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## Research on main problems of multinational corporation human resource management based on the theory of cultural management

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### ABSTRACT

Human resources management of the multinational Corporation is one of the important factors affecting the speed and level of development of the multinational corporation, this article uses the Hofstetter's cultural dimensions theory as the analysis base, analyses culture management theory to understand the present situation and the problems of multinational corporation human resources management, puts forward multinational corporation human resources management framework model based on the theory of cultural management and constructs management recommendations of human resource management in multinational corporation form the functions of human resource.

### KEYWORDS

Theory of cultural management; Multinational corporation; Human resource management.



## INTRODUCTION

With the global economic integration process speeds up gradually, important role played by multinational corporation in the world economic activities is increasingly obvious, multinational corporation are usually faced with culture differences in customs and behavior with the multinational corporation's overseas expansion, which leads to the different management cognition and communication and easily produces conflict in the process of decision management, this not only brings conflict to corporate culture management, but also raises the cost of management in business management and reduces work efficiency. Therefore, cultural management of multinational corporation has become an important issue in the process of internationalization of enterprises. Traditionally, scholars assumes management has general applicability and transplants effective management concept and method to other countries and cultures, but research on the practice and cross culture shows: The management of general applicability is at least not established in cross-cultural scope, with the increasing internationalization of multinational corporation, its strategy should more emphasizes on the similarity and differences of culture in the various market<sup>[1]</sup>. In modern society, human resources plays a leading role in the development of enterprises, as a basic resource, human resource management of enterprises even decides the direction of the development; corporate culture is the soul of enterprise development and guidelines of the human resources management, At the same time, good human resources management also contributes to the management of enterprise culture, the two are paralleled, researching how to combine the two in multinational corporation and put culture management into practice in human resources management is a good way to enhance multinational corporation vitality and adaptability and bring internal force to human resources management. Based on the cultural management theory, the article analyzes status and problems of human resource management of multinational corporation and puts forward suggestions to promote the human resource management.

## THE CONNOTATION OF CULTURAL MANAGEMENT THEORY

### *A. The essence of culture management theory*

The culture management theory is emerging under the background of global economy "integration" and "information". For the multinational corporation, how to use economic and market integration forces, combine production of single product and service with global consumers, build a global business team and create a cross cultural management ability and the operator needs cultural management as the role of combining. Scholars, such as Xiong Yan<sup>[2]</sup>, LiLin Chen<sup>[3]</sup>, Ding Gang<sup>[4]</sup>, Ting Li<sup>[5]</sup>, XuZhang<sup>[6]</sup>, YuMei Ma<sup>[7]</sup> have studied it.

Enterprise culture management is the soft power, it can synthesize all the management result and unify all the people and things into the business administration, it emphasizes the power of spiritual culture, uses the aeriform cultural force to form standard of conduct, values, ethic, coheres sense of staff's belonging, enthusiasm and creativity, guides the staff to strive for the development of enterprises and society and produces effect on the social cultural environment through various channels<sup>[8]</sup>.

### *B. The features of culture management*

As a new stage of development of management theory, cultural management theory has the cultural orientation for the development of enterprise management theory, it ranges from economic value and economic consumption to spiritual value<sup>[8]</sup>.

#### *a. Management of putting people first*

Culture management uses "concept man" as the theoretical basis, puts forward "putting people first", pays attention to the importance of people, emphasizes on employee mental state, cultural literacy, enterprise identity, shares the burden of enterprises, Fully mobilizes the existing human resources, plays each employee's potential and create a unique corporate culture, that can enhance competitiveness and improve labor efficiency.

*b. The diversity of culture management model*

Because human is the object of culture management, human's long abundant humanistic background makes different ethnic groups, different regions within a country, different industries, or even the different corporate in same industry show different patterns. In addition, enterprise's founder and spiritual leader also produce far-reaching influence to cultural management feature, thus the cultural management shows a rich and colorful view, this is the theory premise which every enterprise depends on its unique cultural resources and creates distinct characteristics of cultural management model.

*c. Cultural accumulation consciously and mutual penetration to management development*

In traditional management theory, culture is self-conscious precipitation and accumulation, it's usually inefficient, high consumption and high conflict and cannot support the management and strengthen the strategy. Culture management combines actual demand of management, uses cultural system as the main means and shapes the organizational culture as the core, through the rational accumulation, inheritance and law of culture can be promoted orderly. Management activities becomes corporate culture expression, at the same time, it also demonstrates and reinforces the operability and validity of the corporate culture management.

