
A STRATEGY FOR HUMAN RESOURCE MANAGEMENT IN SMALL AND LARGE COMPANIES IN THE GLOBAL ENVIRONMENT

■ **Abstract:**

It is very important for modern business to consider the system of management of human resources in different environments, their similarities and differences, especially the relationships that are developing in the United States, European developed countries and some countries and economies in transition. It is important to know how different countries manage people, how to find a balance between the needs of workers and employees in order to be competitive in the global market, whether to develop specific human resources management systems tailored to local labor markets and the like. Today, in modern business conditions, the successful management of business systems means respecting the environment. How the development of business activities spread out within single country managers who work in a multicultural environment should approach the study and understanding of intercultural management, to know to analyze business problems in the global business context. The success business management systems required by managers and the development of cultural awareness, knowledge and new competencies. It is necessary to ensure that managers develop new skills in managing human resources in global business systems. On the other hand, due to rapid changes in the environment, modern enterprise organizations are trying to find new organizational forms, new structural solutions, flexible enough and necessarily adaptive. The transformation is visible in all elements of an organization, its objectives, resources, human resources, information systems. The new organization has deep and significant implications for the practice of human resource management and causes major changes- the emphasis is on people, motivating employees and managing their potentials.

■ **Keywords:**

global environment, human resources, intercultural management

■ **INTRODUCTION**

The above changes in the global environment shape of strategy human resource management. On the other hand, the organization of modern enterprises due to changes in the environment finds new organizational forms, new structural solutions, necessarily flexible enough. The new organization has deep and significant implications for the practice of human resource management and that is causing major

changes. The emphasis is now on human resources and management of their resources. Because of the crucial role of human factors in a business enterprise, it is considered that investment in people is far more attractive than investment in physical capital. Still, it is necessary to be well aware of cultural specificity of human resources in some regions due to globalization. Of course, you should always bear in mind that existing cultural factors affect policies and practices of human resource management. In fact, more and more business

activities are carried out outside the home country and then it is necessary to know, understand, and adapt to cultural diversity that is present in human resource management strategies. In the process of human resource management an important question is motivation of employees especially over last few years. Of course, it should be noted here that the strategy that is applied to motivate employees depends on cultural diversity. Regardless of the everyday challenges and problems, an increasing number of corporations at the global level has a greater macroeconomic stability. Namely, even small companies, often family corporations, have now grown into companies with a larger number of employees. Despite the stock market turbulence and a global crisis that is increasingly felt in the market and which affects daily operations, managers of these corporations need to work as a team in order to realize business objectives and the question of motivating the employees who contribute to the success of corporations is very important. To this end, each leader is faced with the challenge of finding the right solution that will be best run by the employees while respecting cultural diversity. So, the solution now depends on the conditions of globalization of the cultural differences. Therefore, we can conclude that large and small corporations in globalization process have profound and significant implications for the practice of management of human resources and causing major changes focusing on people and their cultural diversity.

Despite the fact that most of motivating factors found in the results of conducted research are similar, there are still significant differences in their importance to managers from different cultures. This is a clear signal to international corporations that inflexible policies of human resources, which have not been adapted to the cultural peculiarities, will allow managers to successfully motivate each employee individually. Therefore, studies prove that there are different values among different cultures and therefore any international corporation must be aware of them. Different needs and expectations from employees in different countries require human resource managers to implement a policy that is flexible enough to respond to local specificities and to meet a higher level of personal expectations.

■ **HUMAN RESOURCE MANAGEMENT STRATEGY IN JAPAN, THE EU AND COUNTRIES IN TRANSITION**

It is very important for modern business to consider human resource management system in different environments, their similarities and differences, especially those related to developing countries in the developed economies of Europe and some countries in transition and with reference to the United States. It is important to know how different countries manage people, how to find a balance between the needs of workers and employees in order to be competitive in the global market, whether should they develop specific human resource management systems tailored to local labor markets and so on. In order to improve manager preparations for global business it is necessary to take into account, and understand the peculiarities that exist in different cultural regions (9). - Having that goal in mind, this paper suggests specific strategies for human resource management in large and small companies. In some countries, like Japan, we should start from the fact that Japan has no natural resources. Thus, their government was forced create a competent work force in many different industries. Not only hours spent in training, but also but also methods are important to them. Japanese organizations invest in their people more than other nations. The first phase emphasizes construction of teamwork and problem-solving, but over time they are going to create a workforce that is loyal, flexible and able to adapt to rapid changes in technology and cultural diversity. Unlike the United States the relationship between management and workers is not that of being opponents. With movement of employees, common practice is to start recruiting some university-educated people before employment actually begins. Also, when the economic teams are bad, companies will often rely on part-time workers. Number of changes at work is on the increase, but the improvement of observing system in Japan, which is based on senior positions, it is difficult to believe that experienced workers will work so long, when it is known that the changes are happening very fast now. Senior promotion system in Japan created a valuable, but uncreative directors. Newly employed people are expected to do everything. The national culture encourages the sense of collectivity and

