

MBA – HRM

2. Cultures Laws, Ethics

HRM – Key Topics :

- 1. Culture – diversity**
- 2. Employment Law, Ethics**

Advance – Local + Global Diversity Management

- Managing diversity
 - Provide strong leadership.
 - Assess the situation.
 - Provide diversity training and education.
 - Change culture and management systems.
 - Evaluate the diversity management program.
- Boosting workforce diversity
 - Adopt strong company policies advocating the benefits of a culturally, racially, and sexually diverse workforce.
 - Take concrete steps to foster diversity at work.

IHRM - Cultures

- Definition



“Culture is the characteristic way of behaving and believing that a group* of people have developed over time and share”

: Briscoe, Schuler, Claus (2009)

*** Group : any shape, form, size, categorizations, age, race, gender, religion, associations.. ...**

IHRM - Cultures

- Individual / Organizational / Country

- Variances in people's values, beliefs, and behavior patterns > forms people's culture > company > city > nation > regional....
- **NO Right or Wrong** – a matter of 'FIT' – Fittest
- Cross-cultural competencies – Core competency for international managers (IHRM).



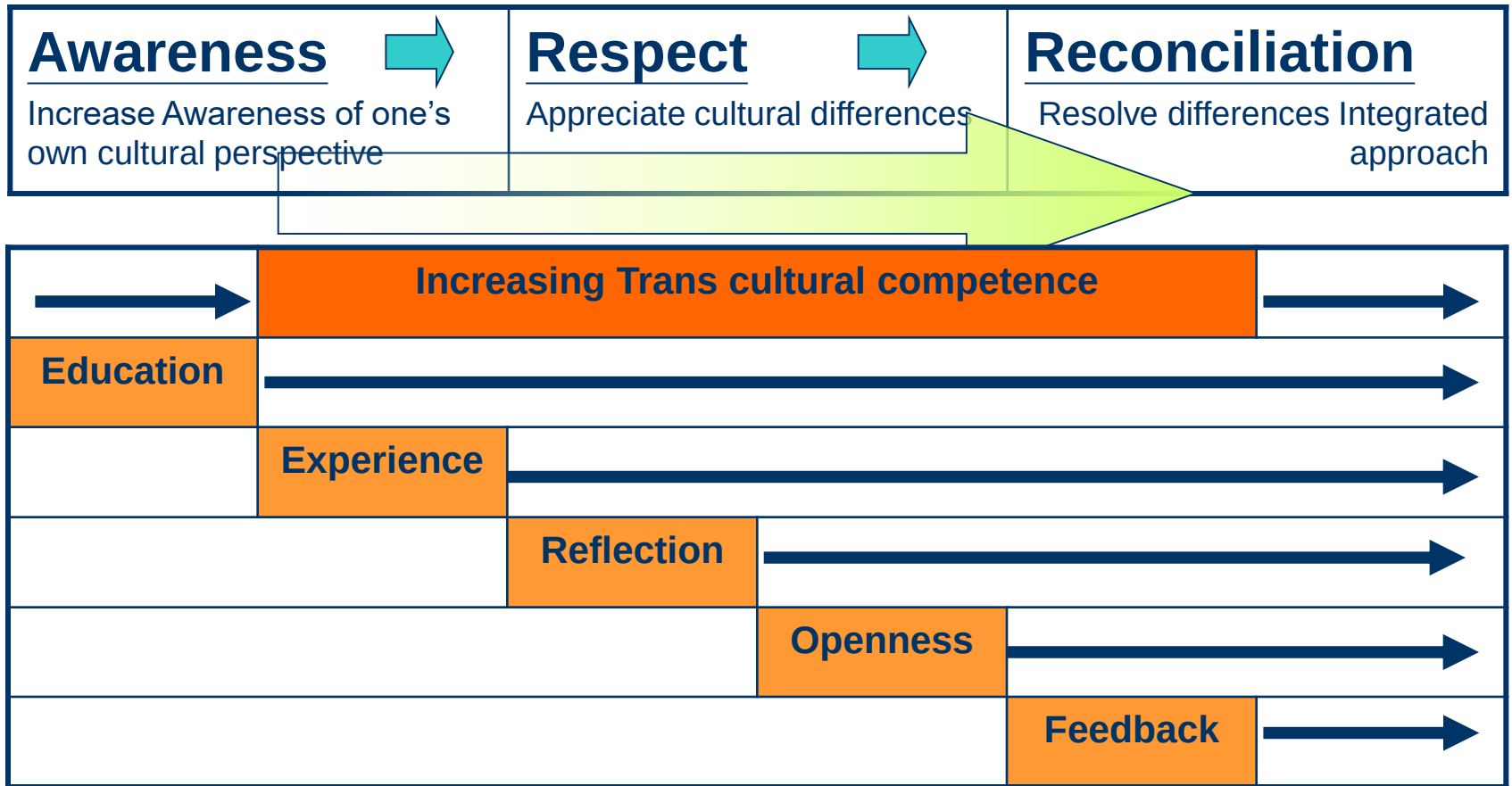
Culture with High Level Cross-Cultural Adaptability Competencies — Ranking (1 Highest. 10 Lowest)

