

CULTURE IN THE CONTEXT OF GLOBAL HUMAN RESOURCES MANAGEMENT

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Abstract: Working and earning from the comfort of your home is a possibility that is going viral nowadays. Everyone with several years of working experience has the chance to find a suitable remote job with decent earnings; therefore, offices have started to become an unnecessary expense. Remote companies have monitoring systems that monitor the results employees are expected to reach, so the employees are aware that working from home will not change their level of productivity. However, working from the office is a very pleasant and learning experience. Video conferences are unlike meetings in person, where you can witness body language and face expressions while talking to people. At the same time, you can communicate, exchange experiences, network, and be uplifted while in the office. Working from the office gives you the opportunity to meet people from different cultures in person. Sharing the space where you spend your day with people who have different backgrounds means having the capability to adapt to different styles and ways of functioning. This study examines the crucial role that cultural diversity plays in the workplace, followed by the HR methods that management implements for the purpose of harmony within the organization. The significance of culture in molding and impacting worldwide Human Resource Management (HRM) practices has grown in today's linked and ever-changing economic landscape. This study explores the complex relationship between culture and global human resource management (HRM), looking at how cultural differences affect hiring, selection, training, performance reviews, and employee interactions, among other HRM-related activities. This study attempts to offer insights into practical methods for handling cultural differences in a global Human Resources Management setting by analyzing the benefits and difficulties brought about by cultural diversity. This study advances knowledge of the challenges of managing cultural diversity in multinational corporations by drawing on pertinent theoretical frameworks and empirical research, leading to the eventual development of more inclusive and successful HRM strategies worldwide.

Keywords: culture, globalization, HRM, cultural diversity, remote working

1. INTRODUCTION

In the past few decades, we have witnessed enormous changes within companies and organizations around the world. It is well known that the globalization of markets refers to the growing interdependence between countries and economic integration worldwide. Consequently, organizations are becoming multinational, so they must adjust their management strategies and actions to overcome the challenges. A multinational corporation has facilities or other assets in at least one country other than its home country. This corporation is also known as an international, stateless, or transnational corporation. Globalization encourages companies to increase the volume of cross-border transactions in goods, services, and capital. HRM becomes global or international, which means that HR managers are dealing with employees from different cultures or expatriates. Culture is a collective and complex phenomenon because it is nurtured and practiced by the people who live in a certain area with a unique social environment, geographical location, climate advantages or disadvantages, etc. Culture is born and raised by the people that live in that certain area. We can define culture as a collection of the unwritten rules that exist in a society. The phenomenon can also be defined as the collective programming of the mind that distinguishes one group or category of people from others. (Hofstede, 2010).

On the other hand, global Human Resources Management can be defined as a set of activities that have the goal of managing organizational human resources on an international level to achieve organizational goals and objectives (HRM-International, n.d.). This management is aiming to achieve a competitive advantage over competitors on a national or international level. With that said, we can strongly agree that culture has become one of the biggest factors that has influenced today's HRM system. The disappearance of national business boundaries resulted in the occurrence of a great number of multinational companies. These companies have a multinational structure of the workforce, or employees coming from various cultures. Multinational companies perform in various locations, or better yet, they have developed their businesses in more than one country. They indicate the existence of a home country, or the country of origin, and a host country, or the country they invest in. In both the home and host countries, these companies have representative offices, which is why they show a high level of employee diversity. When dealing with people coming from different cultures who have specific, unique backgrounds, we have to learn

the differences, to accept and honor them, and to start to embrace diversity. HR management systems should be fully customized and tailored to satisfy the need to manage cultural diversity. (Hofstede, Hofstede, Minkov, 2010, p. 6) Hofstede, 2010, p. 6)