implies a strong identification with the expertise of profession, i.e. workers see themselves as part of a company in which they are employed. Reward system in Japan starts with a monthly salary which is based on education. Employees get salary increases every twelve months and the progression is based on the principle of seniority. Compensation in Japan is not considered as a measure of personal values in like it is America. Increase in salary and promotion are automatic and they are the result of work and not only a remarkable business success. While these bonuses are common, the main drivers of interest are business tasks, for training and promotion to a managerial position. Japanese firms continue to take into account the age and years of service when they plan promotions. Status differences between managers and workers are rare and they see each other as colleagues. Differences in pay between workers and directors are much smaller than in the United States. The crucial question is -"Can Japanese human resource management be applied outside Japan?" We can say that the Japanese human resource management system is largely applicable outside Japan, but not completely. Japanese global companies headquartered in the United States have achieved a great success thanks to the implementation of its own human resources management system of the host culture. However, the practice of human resources in the Toyota in the United States is not the same as in Japan. Western Europe is characterized by the diversity of cultures. Multinational corporations that want to do business in Europe must understand the national culture, tradition, labor, government and economic philosophy. Although the common currency has led to changes in business practices, changes in the market and changes in the work of government, significant differences still depend on how people manage. Three major business partners: France, Germany and the United Kingdom continue to have a variety of human resource management systems that reflect different cultures, laws, traditions and economic systems work. As Japan and France are classified as high-context cultures, communication depends less on what is said than how or when it is said. In France, people and relationships are always more important than respect for rules. Labor,

management and government are part of the business environment. The government provides a legal framework for essential things, and labor and management agree on the details of organising and implementation in everyday business life. Training and development of employees have a high priority among social partners with a government that provides financial and technical assistance for the unemployed and for those industries where jobs have become redundant. France achieved its success thanks to people who have the same attitude when it comes to substantive matters. French unions are unique, because it is their political orientation, not social, or economic. Different types of collective agreements form the basis for relations between employers and employees on almost all levels. Notwithstanding the great role of unions in the French society, labor unrests are more frequent than in the United States. Part of the reasons for this lies in the belief that French workers have little economic mobility, and thus expect to find solutions to any problem from the government. France is stricter in terms of structural classes, but it has great social benefits, even when the price of labor falls. Recruitment and selection methods and the law does not differ much from those in the United States. The largest number of new employees are employed on probation and they are a subject to collective negotiation agreements. Laying off workers in the private sector does not differ much from the practices of the United States. Usually you must provide an extensive explanation, and then follow strict procedures. Laying off workers in the public sector is much more difficult. Reducing and restructuring prevails, and must follow special procedures. Job security and free time are more important to people in France than in America. German workers work hard, they always say what they think, they are always right, serious, disciplined, methodical and precise, but they have paid holidays, and the price of labor is the highest in the world. Decision-making process takes longer than in the U.S., but this is usually because a German worker investigates every possibility. Labor, management and the government put a great emphasis on training, especially vocational. An extensive internship program is available for qualified young people. It is expected that managers and

professional technicians are educated and their education needs to be in the area of leaning toward engineering and other specialized areas. Desirable quality of management and leadership from the German perspective can be achieved by the top technical and communications skills. While the Americans prefer to have leaders who are charismatic and confident. Compared with the United Kingdom and France, Germany has the lowest ratio of staff to the line workers. This means that German companies have fewer layers of management, a greater amount of control, or line workers who want and are able to do business - stuff. Although Germany does not offer a lifetime guarantee of employment, there are strict rules to end the contract of employment, which makes laying off unproductive workers difficult. A characteristic unique to Germany is legally defined role of labor in all business decisions. Employees have certain rights and obligations in relation to employer and as a group they have the right to participate in matters concerning the work of a plant. Every company, except the smallest, must have a working council, which represents the employees, and they can refer to them to the appeal and ensure impact on policy decisions important for the workers. The size of the workforce, compensation systems, systems selection, work planning, training, restructuring and termination of work are examples of where employment advice and management share the responsibility. Management of the co-determination still retains substantial power, but since it has to take into account the perspective of business advice, the link between human resource planning and business planning has significantly increased. In practice, labor councils have a great legal power, but generally do not need to use it. The interests of workers are more closely aligned with the objectives of the company because of constant interaction between workers and managers, and because does not create a substantial inelasticity of Management. The United Kingdom is one of the main trading partners of the United States and the primary source of foreign direct investment. Great Britain is the first European location for the Japanese automotive industry and the Asian electronics industry. English class system still exists regardless of the changes that have occurred, and people still tend to remain