No.	Sample List of Countries	Your Ranging (1 to 10) No repeated ranking	Other countries of same ranking
1	Hong Kong		
2	Thailand		
3	Switzerland		
4	Malaysia		
5	China		
6	South Africa		
7	India		
8	North Korea		
9	Poland		
10	Russia		

- 9 • What factors ? their characteristics ? Why High or Low ?

HRM - Cultures (Layers) ARR

- Development of Cross Cultural Competency



Source: Briscoe D. R.

IHRM - Factors / Orientations of Cultures

(Source – Hofsted, Trompenaars, GLOBE (Global Leadership & Organizational Behavior Effectiveness))

Acceptance of Power Distance	Boss	Subordinates
Decision	Individualism	Collectivism
Social values (Gender)	Masculinity	Femininity
Handle ambiguity	Uncertainty Avoidance	Tolerance
Rules/Relationship	Universalism	Particularism
Emotional Express	Neutral	Emotional
Involvement of People	Diffuse	Specific
Basis for according status to other people	Achievement	Ascription
Future Orientation	Institutional collectivism	In-group collectivism
Assertiveness	Performance Orientation	Humane Orientation

IHRM - Factors / Orientations of Cultures

National Cultural Clusters

Cluster Group	Countries
Anglo	Aus, Canada, Ireland, NZ, South Africa, UK, USA
Arab	Abu-Dhabi, Bahrain, Kuwait, Oman, Saudi, UAE
Far Eastern	HongKong , China, Indonesia, Malaysia,. Philippines, Singapore, Vietnam, Taiwan, Thailand
Germanic	Austria, Germany, Swiss
Latin-American	Argentina, Chile, Columbia, Mexico, Peru, Venezuela
Latin European	Belgium, France, Italy, Portugal, Spain
Near Eastern	Greece, Iran, Turkey
Nordic	Denmark, Finland, Norway, Sweden
Independent	Brazil, India, Israel, Japan, South Korea

IHRM – Nation - Cultural Biz Behavior

- Context – High Vs Low

High Context	Low Context
Long lasting relationships (relationship focus)	Relationships are short in duration (Deal focus)
Implicit Communication	Explicit communication
Loyal to people of authority	Authority is diffused
Spoken agreement	Written Agreements
Outsider do not gain entry easily	Outsiders are encouraged to join inner circle
Formal cultures	Informal cultures
Fluid time	Rigid Time
Reserved Cultures	Expressive Cultures
Countries : ??	Countries : ??

