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HUMAN RESOURCE MANAGEMENT

Assessment 2

INDIVIDUAL REPORT

CASE STUDY

Sukies Co & Patties Co

The Global aspect of HRM

Globalisation of the modern world economy presents additional challenges in the field of HRM. The global market places issues like taxation, training and qualification systems, employment legislation and discrimination, technological development and education, culture and traditions, ethical. This is a mix of internal and external factors, affecting the activities of the HRM. It widens the field of responsibilities of the HR professionals and requires appropriate global, as well as local HRM practices.

“The role of international HR professionals is coming to the fore as firms continue to globalize at a pace. Information and communication technologies are transforming organizational structures and business processes, breaking down organizational and geographic boundaries. Businesses have realized that without attention to foreign markets and competitors their prosperity and very survival may be at stake.” (Sparrow, Brewster et al. 2004 p. 1)

As IHRM is a huge field we can focus on perhaps the most important part – multinational companies’ activities in different countries and how they relate to the HRM practices and strategies, since the MNCs are responsible for spreading the HRM practices internationally.

“International human resource management (international HRM) is the process of managing people across international boundaries by multinational companies (MNCs). It involves the worldwide management of people, not just the management of expatriates.” (Armstrong 2014 p. 463)

In general, IHRM employs same activities as “domestic” HRM and although domestic is related to the employees within one country it is increasingly involved with multinational and multicultural workforce and in this respect the practices of diversity management may be beneficial to the IHRM. It has to be noted though that diversity management within single national, legal and cultural context may not be transferred directly to international dimensions without modification. According to (Dowling, Festing et al. 2013) the complexity of operating in different countries and employing categories of workers is a key variable that differentiates domestic and international rather than any major differences between the HRM activities performed. Six factors are defined as contributing to the larger scope and complexity: more HR activities, need for a broader perspective, more involvement in employees’ personal lives, changes in emphasis as the workforce mix of expatriates and locals varies, risk exposure, broader external influences (Dowling, Festing et al. 2013).

The cultural environment

Culture is a broad concept that can be considered in many aspects and does not have a clear definition, but it can generally be defined as the behavioural patterns, traditions, beliefs, religion and human values specific to a particular society. National cultural characteristics are usually historically conditioned and can have a significant impact on the business environment. A more personalised perspective of the culture is how we are

brought up and what we share with others around us. “In action in social life, culture constitutes the unwritten rules of the social game” (Hofstede 2020)

One of the most significant scientific studies on how national culture influences workplace was conducted in the 1970s and 1980s by Professor Geert Hofstede and his colleagues. The survey studied the behaviour of IBM employees in different countries around the world, processing over 110,000 questionnaires in 20 different languages. It is considered as the largest organizationally based study ever conducted. The assumption of the study was that the national cultural differences in the organisations would very much reflect the cultural differences found in the countries (Henderson 2011).

Geert Hofstede (Hofstede Insights 2020b) defines culture as “the collective programming of the mind distinguishing the members of one group or category of people from others” and “culture is the software of our minds. We need shared software in order to communicate”(Hofstede 2020). Hofstede and his assistants determined initially four basic issues, two more were added later on, that exist in the society and need to be accepted and managed in order society to organize itself. These are called dimensions of culture and are used to measure the relative differences between countries. Each dimension is measured on a scale from 0 to 100, giving each culture distinctive profile. The Hofstede 6-D model of national culture is widely accepted for measuring cultural differences for scientific and business purposes.

The Hofstede 6-D model of national culture – Bangladesh comparison

Hofstede (Hofstede Insights 2020b) defined dimensions by comparing most of the countries in the world.