in the class in which they were born. The British tradition of love and hate changes. Like the Germans, the British work in low-context culture, where people say exactly what they think. In the United Kingdom university managers are less educated or technically trained than in other advanced nations. One of the reasons is that the manager's job is less appreciated than a job in law, medicine, finance, or government service. One study showed that only 40% of UK corporations have a budget for the education of their employees. Collective negotiations process in the UK is similar to that of the United States, as both are based on opposed relationship between workers and management. Old-fashioned methods of selection for employment almost completely rely on the following: questionnaire, interview and recommendations- this helps in making a final decision. Centers for testing and evaluation are rarely used. There are laws on equal conditions for employment there, but there are no laws against discrimination, for example, by age and the like. Women who work part time and temporary workers are an important source of flexible labor and they are generally paid less and have fewer benefits. Employers in the UK differ from those in continental Europe in having a great freedom provided by the government with regard to firing workers and reducing the organization. Workers are laid off due to the decrease in the number of employees and they receive modest a compensation determined by the government. Neither management nor the workers have a strategy for planning work such as construction teams, or quality circles. Management sees the strengthening of the workers as a threat to their autonomy, while unions have other priorities, such as the amount of wages, job security and participation in decision-making management. British supervisors on the front line, unlike those in Germany, have a management style that emphasizes support and consideration rather than the content of the task. Workers in manufacturing tend to have more impact on business planning, distribution and determining the number of workers. In the UK the pay is a function of job classifications in which employees are paid the same rate for the same job, which in some way corresponds to the unions. Over the past few years, plans to pay for performance have emerged, but it's still less than

in the United States. Communism in the countries of Eastern and Central Europe has left people badly prepared for the establishment of market reforms and the adoption of market economy. Millions have created non-productive workers, abandoned factories, destroyed infrastructure, high unemployment and unstoppable inflation. The countries of the Central Europe such as Hungary, Poland and Czech Republic have made enormous progress. Unlike these countries, Eastern European countries such as Russia, Ukraine, Bulgaria, Romania, and our country prosper and grow much more slowly. China is a special country, a country with two systems, in which the government is still communist, but the country where communism did not prevent the progress and openness to the world. In China, market reforms have been already largely carried out and they have shown significant results not only in the economic field but also in all other areas. The previous system neglected the role of human resources. In the open market systems employees and management look for professionals in human resource management. A director of personnel in enterprises controlled by governments has often been associated with the Communist Party. The party wanted to have a political voice in the company and use the personnel titles that would have legitimacy. Centralized plan depended on workers who were involved. Promotions were allocated on the basis of connections and loyalty to the party. Training manager was neither available nor appreciated. China, most populous country in the world is changing rapidly. Doing business in China today is not easy, and one of the biggest obstacle is corruption, bribe and bribery. Foreign employers are likely to have problems attracting unskilled labor force that wants to work for low pay, but employers must also be prepared to provide a lifetime employment, housing discounts, maternity leave, pensions for employees, as well as cash payments to those already retired. In China, the owner must pay the state for already trained workers. When it becomes necessary to lay off employees they must follow strict rules, which have been proscribed by government. The largest number of employers provide generous severance pay, hoping to avoid long and costly legal procedures. We should point out that in this

global environment it is very important to understand and to be familiar with different business cultures which will have influence on motivation, communication of people and control. It will have an impact on success of business communication.

■ **NEW STRATEGIES FOR HUMAN RESOURCES AND GLOBALIZATION**

Modern and new conditions also mean big changes and globalization. Globalization consists of transformation of world market from expensive national to unique market where enterprises from different countries compete with each other with minimal barriers. It implies accelerated flows movement of capital trade, mobility factors production exchange technologies information etc. Today, managers are facing group activities and teamwork. A basic idea of integrated companies affects everyone in interdependent environment where cooperation is an essential factor for success. Teamwork functions naturally through cooperation and integration but these concepts are similar in its application in international federations and collaborative joint activities. International company can be successful only if there is teamwork. A lot of managers should fulfill expectations developing group access to global tasks and begin international teamwork. International teams are formed or based on international initiatives management or they evolved as a result of global expansion. In both cases teams working primarily on helping their companies to distinguish global effectiveness. Teams as form of strategic management are substantive for strengthening global organizations. Without intensive focusing on global network relations international companies can effectively lead (especially transnational configuration). International teams create and give power to local branches - companies or regional groups- so they can react on pressures competition. Teams bring benefit and by nature are groups which already have power thanks to certain stage of possibility to make independent decisions. In ideal configuration teams provide interdependent activities between specific operations of a company. Accordingly, global network teams of one company may combine significant independence within their subsystems with interdependent contributions to the global