IHRM - Country Culture Vs Company Culture

- MNE Companies – likes a country – develop **unique** patterns of values, norms, beliefs, and acceptable behaviors. Mostly, at least **initially from its founders** > corporate personality, will **changes upon internalization...**
- MNE – co's values take **precedence** over country cultures

Country (Origin)	MNE Company (Organization)
Anglo – Informal, Egalitarian	US/UK MNE – gender (+) in senior mgt team, participative management style and compensation practices * informal, Performance oriented, Individualism, Standing Out = Outstanding, Localize / Customized
Far Eastern	Emphasize strong group loyalty and discussion, with deference to senior employees · Formal, Rigid Time, Humane oriented, Collectivism, Standing Out (NOT) outstanding, Centralized / Standardization

IHRM – Examples – Doing Biz with different Cultures

China	India	Russia	France	Arab	Yours ?
• Face, Trust, mutual connections • Title important • Meeting starts with small talks • Host indicates meetings begin and end • Slow in forming action plan, but stick with decision once made • Reciprocity • Negotiation are often involve intermediate to reduce losing face	• Punctuality • No personal Qs • Title is important • No public displays of affection • Beckon – palm down • No left hand (dirty) • Bargaining (die-hard negotiator)	• Build partnership • Face-to-face • Hide financial info • require patient • Stress exclusivity • Research company background • Stress mutual gains	• Quick handshake with pressure • Punctuality is extremely important • Small talk OK, but no personal • Never brought up the subject of money during meals • Great importance on neatness and taste	• Never display feelings of superiority • Do not take credit for joint efforts • No sidestep (disrespect to law or govt) • Connection • Patience	

IHRM

Employee Law, Industrial relations, ethics

- Each topic deserves a big chapter of its own or even a book
- Intention – introduction broadly and focus on their impacts to the roles of IHRM in the multinational enterprise

IHRM

Employee Law, Industrial relations, ethics

- All MNE must **operate legally** wherever they operate anywhere in the **globe**
- All MNE must operate legally in their Parent Country (HQ)
- All MNE must operate **comply** to the locations where they **listed** (NYSE, HKEX, LSX)

Complexity – diversities, variations
Compliance – Impact to global commerce

Impacts to HRM managers of MNE

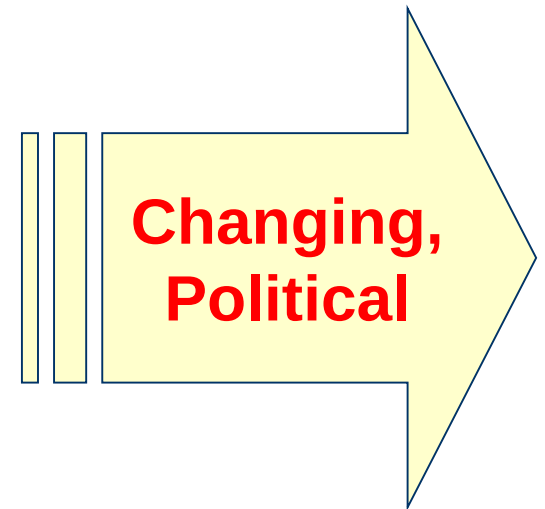
Employee Law, Industrial relations, ethics



IHRM – Key Int'l Organizations

Institutional & Trade & Agreements

- United Nations (UN) & Conference on Trade and Development (UNCTAD)
- International Labor Organization (ILO)
- Organization for Economic Cooperation & Development (OECD)
- World Bank
- International Monetary Fund (IMF)
- World Trade Organization (WTO)
- North American Free Trade Agreement (NAFTA)
- ASEAN (Asso. South East Asian Nations)
- Asia Pacific Economic Cooperation (APEC)
- European Union (EU)



IHRM – ILO - Int'l - Cross Borders

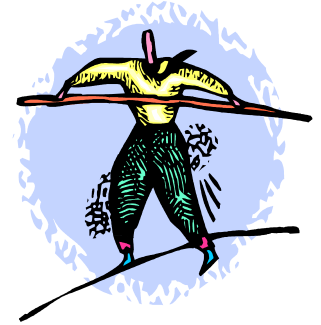
– Basic / Common “Law” Standards !

NO TEETH !!

