



Hanoi Hat Company: an IHRM challenge

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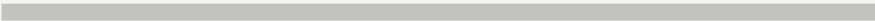
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Brief

The Hanoi Hat Company established in Vietnam, produces hats and caps basic models. Early it could be considered as small/medium national company, which didn't need any particular attentions in HR strategies to grow up in terms of organisation and productivity. Consequently HRM Management duties were managed by the administration office and line's manager. The production's costs were low for indefinite number of models, by the way the achieving more success created the opportunity for The Hanoi Hat Company to be contracted by an international one with the main goal to produce specific product for events like South East Asian Games. This new cooperation made the production bit different and focused on particular skills, then further trainings for the employees were required. Even if the formation was presented to increase the profit, this was the reason why the same production changed rate, depending on organisational problems for a company which never earned about HRM department. The General Manager, thanks to her background in understanding the importance of specific guidelines, tried to introduce the need of HR Manager. This idea has been seen as possibility to loose the control by the local line's managers, creating issues in the general organisation of duties.

Introduction

In the case of acquisitions, of course, the structure of the companies involved is going to change. The change, that could be a restructuring, means creating the right field in which it will possible make the right co-operation between different people, ideas, approaches, cultures, policies and countries. This is basically the main duty attributed to International Human Resource Management (IHRM). To understand and analyse the differences between different countries needs to consider two basic aspects: cultural and institutional.

As Geert Hofstede asserts,¹ something intangible like culture could be imagined as "software of the mind", which can be decoded in different ways:²

- *learned*, when it is not in Country's DNA;
- *shared*, when collectivity assume main role;

- *symbolic*, signs' contracts understood by the group;

- *patterned*, when it is chronological history;

- *adaptive*, when it helps during changes.

Obviously there is a straight connection between culture and organisation, that not always is following stereotypes and guidelines, to justify some different levels: structure, recruitment, pay and possible gender pay gap, maternity and paternity, in terms of masculinity and femininity.

When the acquisition is coming, cross-cultural aspects can create misunderstanding and organisational issues in the international team. Culture and Institution provide a scenario in which is possible consider "predictions", to avoid potential irregularities in managing people during the employment.

1. Hofstede, G. (2001) *Cultures' Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations* (2nd edn.), Thousand Oaks, CA: Sage Publications.

2. Hodgetts, R.M. and Luthans, F. (2003) *International Management, Culture, Strategy and Behaviour* (5th edn.), New York: McGraw-Hill.

Background

To analyse the relation between the culture and its sub-cultures, the organisation can consider variables, through operate in the frame work with the goal to manage the international employees in the right way. On this direction the model studied by Geert Hofstede in 1980 offers a pragmatic description of six dimensions which play a main role during the cross-borders match, in terms of IHRM.

The model compares different variables like: power distance, as power's division in an equity way:

- individualism/collectivism as interdependence between the society's members;
- masculinity/femininity, as competitive or successful divers for the society;
- uncertainty avoidance, as the future's perception and plans;
- long term orientation, as the past' importance and evidence for the growing;
- indulgence, as socialisation and sense of empathy.

All of these dimensions explain how the environment influences behaviours between managers and employees and how their attitude can co-create to find goals in common.

Analysing the current situation of the six dimensions in Bangladesh it's clear how this relation is driven by different results, which shouldn't be considered like wrong or right ones, just because one home country culture is never better than other one.

This report is focus on to know and understand any possibility to make a partnership in terms of equity and ethic between a local and an international dimension.

As Hofstede Model shows, the Bangladesh's power distance scores 80 (high). This means that people need the hierarchy's presence to find their role in the society. They accept and justify the fact that anyone cannot be in the same ground, but the figure of the boss is seen as guideline that helps themselves to achieve their success and goals. This relation is kind of autocratic, from the top to the down: employer and employee recognise the two different each status: consequently, the decision making process as well is driven by the main character (employer). The particularity is in the fact that inequality is seen as natural state³ which allow the management to take control, also because, with high score power distance, the employee is scared about possible punishment⁴ in relation to bad performances.

In these kind of realities the internal communication is just one way, that means there is not any kind of conversation in which decode the message, but it₅ needs to be accepted in the original form.

3. Sagie, A., Aycan, Z., 2003. A cross-cultural analysis of participative decision-making in organizations. Human Relations, Vol. 56, No. 4.

4. Mead, R., 2003. International Management, Oxford: Blackwell Publishing, P36.

5. Bialas, S. 2009. Power distance as a determinant of relations between managers and employees in the enterprises with foreign capital, P. 107

Background (continue)

The individualism's score (20) demonstrates how Bangladesh is characterised to be a collectivistic society. Considering themselves as a part of a group, of a society in general, extending relationships over the family's one, means the person put first the group goal instead the own one. The result of this approach is the loyalty which connects the different parts into a invisible network, with moral rules and roles. By the information presented, the Frame seem like an alternative version around Social Exchange Theory, in which the condition and division under the employment contract are still accepted, promoting attitudes like loyalty, trust and sort of personal obligation to achieve company's goals.⁶

The high score in Masculinity (55) shows how Bangladesh is mostly a masculinity society, focused on personal success and material goals' achievement, instead to prefer socio-emotional attitudes and welfare as a femininity society suggests. Being a masculinity society means be driven by personal ambition especially in the case if the system promotes any kind of incentives, which consequently create competition.⁸

In regards to uncertainty avoidance, the high score (60) explain the need to get constantly rules to approve and accept behaviours recognised as civilized, refusing any other type of idea which seems different from the mainstream.

