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Performance management in the context of globalization

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Abstract. *All managers focus on obtaining a progress by changing work styles, implementing new technologies, increasing the production capacity, improving the products and services. All organizations either public or private demand a strategy that clearly defines the attainable objectives, the problems most likely to appear, the necessary resources and means.*
Performance management is a new approach to evaluating personnel. It's general aim getting higher results for the organization, team and individuals. Performance management must be seen as a meeting, so that for both the manager and people he's working with is means having a open mind, a mutual wish of finding constructive solutions. Performance management always means focusing on three separate detections: performance, competence and professional future. The first two directions represents mutual commitments that are to be studied (for the past) and stipulated (for the future).

Keywords: human resources management, globalization, international organizations (corporates), cultural differences, personal policies.

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1. Introduction

Managers' contributions are analyzed in terms of their abilities to lead the organization, to follow the directions of its development and of their capacity for negotiation. Actual requirements must be constructive and proactive; managers must anticipate the organizational needs on short and long term. Their role is to develop policies that bring solutions to problems, to forecast the evolution of the economic and social environment, both internally and externally, to influence and create the necessary attitude for organizational success among employees.

Corporations find various solutions that can go from an absolute formalism to modern solutions, adequate for the human resources management concept. The personnel policy can not develop independently from the business strategy, managers having to achieve the goals of the organization, the ones concerning employees as well, and also to be concerned about its actual or potential customers.

Managers are involved in problem solving, which makes it possible to achieve progress by changing work methods, implementing new technologies, increasing the production capacity, improving goods and services in terms of quantity and quality.

The human resources strategy will vary depending on the internal needs and the nature of the activities at the organizational level. There is a common feature of home offices, which are seen as conglomerates that decide the structure of the financial resources they allocate to their branches. Some corporations may decide to follow the same personnel policies for their subsidiaries, but have to consider that there may be some problems. Organizational strategies are dependent on the economic situation of the company, of the market or of the suppliers, and personnel plans and policies should be designed so that management decisions would lead to the growth of business volume, sales, profit and number of employees.

2. Influencing factors in human resource management

International management of human resources is the procurement, allocation and efficient use of human resources within a corporation. Thus, it requires a broader vision and is subject to greater risks than the local management of human resources. The HR manager working at the headquarters of a corporation must coordinate the payment systems of different countries. Both managers at headquarters and those from subsidiaries must face racial and ethnic problems; even within a single branch, the human resources manager could be responsible of coordinating an amalgam of employees: employees from the local population, from the home country of the organization, as well as employees from other countries.

There are risks associated with the management of human resources domestically and also internationally, where the risks can be even higher. These risks could be terrorist attacks, kidnappings, coups or violent events in countries where corporations have branches; the life of employees and their families could be jeopardized.

If managers of foreign branches do not achieve adequate results and are recalled to the home office, this failure could harm the organization. Another risk is the expropriation or

nationalization of assets of a corporation in a foreign country. If corporations' policy is antagonistic to that of the trade unions of the host country or to the attitude of major political groups, the organization may be forced to leave the country and the property and assets can be seized or put under government control.

Among the concepts used in international human resource management in an attempt to help corporations become more efficient, we have chosen: ethnocentric orientation, which involves transferring human resources practices and policies of corporations to its foreign subsidiaries. The branches are run by people from the home office that keep a tight control over the policies of subsidiaries.

Polycentric orientation implies that foreign branches are relatively independent from headquarters. HR policies are developed so as to meet local conditions. HR activities in the subsidiaries are led by local managers from the host country.

The regional orientation is visible in the regional clusters of subsidiaries. HR policies are coordinated in the region. Branches are headed by people from any of the countries belonging to the region. Coordination and communication within the region are very good, but limited between the region and corporate headquarters.

Geocentric orientation involves the adoption of HR policies that pursue the objectives of the entire network of corporations, both in the home and foreign branches. These objectives can include policies applicable to all branches or policies tailored to the specific needs of certain branches, depending on what is best for maximizing global results. The firm is conceived as an international entity, rather than as a sum of local entities or foreign branches.

Firms that adopt an ethnocentric oriented management and prefer to use personnel from the home country for senior management of subsidiaries abroad must take account of any restrictions imposed by the governmental policies and the laws of the host country. There may be regulations to limit the use of staff not belonging to the host country, in order to compel corporations to hire and train staff coming from the local population, especially for technical positions and management positions. This situation usually occurs in developing countries, where technical and managerial training is rudimentary and local government uses foreign corporations as a means of development.

The level of managerial, educational and technological development in host countries differentiate between corporations that establish their branches in Europe facing opportunities and problems different from the branches from West Africa.

In Europe, the available labor force is well educated and has a good technical and managerial experience. Therefore, the opportunity to develop a polycentric strategy focused on a region or a geocentric strategy, in the field of human resources, is better. In the countries of West Africa technical and managerial education is limited and much of the labor force is unqualified and unable to cope with the production processes or activities of modern service. In this case the company needs a highly centralized management of human resources and very careful on-site monitoring by staff from the home country of the corporations.

The technology used and the nature of the corporations' activities are necessary factors to maintain specific standards of production, of quality control and require a high degree of centralization of human resource management and staff from the home country that need to monitor the implementation of these standards. On the other hand, certain products must be tailored to local markets to be successful in the countries where the corporation operates.