## **MULTINATIONAL ENTERPRISE HUMAN RESOURCES MANAGEMENT STATUS AND PROBLEMS BASED ON THE THEORY OF CULTURE MANAGEMENT**

*a. Review of multinational enterprise human resources management*

In this field, the foreign well-known scientist Hofstede put forward the theory of "cultural dimension", the paper will also take this as the analysis basis for researching on human resource management of multinational corporation, "Cultural dimensions theory" puts forward five cultural differences dimensions of human resources in multinational Corporation: Power distance; uncertainty avoidance; men and women; individualism and collectivism, long term orientation, that can be uses s the four aspects of analyzing cultural differences. In addition, Adler's "cultural coordination theory" put forward new organization form in order to realize cultural coordination, and process mode of seek common ground while reserving differences, finally, good factors for organization development can be gotten. As a branch of cross culture management, research on human resource management of multinational corporation comes from the perspective of cross cultural management, under this circumstance, human resource management around the cultural management has explored some effective and representative theory and management mode.

*B. The problems of human resources management in multinational corporation based on cultural management theory*

International operation of multinational corporation are facing increasingly severe international competition, whatever the enterprise wants to occupy a space in the overseas market, or attracts the best talent who have overseas background, enterprises are facing with the problem of cross culture management and mastery to the subsidiary or overseas employee, transplanting or recreating culture brings bad influence to the human resource management of multinational corporation. An international survey shows that about 30%-40% multinational enterprises are abortive, the cross cultural management of transnational enterprises has a big problem.

*a. Many multinational Corporation can not effectively solve the cultural conflict*

In multinational overseas business, they usually need communicate with local government, enterprise, local managers and staff, because of the cultural differences, expatriate managers of the parent company and company executive culture could not adapt to local culture, great differences on information understanding, expression, behavior culture, national character leads to cross-cultural conflict, direct conflict shows in both values, institutional culture and labor relations.

*b. Importance of cross cultural communication is often neglected*

Cross cultural communication is insufficient if only relying on the translation, language and non-language communication needs continuous culture management to support under background of cultural difference in multinational corporation, it has a promoting effect on combination of subsidiary system and behavior culture to multinational corporation, cross-cultural communication is also playing a decisive role in cross-cultural negotiations and shaping the cross culture team.

*c. Lack of effective incentive and constraint mechanism*

Persistent effect of human capital will eventually need human incentive mechanism to regulate, because of the differences in geographical, cultural and psychological, incentives to employees always does not match at home and abroad, especially in some fledgling multinational enterprises, material incentives is first, incentives is single and materialistic, corporate identity and cultural participation is not required, in different cultural contexts of multinational corporation, different human resources management in different regions is not same.

*d. Implementation of corporate culture localization is blocked*

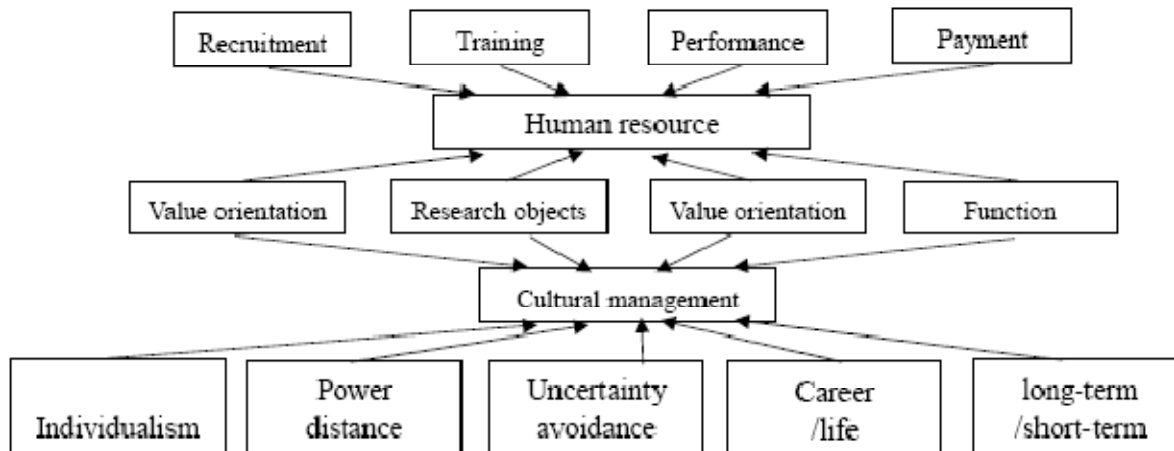
Transnational corporate culture has national and cultural blood, when promoting corporate culture in overseas areas, it will suffer from some questions and obstacles of different cultural value dimensions, that can lead to the cultural conflict, even normal operation of enterprises. The implementation of corporate culture management is important to human resource, lack of cultural management can make personal values and corporate philosophy misplaced, it's not conducive to storage talent to the transnational enterprise, even resulting in low efficiency of human resource management.