system. International teams operate as a pipeline for learning organization. Team unites individuals with different interests individually and they contribute to the activities of the team. This process of division enables transferring knowledge because team members discuss, negotiate and react amongst themselves. Of course, heterogeneity increases risk of conflict and misunderstanding but concrete heterogeneous management can enrich the experience of members of groups and be useful for organization to spread the volume of making decision. If management is bad, there is always a danger from conflict or unproductive compromise for potential and then groups can disintegrate or there can be bigotry among their members. Accordingly, effective management team is a crucial factor for success. Success is assigned to ability of company managers to inspire development team. Managers are in charge of creation constructive group processes what involve group members. Group leaders work as mediators helping individuals to confederate in collective body which makes decision so that they could together work on realization of justified goals. When work group is composed of multinational members whose activities include several countries we to call it a transnational team. Unlike other strategic teams transnational team work in extremely complex environment and have personnel managers from different global operations: members must not work in immediate physical vicinity already cooperate via information network and they need to have occasional meetings to consider numerous plans. Geographical distance can cause problems in communicating between members of teams, but they must be psychologically coordinated if their strategic focus has common and valuable goals. Forming transnational teams is a complex problem because members of international team represent different cultures and bring their personal perspective, prejudices, linguistic characteristics and behavior to the group which enriches work team but also breaks up the unity. Variety obviously has its advantages but it also represents a special problem for management. Modern conditions caused that international teams increasingly receive status of basic coordinating elements of global strategies in multinational systems. They take part in making decisions in overall portfolio

interests of transnational firms of global symbols and products of global export strategies. They are also in charge of management and Coordination of activities of former subordinate teams (regional). Managers of strategic transnational teams must carefully develop a system of human resources forming teamwork needed for success in all international activities. Regional or administrative groups are called representative teams. This term initiates notion of representative managers of international operations. (Representative regional manager or corporate manager doesn't have a hierarchical role but a role of a coordinator of a regional interest). Such manager supports autonomy of international team (on that level) and makes decisions related to responsibility for interdependent requirements of organizational systems. Representative team is only a mediator coordinating body and a channel of information and decisions between peak company and its regional or group branches. A manager-mediator must concentrate on staff development, not management from the top. There also must exist working conditions for team to facilitate cooperation among members and if necessary reconcile differences among them. Team focuses on operational effectiveness, distribution sources transferring priorities from one affiliate to another and optimization obtained by any member in one branch or between regional alliances.

■ CONCLUSION

The way in which employees and managers behave in business and all other types of organizations is determined largely by subconscious assumptions, values and norms of national culture which they brought into the company. Companies and other organizations in every national community are organized and they operate according to rules that are deeply rooted in national culture and community. People in organizations cannot act otherwise than according to their assumptions, values and norms of their culture. Cultural determinants of management imply that an organization and management needs to subject to the assumptions and beliefs of national culture in the community. For example, as the distance power in the Serbian national culture is higher than in the UK, it will lead all companies in Serbia, under the same business conditions, to

be more centralized and autocratic than British companies. This does not mean, however, that the national culture is the only factor of organization and management of enterprises in a country. Culture is the only additional factor that complements and influences the other factors. If the national culture was the only factor of management, all companies in a national community would be organized and managed in the same way. The national culture determines the trends before they define the situation. The organization, for example when it starts to grow needs decentralization but decentralization depends on the culture. Companies in Serbia and Great Britain will be equally subjected to the rule that they are larger, more decentralized. But the companies in Serbia which are the same size as companies in Great Britain will be a more centralized one. The globalization of markets and international competition will require companies that operate in multicultural environments. The above mentioned facts indicate the need for multicultural managers. Experts estimate that company annually loses 2-2.5 billion dollars due to employee errors that occur in business in other cultures. Large companies are taking steps to globalize the training of managers and their ability to understand other ways of thinking feeling and the way they realize their business activities. The aim is to improve their ability to operate effectively with customers, suppliers, managers and employees in other countries and regions. Managers need to examine their own beliefs, overcome comparisons with other cultures and adapting the way of communication, problem solving and decision making process. Global enterprises, and multinational companies that invest in Serbia, as well as any other country culturally different from their parent company, are (in) a significant dilemma. Their crucial question is: how to deal with cultural differences between their units in different countries? These companies must find a way to reconcile the two conflicting requirements. On the one hand, multinational companies need to preserve the unity of their corporate cultures and values, beliefs and norms of behavior that are shared by all employees and managers. Also, multinational companies need to ensure the implementation of unique strategies, policies and procedures throughout the system. You cannot manage people in the