- Freedom of association
- Equal Employment Opportunity, and non-discrimination
- Child Labor & Forced (Prison/slave) labor
- Occupational Health & Safety
- Consult with worker group – upon substantial changes – reduction / plant closure
- Grievance & dispute resolution procedures
- Use of monitors (int/ext) to audit employment practices



IHRM – Key EU, US, National directives Affecting MNEs



- **EU – Directive (Box 4.2 – p 108-109)**
 - Social and labor related
 - Anti-trust regulation (Different than USA),
 - **GDPR** - Data Privacy (within EU) - 2018
- **USA**
 - SOX – Sarbanes Oxley – Finance / Governance / Integrity / Criminal Act
 - FCPA – Foreign Corruption Practice Act (Corruption)
 - ADA – Americans with Disability Act (Labor...)
 - ADEA – Age Discrimination in Employment Act (Recruit.. Labor)
 - FFIEC : Federal Financial Institutions Examination Council (Global bank..)
 - CCPA (Consumer Credit Protection Act) – Liability of MNE
 - Anti-Trust (US – China)
 - Patriot Act (Terrorism) – Immigration Visa...
 - Privacy Act (Data Privacy / Protection)
- **Global – Bi-lateral Tax Treaty (Biz, Employment...) – Double Tax..**

BRITISH ACT !

IHRM – Key Topics :

1. **Culture – National, MNE**
2. **Employment Law**



Ethics – Biz Conduct
Corporate Governance
Corp Social Responsibility

IHRM – Ethics

The International Framework of Ethics

- **Mission and Value of the MNEs**
 - What right / wrong in biz practices across borders, cultural variance on ethical conducts
- **MNE - Ethical Nature of Biz practices :**
 - Focus - practices outside of country of origin
 - Employment related practices
 - Overseas operation – exploitation – labor, resources
 - CSR – local and overseas...
 - Media – News-worthy - attractiveness (Image)

Int'l Business Ethics (Discussion)

*What are areas of
CONCERNS
Relating to
**INT'L BUSINESS
ETHICS***

Int'l Business Ethics (Discussion)