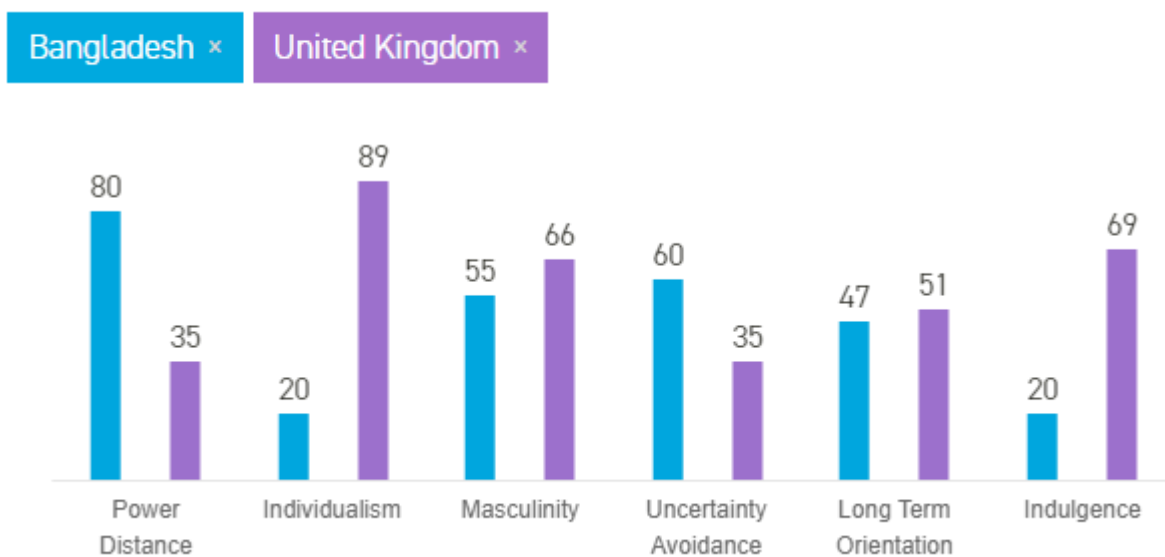


Figure 1. Dimensions comparison Bangladesh-UK (Hofstede Insights 2020a)

Power distance index (PDI)

The power distance dimension measures to what extent a certain society accept the uneven distribution of power or how inequalities among people in the society are handled. Applied in the work environment it measures how centralised and autocratic is the hierarchy in an organisation. Bangladesh has a high score here (Fig. 1), which indicates high-inequality culture and very hierarchical society. People respect authorities, everyone has its place and this order is not questioned. Similarly, organisations have autocratic management style with centralised decision making and employees are not expected to challenge their superiors. In comparison, UK with score of 35 is on the other end with society where people believe inequalities should be minimized and employees are able to disagree with their managers without this being considered

disrespectful. Organisational structure is rather horizontal and management would discuss important decisions with the staff.

Individualism versus collectivism (IDV)

Individualism is a dimension which measures the level of independence of the society members as opposed to the collective mindset of the people in a society, whether people's self-image is defined as "I" or "We" (Hofstede Insights 2020b). Individualist societies emphasise on personal achievement and wellbeing, the right to a private life and opinion, while in collectivist societies people are considered more as members of a big family which protect each other in return of loyalty and favours. Here, too, both countries are at opposite ends of the scale. Bangladesh with 20 points being characterized as a strong collective society. Loyalty is distinctive feature of the collectivist culture and dominates over other societal rules. In collectivist societies offence leads to shame, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employee's in-group, management is the management of groups (Hofstede Insights 2020a). On the other hand, UK is one of the leaders in individualistic culture. The British are highly individualist and private people brought up to take care of themselves and with the idea that everyone is unique and contributes to society in their own way.

Masculinity versus femininity (MAS)

Masculinity refers to the competitive side of a society. "The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine)" (Hofstede Insights 2020a). High score indicates that people compete to be the best in what they do and success is the driving force in life - values taught from childhood and transferred to the work environment. The low score indicates feminine values like quality of life and work-life balance. With score of 55 Bangladesh falls in the masculine societies, where emphasis is on equity competition and performance and people "live to work". Scoring 66, UK is also considered a masculine society, success driven, where performance ambition, competitiveness and wealth accumulation is valued.

