence, and thus the low score of individualism of 20. Collectivism affects recruitment and selection process in the sense that, employees tend to be hired based on long-term commitment of members often close as a family. It is perceived to breed loyalty and hence this explains the high levels of nepotism in Patties not to mention the absence of clearly documented rules and procedures. Sukies operates under high levels of individualism as indicated by the 89 score where people are highly private and individualistic.

Masculinity

Both Britain and Bangladesh are masculine societies with Bangladesh at 55 and Britain 66. Both Sukies and Patties exist in cultures where people can't live without work. Management emphasises the need to work by being assertive and decisive. This attribute is evident in Pattie's HMR practices where in the absence of employee handbook people are hired as well as fired on a whim.

Uncertainty avoidance

UK's uncertainty avoidance at 35 which is low compared to Bangladesh's 60. Low levels are predominantly due to the individualistic nature of the UK society. This warrants for human resource management practices that facilitates non detailed oriented flexible planning to match the changing environment. Meanwhile Bangladesh 's score represents high levels of uncertainty avoidance and as such they are not very open to new ideas. Employees at Patties exhibited a need for clear HRM rules and procedures, a trait commonly found in high uncertainty avoidance societies.

Long term orientation

According to figure 1. Above, neither UK nor Bangladesh was seen to have a preference on long- or short-term orientation. Bangladesh at 47 and Britain at 51, there appears not to be any influence of this cultural dimension on the human resource practices in Sukie or Patties.

Indulgence

UK at 69 represents a high indulgence culture where people have no restraints on life. This evidently present in the positive attitude and optimism among the people in UK. Thus, human resource systems such as annual leave and paid holidays are very important as people in this culture value leisure time. Meanwhile, south east Asian countries like Bangladesh with a low indulgence country with a score of 20 and thus having a restrained society where people tend to be pessimistic.

2.3 Organisational culture differences influencing HR practices in Sukies and Patties co.

Researchers have long suggested organisational culture to be the origin of competitive advantage in any business (Alvesson, 2002) with many emphasising the existence of a connection between a strong organisational culture and performance (Hofstede and Hofstede, 2005). They further argue that HRM practices in organisations with a unified set of values tend to vary and thus making practices much easier to influence. The leaders' value influences the organisational culture whereby practices such as employee engagement, and recruitment and selection are subject to one's ability to fit the organisational culture. Organisational culture is informally referred to as "The way we do things around here" according to Sun (2008).

The type of leadership in an organisation also determines the structure of the organisation. According to Koontz (1994), organisational structures were referred to as a means of setting up relationships between levels of authority, both horizontally and vertically within a business structure. Thus, organisation structures facilitate lines of communication, authority, responsibility and accountability. Essentially, organisational structure determines the hierarchy or employee positions and roles (Rishipal, 2014).

The type of organisational structure has an impact on culture of the organisation. Asian countries like Bangladesh are reported to have autocratic organisational structures where inequalities are inherent and centralization of power is very common; thus, considering the boss's word to be final and unquestionable (www.hofstede-insights.com, 2019). Although in European countries, the dominant organisational structure is a flat structure which encourages decentralisation of power, cross function career paths, clearly defined roles, work flexibility and team emphasis (Schein, 2010).

3. The relevance of ethical human resource practices across Patties co.

Management of HRM issues where cross -border mergers, joint ventures and acquisitions between the European and organisations in developing countries can be some-what challenging due to the differences in work cultures and traditions of management (Child, 2002). Organisations like Patties co. adopt the Pfeffer's high commitment human resources practice framework, which facilitates business growth through profit maximisation, capitalising on the role-played humans in profit generation when they are put first (Pilbeam and Corbridge, 2010).

According to Pfeffer (1998), the seven components of human resource practices that would give Patties co. competitive advantage in business include:

- ***International labour market and employment security***

Employees tend to commit and work hard with the expectation of job security, as well as a future career in turn.

- ***Hiring and selection***

Patties should recruit and retain competent staff by use of structured interviews, psychometric tests as well as work sampling to maintain its competitive advantage.

- ***Provision of extensive training and development***

If Patties provides training in teamwork, products, interpersonal skills, it will be able to develop a team of outstanding employees who can synergise their exceptional contributions towards the company's success.

- ***Employee engagement***

Effective communication between management and employees at Patties co. regarding the company's strategy, financial and operational issues, improves collaboration among staff. If the management team at Patties encourages employee engagement it would increase company performance through solicitation of ideas from the employees.

- ***Team working and collaboration***

Teamwork among Patties employees would encourage the staff to develop creative solutions to the existing operational problems that have been communicated.