same way people London and Belgrade. And it's not just because of cultural differences but also because of the economic environment and legal system. Multinational companies need to preserve the unity of its key systems, structures and mechanisms of governance, and also allow local units of these systems, procedures and structures to adapt to their specific features to a level that will not jeopardize the unity of the whole system.

REFERENCES

- [1.] BATCHELDER (1993) D. BATCHELDER, *Using critical incidents*. In: T. Gochenour, Editor, *Beyond experience. The experiential approach to cross-cultural education*, Intercultural Press, Yarmouth, Maine (1993), pp. 101–112.
- [2.] BENNETT (1993) M.J. BENNETT, *Towards ethnorelativism: A developmental model of intercultural sensitivity*. In: M.R. Paige, Editor, *Education for the intercultural experience*, Intercultural Press, Yarmouth (1993), pp. 21–71.
- [3.] CVETKOVSKI T., LANGOVIĆ A.: «Komunikacija u uslovima globalnog poslovanja» Međunarodni naučni skup «Radikalne promene u preduzećima i privredi u uslovima globalizacije», Megatrend univerzitet primenjenih nauka, Beograd (2003)
- [4.] JOVANOVIĆ M., LANGOVIĆ MILIĆEVIĆ A.: "Interkulturni izazovi globalizacije", Druga internacionalna koferencija ACE, decembar, APEC studijski centar, Fakultet za poslovne studije i Univerzitet Hong Konga (2007)
- [5.] JOVANOVIĆ M., LANGOVIĆ-MILIĆEVIĆ A.: *Interkulturni izazovi globalizacije, drugo dopunjeno i izmenjeno izdanje*, Megatrend univerzitet, Beograd, 2009. Jovanović M.: *Uvod u biznis sa osnovnim principima menadžmenta, dopunjeno i izmenjeno izdanje*, Megatrend univerzitet, Beograd, 2009
- [6.] LANGOVIĆ A., CVETKOVSKI T.: "»Uticaj kulture na pregovaranja« IX Internacionalni Simpozijum "Menadžment – ključni faktori uspeha", Symorg'2004., Zbornik radova, Zlatibor, Fakultet organizacionih nauka, Beograd
- [7.] VID. LANGOVIĆ MILIĆEVIĆ A., CVETKOVSKI T.: *Realization Business Activities in Respect of Cultural Factors, 2nd International Conference on Entrepreneurship, Innovation and Regional Development – ICEIRD 2009, 24 -25 April Thessaloniki- Greece, 2009. Organized by CITYSHEFFIELD THESSALONIKI, The University of Sheffield, South- East European Research Centre, Editors: P. Ketikidis, A. Sotiriadou, T. Hatziapostolu, F. Misopoulus: ISBN 978-960-89629-9-6 pg. 367-376*

- [8.] LANGOVIĆ MILIĆEVIĆ A., CVETKOVSKI T., LANGOVIĆ Z.: "Uticaj kulture – realizacija projekta", XI Internacionalni simpozijum iz projektnog menadžmenta pod nazivom "Projektno upravljanje organizacijama – novi pristupi" - YUPMA 2007, Zlatibor 06-08. jun 2007. godine, Udruženje za upravljanje projektima, str. 117-121 ISBN 978-86-86385-02-4; COBISS.SR-ID 140567308
- [9.] DONABEDIAN B. & MCKINNON S. M & BRUN W. J (1998) "Task characteristics, managerial socialization and media selection," *Manag. Commun. Quart.*, vol. 11, no. 3, pp. 373–400

■ **AUTHORS & AFFILIATION**

ANA LANGOVIĆ – MILIĆEVIĆ¹,
TATJANA CVETKOVSKA²,
ZLATKO LANGOVIĆ³

^{1,2,3}GRADUATE SCHOOL FOR BUSINESS STUDIES,
SERBIA



ACTA TECHNICA CORVINIENSIS
– BULLETIN of ENGINEERING
ISSN: 2067-3809 [CD-Rom, online]

copyright ©
University Politehnica Timisoara,
Faculty of Engineering Hunedoara,
5, Revolutiei,
331128, Hunedoara,
ROMANIA
<http://acta.fih.upt.ro>