Working takes the mean to occupy the most of time, as material aspect about everyday life, where innovation takes ages to be accepted, just because the "future" since when represent new skills, new learning could take off time for the sure concreteness. Also innovation includes a part of uncertainty, in terms of risk and changes. The high score of uncertainty avoidance in a society describes as well how many and what types of standards the population is ready for, not willing any other type of new possibles environments.

Also, some studies explain the correlation between uncertainty avoidance and discrimination in the work frame.⁹

For the long term orientation, the 47 score seem like the Country doesn't have any preference. By the way, connecting this dimension with the previous one will be possible find some correlations. The long term orientation connects the historical past as strategy's part to achieve goals towards the future. Even because the population in subject is driving on high score of uncertainty avoidance, the possibility to thinking about the future could now depends by an orientation through the tradition, keeping values and knowledge from the present and maybe translate them for the new challenges later.

6. Nzoka, R., & Rotich, G. (2015). Employee perceptions on human resource practices and employee job performance among micro and small enterprises in the manufacturing sector in Kenya. *Strategic Journal of Business & Change Management*, 2(1), 1000–1043.

7. Hofstede, G. (1980b), "Motivation, leadership, and organization: do American theories apply abroad?", *Organizational Dynamics*, Vol. 5, pp. 42-63.

8. Schuler, R. and Rogovsky, N. (1998), "Understanding compensation practice variations across firms: the impact of national culture", *Journal of International Business Studies*, Vol. 29, pp. 159-177.

9. Wu, C., Lawler, J. J. & Yi, X. 2008. Home-Country Cultural and Institutional Effects, *Journal of International Business Studies*, 39 (5), 772-794.

Background (continue)

Regarding the 6th dimension around Indulgence, the score 20 demonstrates how Bangladesh seem to be a restrained country. In other words there is the attitude to don't allow the expression of own desires, which can look as wrong and undesired by the other ones. The personal gratification is then considered not really important, since when could be dangerous for the own status in the group which everyone has a role.

1st Task:

Even if the Hofstede Theory of Cultural Dimensions offers guidelines how to approach to the differences between countries, when there is an acquisition or more a co-presence between global & local, some inevitable issues could make weak the people performances. Obviously the Corporate Social Responsibility should meditate this interrelation from one pole to the other one, favouring the creation of any field in which considering the different points of view, values and behaviours. When the Globalization comes in the Firm, even the decision making process from the same management could be problematic, since when the cross cultural communication becomes the first conflict in sharing ideas.¹⁰

In considering the varieties of the host countries all of the environments should be analysed and then they are going to be considered in the Internal Employment Relationship, a kind of institutional agreement that works better in -

developed countries, even nowadays it is taking part in developing ones as well. Once it becomes Internal Employment Contract, it will allow the service in which the host country is producing under the guideline of the Multinational Company. This relationship from global to local is an opportunity for the main Firm to access in the procedures and links around the local reality, being a part of the environment with the goal create a continuum between the two different practices. Following this agreement, the IHRM moves ahead with the Comparative Human Resource Management, a different science that investigates around the differences in managing human resource for different environments.

The CHRM will suggest processes and strategies in the choice about the application for the standardisation or globalization. About the possible globalization referring to the case study in subject, this could be an opportunity in build the bridge from inside (Hanoy Hat Company - local) to out (Multinational Company), when internal practices meet management goals to achieve the firm's profit. This process, known as organisational capability¹¹, permits the exchange of skills and know-hows, making strong the focused company' strategy. The organisational capability will create then a main network that going over borders, but in the same time makes feeling as important every level of the new organisation, from the management until the manufacturing.

10. Angouri, J., & Glynnos, J. (2009). Managing Cultural Difference and Struggle in the context of. IDA World: Working Paper Series, 26th ser., 220. Retrieved February 1, 2016
 11. ULRICH, D. 1987 Organisational Capability as competitive advantage: Human Resource Professionals as strategic partners. 169-184

1st Task (continue)

One of the issues connected by the creation of the new network depends by the relocation about employment in the host country. Moving even just one figure, manager for example, means moving a part of the core outside his comfort zone and obviously it takes a large responsibility in approaching the new field. The cross contamination about ideas, process, attitudes and behaviours could be possible preferring the multiculturalism by the transfers in opposition of a kind of poliocentric model.