Uncertainty avoidance index (UAI)

Uncertainty avoidance is dimension that shows how the cultures accept innovation, unknown situations, the ambiguity and uncertainty of the future. Countries with high score have strong bureaucratic structures and tend to avoid risk situations (CIPD 2020). Low score is related to cultures with more flexible structures and diverse perceptions. Bangladesh has a high score (60), such cultures need rules, order and clarity and are intolerant to unorthodox ideas, security is important factor. Britain has 35, a low score indicating that people feel comfortable in ambiguous situations and are happy to live with less rules, but follow the ones that are in place. Creativity and innovation are a way of life.

Long term orientation versus short term normative orientation (LTO)

This dimension explains how the links with the past affect the way societies manage the challenges of the present and future. Normative societies score low. They value traditions and societal changes are not accepted easy. High scoring cultures are more pragmatic, open for changes and value modern education as a way to face the challenges of the future. Bangladesh and Britain show similar score, with no clear preference.

Indulgence versus restraint (IVR)

"The extent to which people try to control their desires and impulses, based on the way they were raised" (Hofstede Insights 2020a). Indulgent cultures allow weak control and restraint cultures have strong control. Bangladesh is distinctively restrained country with score of 20. In such countries people are restrained by social norms, they are pessimistic and control the gratification of their desires, leisure time is not a priority and indulgence are considered wrong. British culture scores 69 and is classified as indulgent. People in indulgent cultures are more optimistic and have positive attitude, they enjoy life, having fun and leisure time are important.

Sukies Co and Patties Co

The high score in the power distance index means that decisions are made by those who lead and have power and workers have no say. This model is extremely influenced by tradition, family and loyalty. In such environment, changes are very difficult, there are no open relationships. That is why in Patties Co. there is concealment of the problems by the employees and impossibility to communicate for solution with their superiors. This leads to a lack of distribution of responsibilities and a lack of key units in the work process such as supervisors and team leaders.

Existing issues in Patties Co. as junior managers work 60 hours a week, the lack of formal induction and handbooks, explaining the company policies, rights and obligations of employees, create an unfavourable environment for stability and prosperity for both employees and the future of the company. The implementation of training and opportunities for staff development are urgent in order to cope with the high staff turnover and improve retention. Recruitment and selection need to concentrate on selecting more qualified people for the junior management positions in order to reduce the work load. At the same time some of the more experienced and capable workers have to be promoted as team leaders and supervisors to form team structure. It is necessary recruitment policies to be implemented, outlining selection criteria and job descriptions in order to avoid hiring staff randomly. Separate training of the senior management staff as well as appointment of a female from foreign country on a senior position would help break the "family" management of the business, a consequence of the collectivist nature of society.

In a conservative culture where religion dictate the social norms and woman is seen as a housewife, women integration in the work process is a delicate matter. In order to provide more diverse workforce, it is necessary the company to contact organisations working for the integration of women, which will help for the recruitment. Creating part-time work, different shifts that do not violate the established stereotype of the woman and at the same time she is a full member of the society and has time for her family.

Employee engagement is very important both for the work environment and for the future development of the company, so it is essential to pay attention to how this is applied. More individual approach towards employees should be adopted. There is a need for feedback between workers and management, both for innovations in the work process and for problems. Employees performance can be improved with bonuses, individual incentives, rewards and expressed gratitude. Motivating is a major daily part of the development and building of good and healthy employer worker relationship. The overall concern of the employer for the professional growth of the employees, the physical safety creates commitment from the employees and willingness to work and succeed.

“Established in 2012, Payment Systems Department’s core objective includes establishing modern and efficient interbank payments, clearing and settlement system. In parallel, the department looks after the Law, regulation, licensing and oversight of the payment systems.” (Payment and Settlement Systems Bangladesh 2020)

Despite a regulated and established payment system in Bangladesh, Patties Co. has implemented staff recruitment at various prices and by agreement, which is another factor of insecurity and unfairness to employees. Benefits are needed to improve the organization's strategies. Payments need to expand and motivate employees with benefits, compensation, remuneration, reward, salary to create long-term motivation and prosperity for employees and the company.

Despite being a profitable business, the implementation of proper practices and policies which are in synergy with local cultural norms will further improve competitiveness and ensure stable development.

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