*e. The training of human resources is not reasonable*

Multinational corporation training work has no centralized standard in training target, level and scope, structure, contents and methods are not scientific, it has lost overseas projects, they not only lack technical management system of overseas business, but also lack high-level talents cultivation ability.

## **MULTINATIONAL CORPORATION HUMAN RESOURCES MANAGEMENT FRAMEWORK MODEL BASED ON THE THEORY OF CULTURAL MANAGEMENT**

Hofstede's cultural dimension theory is used to analyze human resource management of multinational corporation. Professor Hofstader shows five dimensions to measure different culture background values: Individualism and collectivism (i.e. Degree of interesting in groups or individual goals), Power distance (i.e. Social distance between employees and managers), Uncertainty avoidance (Uncertain factors to uncertain factors), Successful career and life quality (Emphasis on career success oriented or quality of life oriented), long-term and short-term oriented (Degree of culture to tradition). Five measurable dimensions can express cultural differences, help managers to visually assess the different cultural phenomenon of cross-cultural economic or in communicative activities, improve the management efficiency and help them to perfect operation and management of multinational enterprises. As shown in Figure 1:



**Figure 1 : Multinational corporation human resources management framework model based on the theory of cultural management**

*A. Staff recruitment in multinational corporation*

Collectivism oriented enterprises prefer to recruit employees from familiar and successful teams, internal promotion and personnel recommendation is a common way of recruitment; In the individualistic organization, managers often believe that personnel recruitment should be open and fair. In high power state, they prefer to select managers who have higher social status and knowledge, the future promises are important; In low power state, work performance and achievement is the key of recruitment. In high uncertainty avoidance state, multinational corporation recruiting mainly depends on their commitment and work experience; While in the relatively low uncertainty avoidance countries, employee skills in past works and performance are more useful. A higher success oriented country will focus on work achievement and prefer to select staff who have development potential and the success chances, companies will also focus on promotion and high performance to attract talents; In contrast, in life quality orientation state, employees are demanding more leisure and comfortable working environment. In long-term oriented culture, recruitment will focus on personality and character which can match with the company, potential employee skills are less important than culture identity, short-term culture oriented focus on candidates who have direct and effective skills.

*B. Staff training in multinational corporation*

In highly individualistic culture, the starting point and the foothold of training is personal creation, career planning is an individual pursuit; In low individualism, training is for the required skills and development, employees are passively accept the arrangements and required to have obvious effect after training. In high power state, training emphasizes on employee involvement and obedience, In low power state, training can be depended on staff and the organization demand, staff have higher freedom. In high uncertainty avoidance cultures, the training content prefers to be universal, stable and high skill, innovation is insufficient; In low uncertainty avoidance cultures, encouraging employees to actively participate will be more mentioned. At higher success oriented culture, work achievement is the staff and the organization's goal, the training contents are always about occupation development planning; In low success oriented company, training about skills development is not popular. In long-term oriented culture company, training tend to be long-term employment development skills, or learning investment; in contrast, in short-term oriented culture, training content emphasizes on company's current business development needs.

*C. Staff performance in multinational corporation*

In highly individualistic culture, individual performance is fair and open; it can clearly understand each person's work ability, incentive program is transparent; In low individualism culture, collective performance is stressed, individual performance is for the collective performance. In high

power state enterprise, performance setting and implementation has great relationship with status and rights of managers, performance appraisal will undertake the risk of derecognition; In low power culture, managers and employees can mutually evaluate, performance considerations are more comprehensive. In high uncertainty avoidance enterprise culture, employee risk aversion tendency is higher, this will make the performance evaluation not clearly reflect the different level of the individual performance, qualifications and loyalty is the main index; In lower uncertainty avoidance cultures, individual performance appraisal is the most important index. In business success oriented enterprises, performance appraisal must emphasize on performance incentive effect; In life quality oriented culture, performance standards has smaller gap. In long term oriented culture, appraisal system prefer to the staff who match the long-term interests of company But in short-term oriented, performance appraisal only emphasizes real-time performance.