As Edwards affirms,¹² the employment's transfer is useful considering the Market dimensions when it improves the efficiency, integrating different networks under a transitional way. The efficiency is demonstrated by the competitive degree in which the company is operating, positioning its knowledge and strengths in every operations' level. In other words this dimension is "resource based"¹³ when also the host country can be the dominant part in influencing the main company in processes and practices. In the case of the Haney Hat Company this could happen, for example, regarding the choice to drive some products to particular events in the South East Asia; keeping a close co-operation with host country, this one can provide further informations about the market in which it going to operate, because the same market is a part of its background.

This way from independence to interdependence is now meaning a sort of equity in the amount of shared informations, problem solving and implementation of global scale in local reality. Supporting this thesis, it seems there is the possibility for the company in subject to create a return way in terms of *boundary spanning*¹⁴ that encourages the linkages around the different units of the company. The main role in the diffusion of this organisational policy is played by the cultural carriers, as physical mediators with the duty to diffuse the company workplace statement in the subunits. At the beginning in the case of the Haney Hat Company there were two different social spaces, with own interests and specific goals: then, after acquisition, the IHRM's role is to provide the employment frame an easy message, which even translated in different languages and codes, hasn't to change the main meaning. In other words, from the head quarter until Bangladesh the *global commodity chains*¹⁵ (production activities) needs to be accepted from the strategy, in one side of the planet, to the finished product in the other side.

12. Edwards, T., Colling, T. and Ferner, A. (2007). 'Conceptual approaches to the transfer of employment practices in multinational companies: an integrated approach'.

13. Taylor, S., & Beechler, S. 1993. Human resource management integration and adaptation in multinational firms. In S. Prasad & R. Peterson (Eds.), vol. 8: 155-174.

14. Edstrom, A. and Galbraith, J.R. (1977a) 'Transfer of Managers as a Control and Coordination Strategy in Multinational Organizations', *Administrative Science Quarterly*, 22(June): 1-22.

15. Gereffi, G. (1999) *A Commodity Chains Framework for Analyzing Global Industries*, Duke University, Durham, NC 27708-0088 / USA

2nd Task

The word human in the HRM's definition means that consider human development is the one of the first steps. The human development in Bangladesh grew up around differences eras, by the way the more important changes took place after the Country's independence, since when the Government started to include the human aspect in the national agendas. The new assets was analysing around the main topic in which the Country was growing and still go on:

- a) poverty;
- b) employment generation.¹⁶

The HRM has now the role to include this issue in the empowerment for the country, starting to manage current needs and expectations. The current situation in Bangladesh is defined as "family capitalism", in which the company goal is the owner's goal. As some studies show¹⁷ most of the organisations are not able to achieve good strategies in recruitment process, following any kind of guideline, preferring focus on the social background of the employees. In regards to the skill's development the training sessions look weak. Also is usual to calculate the performance considering just results, ignoring other aspects as behaviour and personal attitude, consequently there is less satisfaction from the employees with the weak presence of promotions and incentives to grow up in the different businesses.

In the case of Haney Hat Company one of the reason why that can demonstrate how HRM helps the company to grow up, is identified by the training aspect. Focusing on the people's knowledge and development doesn't mean just improve the personal skills, is also an investment for the the needs that the company could ask for in the next future. Knowing each person for the own characteristic, power, abilities is also an opportunity to put the company into an open mind asset, creating a personal experience in the frame work, which it will translate itself in a proper satisfaction.

An other strength which could demonstrate the power of HRM strategies, is that one around recruitment: in the Bangladesh's reality, specifically for the company in subject, it could be an opportunity to increase the engagement of new generation, promoting a global point of view and trying to make the same generation as pioneer to trust in technology and new sciences, maybe making low the uncertainty avoidance' score (at the moment the score is 60). In regards to the pay topic, which in the Haney Hat Company is not following any kind of rational distribution, the international acquisition can demonstrate how the compensation influences the the performance, referring to the West-Side literature. In fact, in the current situation of Bangladesh the are two main sides related to the pay: manager-employees¹⁸ and non-manager employees

16. Mohiuddin, G. (2012), HUMAN RESOURCE DEVELOPMENT: BANGLADESH PERSPECTIVE, ISSN: 1985-7012 Vol. 5 No. 1

17. Al Noman, A. (2019), Contemporary Issues & Challenges of Human Resource Management Practices in Bangladesh, Human Resource Management - thesis

18. Mahmood, M., Absar, M.N., (2015), Human Resource Management Practices in Bangladesh: Current Scenario and Future Challenges, South Asian Journal of Human Resources Management 2(2) 171-188

2nd Task (continue)

The top management takes the decision for the pay's structure and that way there is not any possibilities for the employees to know the correct working behind. Engaging the employees in these decision making process and let them know about income in and out appears to be an incentive to quality of the work.¹⁹

Keep the employees in the process means make them able to understand how the company is trusting in their skills and how the same skills are incentivised through right pay wage and pension scheme, properly distributed.

19. Kruse, Douglas L, 1992, "Profit sharing and productivity: Microeconomic evidence from the United States", Economic Journal, 102, 410, pp 24-36.

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