Why should we focus on managing and even encouraging diversity? Based on the results of research done by companies worldwide, the diversity of the workforce increases the productivity and engagement of employees, thus making the company more successful. For example, Boston Consulting Group, a company based in Boston, Massachusetts, reveals that applying diversity within the organization results in 19% higher revenue. However, diversity includes not only cultural differences but also gender, race, religion, age, and other factors that signal some difference. We will focus on the cultural concept of diversity, which is significantly related to global Human Resources Management. We would like to emphasize the significance of developing a global mindset within companies so as to adjust smoothly to the globalization of HRM. We can define the global mindset as a mindset that has the ability to understand the diversity across markets and cultures and, at the same time, has the power to synthesize across this diversity (Developing a Global Mindset, 2021). Consequently, this kind of developed mindset brings the ability to connect with people from other cultures, both on an intellectual and emotional level. HR professionals working in the new era, who have the intention to grow and build a successful career, have to embrace the new way of thinking and learn how to own the global mindset. If we focus on HR operations and objectives, we can say that there is no big difference between domestic and international HRM, but if we compare them, we will detect differences in other areas. The basic functions and objectives remain the same, which are procurement, allocation, and utilization of people. The primary difference between IHRM and domestic HRM lies in the complexity of operating in different countries with different cultures and laws. This is the core of the IHRM; knowledge, skills, and abilities are essential, but it must be challenging to practice them in hybrid forms (Dowling et al., 2008). The degree of complexity depends on multiple factors. We will focus on the following three: the extent of cultural diversity, the approach taken to multinational entry, and parochialism. Clearly, if the scope of cultural differences is wider, the complexity of the HR management system will increase. HR managers will have to learn about different cultures and adjust their approach on a daily basis. Before starting to write on this topic, we've done wider research and studied suitable literature related to global Human Resources Management and cultural diversity. While focusing on that, we've had the chance to witness in practice some of the theories we've learned, which was extremely helpful. We both work for a multinational organization with offices in several countries. The home country is Macedonia, but we have offices in more than two countries in the Middle East and also a franchise in London.

2. EXTEND OF CULTURAL DIVERSITY

Multinational companies have different recruitment ethics. They can implement the ethnocentric approach, which basically means placing home country employees in positions in host countries rather than employing locals. On the other hand, we have the polycentric approach, and when this approach is taken, companies are looking to place local professionals in the highest positions in the host country offices (Grimsley, 2019). If there is a mixture of these two approaches, then companies can use their global Human Resources Management efficiently and effectively. Instead of walls between cultures, this encourages the process of building strong relationships between them, and it is called geocentric recruitment. Both our organizations have implemented and practiced geocentric recruitment, placing mostly locals in leading positions in the host country's offices. This does not mean that positions are filled strictly by locals; they are filled by the most qualified, regardless of nationality. We've adopted a geocentric international HR strategy. However, most of the employees are from their home country or host country. The diversity of cultures is obvious, since the employees in the host countries are mostly Arabs. Having the opportunity to monitor, observe, and become completely familiar with the ways of international HR management made us decide to dive more deeply into this particular matter. The extent of cultural diversity within the organizations is high and the HR objectives are achieved by the existing HR Committee. The HR Committee is made up of HR professionals, aiming to reach and achieve all the goal-oriented objectives, sharing ideas, leading group discussions from diverse points of view, and collaborating daily in order to manage successfully. The HR Committee is formed to manage the entire human capital inside the organization, both within the home country and the host country offices. Basically, there is one adopted and implemented HR management system, but the cultures are significantly different, and HR's must learn how to practice the system with different categories of employees. As a result of the strict company policy and mission statement Statement Framework, we can say that we're enjoying a high level of equality. However, this policy is very wide and has many rules on how to overcome predicted situations. HRs are hiring and promoting employees based on ability and experience without considering race or citizenship. Compensation is based on value-added, and training and development are emphasized. Speaking of training, we must add that training on the topic of cultural diversity is being organized within the organizations, and this makes us feel more comfortable in the

workplace. The goal of describing our personal working environment is to make a point that operating in different countries where the extent of cultural differences is greater is a complex process.

The second factor that determines how complex the IHRM system will be is the approach taken to multinational entry, or the international market entry mode. According to Bruce Kogut, internationalization can extend market opportunities, increase an organization's customer base, and reduce trade and transaction costs while increasing profits. From a management perspective, multinational entry modes can be classified into three main categories: export entry modes, contractual entry modes, and investment entry modes. Kogut states that characteristics of national culture have frequently been claimed to influence the selection of entry modes. This is because sometimes there is huge cultural distance between countries, so the management should make the right and most rational selection. Also, there are certain attitudes towards uncertainty avoidance that should be implemented accordingly. Basically, we can see that the complexity of the IHRM system follows the complexity of the approach taken to multinational entry.