#### *D. Staff salary in multinational corporation*

In collectivism culture, salary system is based on collective performance and collective staff qualifications; In individualism enterprise, salary system emphasizes combination of personal ability and work performance. In high power culture, salary system and structure of organization is coincident, in low power culture, salary system is equal, the salary gap is small. In high uncertainty avoidance, stable skills are the basic indicator of salary system; in low uncertainty avoidance cultures, employee's performance determines the compensation. In business success oriented culture, prospect and identity are the incentive factors beyond compensation; In low success career oriented culture, employees' weaker pursuit makes compensation relatively average. In long-term oriented culture, employees' job stable expectations are higher than salary expectations; in short-term oriented culture, employees pursuit clear salary.

## **HUMAN RESOURCES MANAGEMENT RECOMMENDATIONS BASED ON CULTURE MANAGEMENT THEORY IN MULTINATIONAL CORPORATION**

#### *A. Talents selection and configuration in multinational corporation*

When multinational corporation is selecting and configuring talents, company could present the preference of "individualism and collectivism" by the ways of using recruitment advertisement, recruitment requirement and recruitment methods, such as when recruiting staff from American, independent tasks would be the most important index; Staff job configuration can use the level of individual and collectivism to consider, pursuit of personal benefit solely, or team maximizing.

#### *B. Human resources training suggestions in multinational corporation*

In long-term and short-term culture, different cultural staff training system and content should be different arrangements. Paying attention to the long-term orientation employees, enterprises can make the training plan, training mechanism of international talent training base, multichannel talent selection and detailed occupation career planning, talents training should be in relatively complete training system. To the short-term oriented employees, first hand training needs efficiency, this kind of employee have strong adapting ability, they can enter independent role as soon as possible, this kind of training can choose buffet according to the needs of their own and status. Decision layer, management layer and staff should be trained in different ways. Cross cultural training is an effective way to control and solve culture conflict.

#### *C. Employee incentive mechanism suggestions in multinational corporation*

Multinational corporation can use salary system, occupation career planning, promotion mechanism and some other incentive mechanism which can be accepted by employee to stimulate the most sensitive demand; To the staff who have better life quality, some soft conditions should be improved, for example, strengthening the enterprise culture, good work environment and staff welfare.

Whatever spiritual material incentive or direct and slow spiritual incentive, staff incentive should follow the lines of combination of material and spiritual work.

#### *D. Business culture localization in multinational corporation*

Tolerance degree to the uncertainty of things can be used to analyze the transnational corporate culture, Generally speaking, people in low uncertainty avoidance cultures love to take a risk, in contrast, people in high uncertainty avoidance cultures are more conservative. But different countries and areas need to distinguish specific region, it depends on their way of thinking and living preferences. Multinational corporation's culture need to overcome cultural differences in different regions and realize enterprise culture localization. Enterprises need to learn the local customs, religious rituals and social life systematically, they should evaluate the degree of uncertainty in every aspect, when implementing enterprise culture, "uncertainty avoidance" should be avoided, that would be better to stimulate transnational enterprise's cultural identity. In addition, when multinational corporation management do some activities in host, managers who have cultural differences inclusion should be chosen, they are not only loyal to the headquarters culture, bet also have rich professional knowledge and management ability, dealing with the multicultural working environment challenge, resitting different culture force and stability, being good at controlling and regulating themselves, loyalty and open is necessary. Such managers could be better to carry out transnational enterprise culture, the concept of corporate culture can be more convincing.

### CONCLUSION

The article analyzes human resource management in multinational enterprises based on Hofstede's cultural dimensions theory, provides a perspective of human capital in multinational enterprises from culture under the background of globalization and discusses internal support of enterprise culture. Good enterprise culture management is catalytic agent for internal integration and external fusion of human resources, many multinational enterprises face the problem of cross cultural communication and cross cultural management, they all can be described by Cultural dimensions theory, it will benefit to multinational enterprises.

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