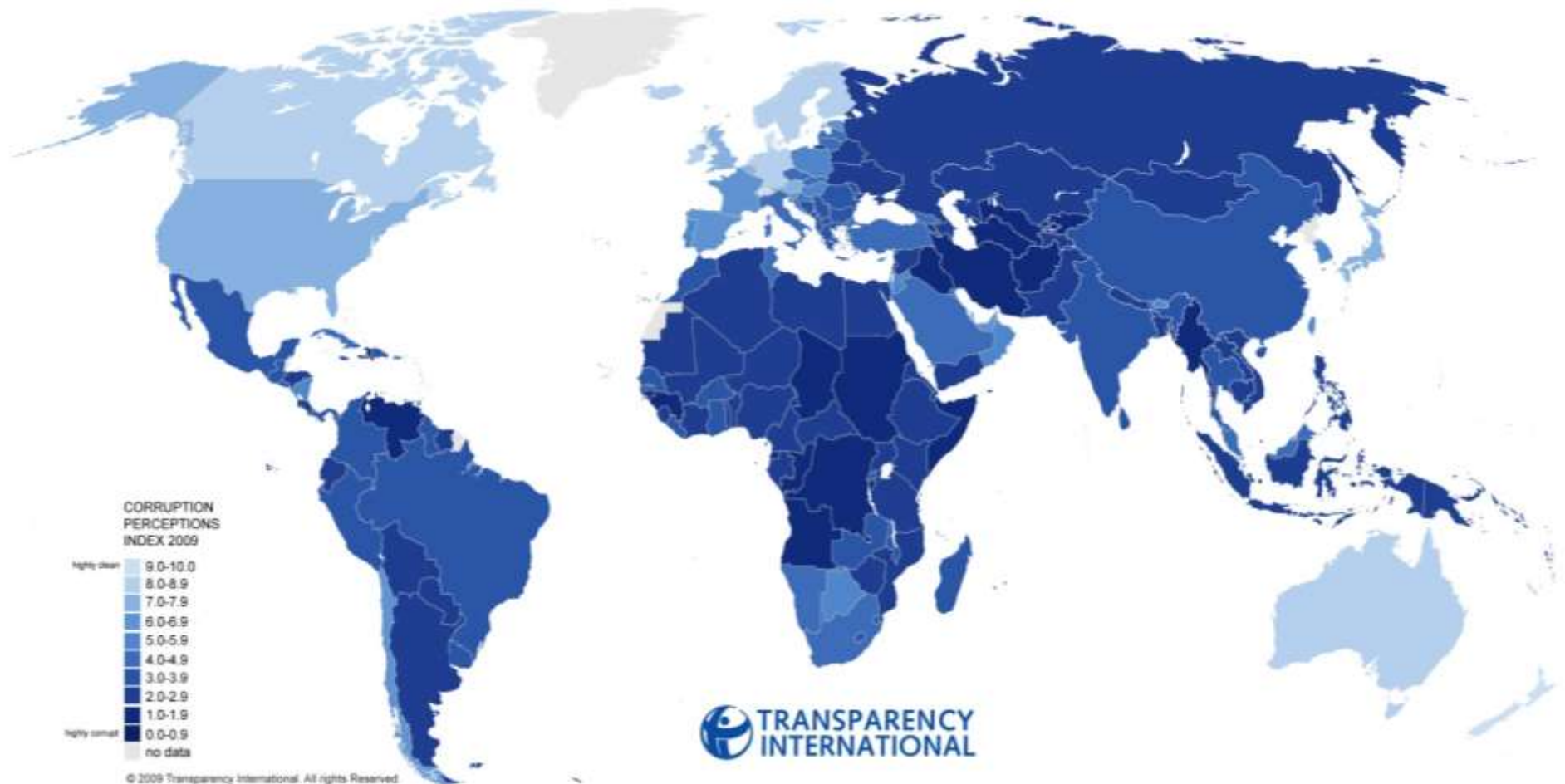


Business Environments that affect Corporate Governance in Asia

- Corruption
- Crony Capitalism
- Family-owned or Family controlled companies
- Government intervention – market activities
- Enforcement / Interpretation of regulations
- Culture - Confucianism, Collectivism
- Low system trust society, high personal trust
- Business and Politics – mixed
- Rent Seeking Mentality – Social acceptable

Corruption level – Worldwide (2016-17)

The Darker Color – More Corrupted



Importance - Corporate Governance

- **Sustainable Competitive** – maintain investor's confidence, transparency of appropriate & trustworthy info – corporate governance
- **Risk Management** - the sensible company takes risks — but not gambles“ - holistic and objective view of risk — eg. financial risk, reputation risk, Health & Safety, Environmental..
- **Benchmarking** – Good Corporate Governance = Good management (all levels of management)
- **Lower cost of operation** – CG > performance – attracts talents and capitals
- **Regulation** – Law – compliance

IHRM - BUILD A TRULY EFFECTIVE ETHICS PROGRAM?



1. **Top Management Commitment**
 - Corp Biz Ethics Values
 - Local Traditions
 - Long term - sustainability
2. **Good & Simple Processes**
3. **Training & Communication**
4. **Focus on Risks**
5. **Throughout Investigation**
6. **Take Appropriate Actions**
7. **An Open Environment**
8. **Corp. Social Responsibility**

IHRM - Corporate Social Responsibility (CSR)

CSR is the continuity commitment by MNE, not only to behave ethically but also to contribute to the economic development of the **communities (countries - their local and overseas operations)** in which they operate and to improve the quality of life of their work forces, their families, as well as society at large.

IHRM - Corporate Social Responsibility (CSR) – Key Activities

CSR	Business ethics
	Corp structure and governance
	Human resources
	Labor and Human Rights
	Environmental Management
	Community involvement and economic development
	Accountability
Sustainability	

IHRM - Corporate Social Responsibility

CSR Program – Key Elements

- **Develop a global CSR policy – integrated to Biz**
- **High Level Management Support**
- **Communicate, Promotion, Marketing (Int / Ext)**
- **Create CSR Culture**
- **Training**
- **Feedback Mechanism**
- **CSR – performance management (appraisal)**
- **Lead by Example**

**Fair,
Sustainable (long run)
Green
Transparent
Awareness**