3. HOW WE PERCEIVE CULTURAL DIFFERENCES

We communicate and collaborate with colleagues from different ethnicities and nationalities daily. However, at the very beginning, we couldn't notice the amount of effort you need to put into building strong relationships between co-workers. When we started working, we were focused on respecting the existing rules rather than understanding their true meaning. Our relationships are built on trust, loyalty, and reliability. We all feel that our contribution is even greater if we stick together and work towards the same goals. HR management has made an enormous contribution to the way we do things, the way we act, and the way we communicate. We are all aware of our differences, but rather than ignoring them or acting like they are not present, we are cherishing and nurturing them. Once we defined the geocentric HRM approach and the global mindset, we started implementing this type of mindset into our everyday life and we've noticed a huge improvement in the way we perceived things. On the other hand, there were a lot of meaningful and insightful training programs provided inside the organizations, and there were a lot of group activities meant to develop even more close connections between colleagues with diverse backgrounds. We have the chance to travel or work abroad. Employees posted abroad are in a very specific position. They must be well prepared, and the management has to offer an overseas employment program prior to their movement. The program should contain all the conditions, outcomes, challenges, and benefits that the employee will receive. Working overseas can sometimes result in negative experiences if there is a lack of communication prior to the employee's departure. The employee must take responsibility for reviewing in detail the employment contract provided by management, and management, on the other hand, has to inform the employee about all the possible positive or negative situations that can happen while working abroad. Before signing the contract, the person should be completely aware of the consequences and accept them, to avoid additional misunderstandings and to ensure that all the correct details are covered. HR managers must consider the individual's job position, manage expectations, offer language courses if needed, and prepare the individual for cultural immersion (Zaric, 2022).

Based on the data gathered from research made by John Crowley in 2017 for the People HR Blog, there are three most common challenges that international HRM faces. He's been speaking with business leaders and HR professionals from all over the world in order to find the answer to the question: What makes IHRM such a challenge? He discovered the following: First, it is too easy to accidentally break local laws; second, cultural differences can easily result in professional misunderstandings; and third, it is hard to create an international human connection. Let's look at these three challenges in a bit more detail. First, each country has its own legislation and employment law; this means that for each country you operate in, you need your HR team to be up to date with each country's legislation. For example, if you operate in European countries or member states of the European Union, they all have their own international HR nuances to contend with. "Any HR management team with employees who reside in the EU faces the complexities of the General Data Protection Regulation," says Michael DesRochers, founder of PoliteMail. "But then there are data privacy regulations within specific countries of the EU, such as Germany and France, making matters even more complex." DesRochers advises HR's who collect personal employee data to fully comply with the regional privacy laws. Secondly, the cultural differences that could easily result in professional misunderstandings are not based on religious beliefs or points of view but rather on the way people work in different cultures. For example, Middle Eastern countries have a working week starting on Sunday and ending on Thursday. All the other countries in the world have regular working weeks from Monday until Friday. Max Robinson, owner of FishTankBank, says that he has had to learn to work around the custom of his South American team to start their work later in the day. He says that it's frustrating, but he's had much better results since learning to accept it rather than fight it. So, it is highly important for companies to invest in cultural training with a business focus, as global teams become more common. Thirdly, let us stress the importance of creating international human relations. Video conferences are good for eye contact and a restricted amount of body language, but people

have to meet in person to feel connected, and this is critical for building strong teams. This is why big companies are sending their employees from all around the world to one country for development days. This is mainly happening once or twice per year, and the results are as expected: teams are stronger, and connections are closer (Indeed Editorial Team, 2021).

4. CONCLUSION

We must acknowledge that, now, we are more connected than we've ever been. The HRM System aims to handle challenges through the implementation of effective international HRM. One of the critical decisions and actions required in the formulation and implementation of effective IHRM is to assess the extent to which local cultural factors will influence any attempts to apply standard HRM procedures if integration is one of the main goals of organizational strategy. Once HR professionals are completely familiar with these factors, they will have the capacity to build an effective IHRM strategy (Nankervis et al., 2017). Keith Stopforth, the HR Manager at one of the largest companies in the world, Bupa, says in his recent interview that as an employer, you really put yourself at risk if you don't embrace diversity, because that's what the workforce is nowadays; it is very diverse not only in terms of culture but also in terms of hiring the right people to make your business work.

Based on the above-mentioned theories and data, the following conclusion is drawn, conservative approaches won't survive in the era we live in. HRM must adjust and adopt new strategic ways for the purpose of creating and maintaining a good working environment within the organization. Globalization is present, and international organizations are already functioning well. True leaders have realized that talent, expertise, and contribution are not related to any nationality, ethnicity, or race. Diversity brings extraordinary people together who aim towards the same goal.

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