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Impact of Culture

On

Multinational Establishments

Moving in the predominant global competitive market, organizations are continuously exploring new markets and new locations, expanding their branches. Human resource is the top most point in the planning agenda, taken into consideration by the organization's leadership. The new setup in a new location (country) will be confronting a new inexperienced culture. The parent organization besides transferring the technology, products and knowhow, the conventional work style and staff management will be moving along.

The employees that will be inducted in new setup have their own mind setup based on their culture. Strategic planning needs to be done by the HR management, for recruitment, training and making an atmosphere for the management to be acquaintance with the new culture as well as the employees with the new setup. Businesses are always dominated by the culture. Every individual employee have its own culture, having different life style, different expectations and religious values. Government trade policies, labor laws, mode of wages, all have deep impacts on businesses.

The division of labor required the most suitable people to perform skilled tasks, producing an early interest in the differences between individuals (Price, 2011). Many MNEs sometimes bear heavy losses, when they operate internationally. To overcome the losses they make turn around. Joint ventures, shifting of locations, cutting down the employees' strength, etc., are very common to observe. Here we will be referring Australia's International Airline, Qantas, to elaborate our discussion.

Cultural difference between two countries plays an important role in the international business. Especially, when a MNE enters a new market, cultural distance based on cultural difference will determine a proper entry mode into the market. (Lee. C, 2008)

Qantas leadership had been operating in the EU region, whereas there is a vast difference of culture in China. Language difference is among the top challenge, HR management will be facing. Airlines have direct interaction with common public, the local staff hired will be the bridge between the local Chinese customers and Australian management, through this bridge customer's requirement and company's message/services will flow in & out. Qantas will be facing culture diversity internally and externally, in its Chinese operation. HRM practices are influenced by a number of national, industrial, organizational and individual factors (Boxall and Purcell, 2003). HR management is quite different in western countries as compared to China, the emerging MNEs in China has compelled a change in HR management, in the region. As a result of rapid growth in the Chinese economy, government's inadequate interest towards there is a deficiency of qualified work force. Hiring the right individual, training and getting the desired results, will be depending on the strategy of HR management. Secondly, modifications had been made in the conventional government policies and trade laws, after the rapid industrial growth, but still smell of state domination is there. Work style influenced by one's own culture, affecting the productivity will be different of the management and local staff. The HR management has to be flexible to adapt the new culture, as they will be dealing with staff and customers of the same culture.

Culture involves different factors, like political, religion, moral values, traditions, languages, life style and law. Culture is a shared meaning system, found among those who speak a particular language dialect, during a specific historic period, and in a definable geographic region (Triandis, 1994). It is quite obvious that any MNE will transform into new culture to some extent. It has to respect their traditions and religious values. The impression of an MNE on employees is different in various cultures. The work force being the main strength of any organization may impose their cultural values

into MNE they are working for, which may deviate from the company policies. When people come into contact with members of other cultures they are often not aware of their miscommunications, because they think that the others are more or less like they are (Triandis, 1994). In today's global economy, the extent to which HRM activities are successful across cultures will largely depend on the manager's abilities to understand and balance other cultures' values and practice as regards such things as the importance of work, how power and status are conferred, the perceived value and other fundamental differences in how people from different cultures view the world (Boxall and Purcell, 2003). .

Every society differs in political, economic and social terms and these forces also change over time. This has an inevitable impact on the approach to managing people across geographic location and time. (Martin, 2009) In some areas the work force consider an MNE as taken for granted, whereas some work force are so hospitable and cooperative, trying to create bright impression of their culture. The Government policies and other rules & regulations that were made as per their culture will be bounding for an MNE.

Strict strategic long term planning is made by the organization before entering new territory, but somehow in the long run alterations are made to cope up with the existing culture. The practices associated with the organizational need to mange people are subject to constant adaptation as a consequence of fashion, legislative, social, educational, organizational, economic and labor market changes (Martin, 2009). The MNE senior management more often by pass to realize the difference in culture of the work force they just emphasize on production, which may result in instability of the company.

Cultural differences are best conceptualized as different patterns of sampling information found in the environment (Triandis, 1989). The danger of overviewing HRM within different cultures and nations is that it may hide the variety that exists and thus over- simplifies what can be a

complex picture. Nevertheless, this review has sought to bring out the main trends and the principal tasks faced by HRM professionals.