- ***Performance based compensation***

Introduction of a performance related reward system or a compensation plan based on individual, departmental, team or company wise performance. This would motivate employees to work hard and increase business revenue.

- ***Harmonisation***

Patties' adoption of a culture of open management encourages employees to share ideas breaking down status barriers between employees of different groups and levels. It facilitates collaboration and teamwork and flexibility

4. Recommendations and conclusion

Patties is not keen on meeting the training and development needs of their employees besides the absence of an employee handbook to provide guidance regarding HR policies and procedures after the induction process is carried out. Provision of extensive training and development is inevitable for across Patties co. in order to improve employee performance. Research implies that companies like Sukies have an individualist culture and as such, their training programs tend to focus on precise tasks and the competition is prevalent in their learning environments.

Since Patties co. operates in a collective society, it would be best if the company applies group-oriented training methods, which facilitate active experimentation and participation of employees. Moreover, employees in collectivist cultures such as Patties would be more acceptive to the introduction of formal group-oriented training methods and sessions.

The problem of an irrational pay rate system at Patties causing a situation whereby each employee negotiates their own pay rate at enrolment into the company is the kind of human resource practice that needs immediate attention. Motivation levels, psychological contracts, job satisfaction and HRM practices are connected. Furthermore, they are subject to gender, educational qualifications, job type, employment contract and ultimately, salary level. For the case of Patties, adoption of a standard labour market approach to the pay rate differences would be essential in motivation of employees. Moreover, a standard pay structure and management discretion are essential.

However, it is important to understand that companies located in regions where the high uncertainty avoidance score tend not to rely on compensation packages that are performance based, since in doing so, their employees are assured of payments based on relations. This may not be the case with Sukies where the society has a low uncertainty avoidance score with compensation structures that may be

performance based; thus, enough time is required to make the integration of the later structure at Patties co.

In conclusion, the above-mentioned human resources practices may be applied at Pattie's co. it is important to consider the fact that the framework would only work on the assumption that the employees at Patties understand the company's long term goals. None the less, because values, beliefs and attitudes of the employees (society) form the basis of the national culture a system which essentially determines the country's characteristics such as economic, political, legal and others; observation of the south east Asian cities' culture would be of paramount importance when operating a business like Patties.

Moreover, understanding of the national cultural dimensions of the country in which the IHRM policies and procedures are being developed, bearing in mind that the dynamism in the characteristic of the culture of the country which keep changing from time to time. For Patties' implementation of an ethical cross cultural HRM system, it is inevitable to take note of the possibility of either cultural convergence often referred to as decreasing culture difference between the two countries and the cultural divergence in other words the increasing cultures differences.

5. References

- Alvesson, M. (2002) *Understanding Organization Culture*, Sage, London.
- Child, J. (2002) "A configurational analysis of international joint ventures", *Organization Studies*, Vol. 23 No. 5, pp. 781-815.
- Evans, P., Pucik, V. and Barsoux, J.L. (2002) *The Global Challenge: Frameworks for International Human Resource Management*, McGraw-Hill, London.
- Hofstede, G. and Hofstede, G.J. (2005) *Cultures and Organizations: Software of the Mind*, McGraw-Hill, New York, NY.
- Hofstede, G., Hofstede, G.J. and Minkov, M. (2010) *Cultures and organizations: software of the mind: intercultural cooperation and its importance for survival*. McGraw-Hill.
- Pfeffer, J. (1998) Seven practices of successful organizations. *California Management Review*, 40(2), pp.96–124.
- Pilbeam, S. and Corbridge, M. (2010) *People resourcing and talent planning: HRM in practice*. Prentice Hall.
- Rioux, S.M., Bernthal, P.R. and Wellins, R.S. (2008) The globalization of human resource practices. *NHRD Network Journal*, 2(1), pp.88-91.
- Rishipal, D. (2014) Analytical comparison of flat and vertical organizational structures. *European Journal of Business and management*, 6(36), pp.56-65.
- Schein, E.H. (2010) *Organizational culture and leadership* 4th ed., San Francisco: Jossey-Bass.
- Sparrow, P.R. (2006) Globalisation of HR at Function Level: Exploring the Issues Through International Recruitment, Selection and Assessment Processes.
- Sun, S. (2008) Organizational culture and its themes. *International Journal of Business and Management*, 3(12), pp.137-141.
- www.hofstede-insights.com (2019) Country comparison. Available at : <https://www.hofstede-insights.com/country-comparison/the-uk/%20>. [Accessed:26/04/2020].