Strategy:

MNEs make different strategy plans for different cultures. Few elements that are to be considered for the its venture in the new territory are, defining the role of HR, deployment, performance of the managers, training the staff, benefits for the workers and a relation among the management and the workers (Boxall and Purcell, 2003). A complete detailed knowhow of the new territory their culture, their priorities, religious values, living styles, government policies, trade laws, labor unions, etc,. Has to be attained and studied. Moreover the company will be dealing with a multicultural workforce, MNEs organize training programs and seminars, to mould the workforce according to their requirement.

An important characteristic of culture is that it is so subtle a process that one is not always conscious of its effect on values, attitudes, and behaviors. One usually has to be confronted with a different culture in order to fully appreciate this effect (Martin, 2009).

Waging level might be different from the parent company with the new territory, MNEs Initially Continuous with the current system, but gradually transforms, into its own policies. China is generally considered as one the most advanced and transitional economy that spreads across a wide spectrum. Companies around the world forms and business nature are likely to operate in considerably different product and labor market conditions and at the same time are more likely to adopt different approaches towards HRM (Cooke. L, 2008).

Getting the right workforce, getting them trained, and getting the best result are the upmost priorities for any Multinational Establishment. Human Resource department

plays a vital role in Multinational Establishments. Their core duty is to provide the company with a workforce that can easily accommodate in the new establishment irrespective of cultural differences (Boxall and Purcell, 2003). The HR responsibilities does not end with the hiring process, it maintains a bridge between the top management and the employees. Defending the rights of employees, the HR managers act as their spokesman. Motivation of the employees is a must, either its by bonuses or by other means, which again comes under the HR management. Concerned governments hold certain legal rights for the employees; the same are to be entertained.

As a strategy the MNEs utilizes local available resources, thus empowering its stability and laying its share in the local development. Involving the employees representatives into the company's productive matters and developing links with the local committees, not only will benefit in acquiring a large market share but it will strengthen the company's foundation for the long term (Triandis, 1994).

At the top of their HR organization, HR leaders establish an agenda for the function within the firm – both for the way people and the organization come together to drive business success, and for the way the function itself will operate (Lee. C, 2008)

The parent company instead of holding the HR department, and do the hiring, promoting, rewarding, and dismissal from the base station, appoint any local HR firm in the new territory or a local HR manager who is familiar with the local culture and conventional values.

A major theme is that the multinational enterprises are ultimately an economic creature. It exists to produce and market goods and services from which it can earn profits (Rugman, 1981). The overview of HRM within different cultures and nations is that it can hide the variety that exists and thus over-simplify what can be a complex picture.

MNE Managers:

Globalization has laid many responsibilities on managers. They are responsible to manipulating their parent company polices, achieving its goals in the new territory. They have to drive new setup keeping up the pace with the parent company.

Noting that managers are multicultural is necessary not only when they work with people from other countries but also with people from the same country, who speak the same language, have the same national heritage and yet, have different way of looking at the world (adekola, serge, 2007).

Managers are to be fully competent to deal with the work force in accordance with their culture and traditions. The work force may be still in the parameters of conventional working style, enforcing company's discipline and by laws immediately, may not get the desired result. The managers have to be well versed with the new government policies and trade regulations. They are not only representing the company but also their home country. A relationship should be developed between the managers and the employees, sharing their ideas and techniques; it will enhance their moral, resulting in better productivity, thus minimizing the culture differences. Regular communication with the workers will aid in developing their confidence with the company.

Political instability in the country, may affect the MNE. Due to international political differences among the countries, some individuals might have negative thoughts for the parent company's home base. Managers keep a vigil check on the employees and any such element is rooted out (lee. C, 2008). The twentieth century is an era of globalization. Companies are expanding their network across borders. This has changed the concept of conventional economy, with advancements in transport and communication distances have reduced. Transfer of technology has not only become the need of almost all the communities rather it enhances the MNEs.

Language difference may cause a communication gap between the managers and the workforce. Successful managers will be the one who manage to get familiar their language, getting closer to the employees (Lee. C, 2008). External factors like, government laws, trade regulations, market changes and marketing are the other side for managers to deal with. Besides local activities the mangers have to be well informed about the international industrial changes.

The appearance of companies operating on a national basis changed and widened the geographic scope of management's perception of its business environment (Leontiades, 1985).

Setting a foothold in a new region is deeply affected by the new culture. The MNE bring along its home culture, which may deviate from the new culture. A broad strategic planning is required considering all factors. Whereas HRM plays a vital role in MNEs. Employees are the main strength, getting the right workforce, their training and indulging them into the company's environment are all concerns of HRM. Surviving in a new culture and achieving desired goals, equilibrium has to be maintained among both the cultures.

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