International management of resources depends on the organization's life cycle and the life cycle of its products on the international market. During the initiation stage, corporations focus on activities necessary for the entry to the international market and their involvement may be limited to exports or reduced sales operations. In this phase, corporations tend towards the ethnocentric orientation. In the functional development stage, the organization's international operations become an important development factor and include the emergence of working divisions that collaborate with external partners of the firm. A polycentric orientation will be adopted. In the controlled growth stage corporations will seek to increase productivity and reduce costs. Regional orientation is now the most appropriate. During the strategic development stage, domestic and international competition requires corporations to adopt a global attitude towards its operations, by adopting a geocentric orientation.

Culture, in particular national culture of personnel from corporate headquarters, plays a decisive role in choosing staffing practices. It can affect the central leadership decisions in two ways. Firstly, some cultures are more accessible than others where management adopts an ethnocentric orientation. Japanese corporations employ Japanese staff for managerial posts in their foreign branches. This happens more often than American or European corporations that have adopted the ethnocentric orientation.

The amalgam of cultures often met in foreign branches and the cultural differences between branches will limit the direction being taken. The bigger the cultural differences between branches, the more difficult it is for human resources specialists from headquarters to formulate and implement adequate human resources policies anywhere in the international environment. Therefore, although corporations may adopt an ethnocentric orientation of human resource management, policies and practices formulated by the headquarters can be totally inappropriate and unacceptable for certain branches. In this case, the adoption of guidelines focused on polycentric or regional orientation may be more appropriate.

Culture not only influences the organization's direction towards a certain type of personnel policy, but plays an important role in human resources managers' activities at the subsidiaries level. The role of a human resources manager is to develop practices that should be acceptable and compatible with local culture and acceptable in terms of central management. Simultaneous compliance with these two conditions is a difficult task for managers coming from the local population as well as for the ones coming from a country other than that of the subsidiary. Each of these people has its own "cultural baggage" that may affect their ability to conduct business effectively.

To analyze the link between cultural differences and human resource management practices is necessary to identify the main issues ranging from culture to culture.

The main elements that differentiate cultures were underlined in 1961, by F. Kluckhohn and F.L. Strdtbeck, as follows:

Dimension	Orientation	Definition
Human nature	Positive	Without any constraint, people will act in a reasonable and responsible manner
	Negative	Nobody can be trusted
	Mixed	People have both qualities and defects, and the attitude towards them will vary accordingly
Human relationships	Individualism	People's main responsibility is towards themselves
	Collectivism	Responsibility towards the family and the group is paramount; the ability to integrate into the group is important.
	Hierarchy	Similar to the collectivist orientation, except that the hierarchy is strictly followed
Philosophy of life	To contemplate	The essence of life is to live and to understand. The action itself is not important
	To act	The essence of life lies in action, the setting and achievement of objectives
The attitude towards nature	Subjugation	Human activities are subordinated to nature
	Harmony	People must live in harmony with nature.
	Domination	People can control their destiny and can dominate nature.
Orientation in respect to time	Towards the past	History is very important.
	Towards the present	Actions focus on the present; The current situation determine the course of future actions.
	Towards the future	Actions focus on the future and the goals.

Source: Kluckhohn and Strodtbeck, 1961.

Human resource planning within corporations is essential to the achievement of its objectives. However, implementation of HR planning procedures can be difficult in some foreign branches. In societies where it is considered that human actions and decisions are determined by nature, the need for human resource planning is reduced. The human resources manager of a subsidiary must use a means of recruiting and hiring staff consistent with local labor market and in compliance with local laws regarding staffing. Some corporations offer bonuses to attract valuable employees of local companies; in some countries the hiring process may require collaboration with the public employment office. This relates to companies belonging to a hierarchical culture. Sometimes employment agencies can provide personnel that are not trained for the posts in question and often it is difficult for the subsidiary to refuse the employment of these people. Applying a selection system is complicated by the fact that some tests used in the country of origin of corporations can be subjective and inappropriate in another medium. Personality tests were designed based on samples of the population in Western countries and the personality profile (according to the test) will be completely irrelevant to the Japanese and Thai, as it is very difficult to adapt the tests entirely or to translate them into the language of the host country. Some issues, such as discrimination based on race, sex or age may cause difficulties for human resources managers at subsidiaries. Personnel actions and activities of corporate human resources departments form the subject of the operations assessment to ensure they get the best results. For this purpose they use a variety of methods to evaluate the performance of employees; subordinates and supervisors often establish together the objectives to be met by subordinates. In other corporations, employees are not involved in any decision-making; supervisor has a different status and has more authority. Most methods for assessing individual performances were elaborated and developed in the United States, a society characterized by an individualistic culture.

Culture influences also the degree to which performance measurement will be accepted. Wage policies of the branch must be in line with local market wages, the laws and regulations concerning wages (minimum wage), union requirements, any legal restrictions (prohibition of wage discrimination based on gender) and cultural preferences. Meanwhile, the branch payment system must be linked to the central corporate strategy. In addition, the human resources manager of the branch must apply a separate and appropriate payment for expatriates employees or employees of nationalities other than local. Payment systems for

expatriates are often very different from those used for local employees of the branch. In many cases, expatriates earn more money than local employees for jobs equal in importance and complexity or even higher. These differences can lead to dissatisfaction for locals employees, who can feel unequally treated. Besides the problems that typically occur in developing assessment methods, there are certain factors that influence the corporation's assessment of performance of expatriates in foreign branches: devaluation of the host country's currency, local accounting methods, elements of ethics, the strategic role the subsidiary, time and distance, changes at the international level, interdependence between headquarters and subsidiary, market maturity.

Conclusions

Human resource management is a strategic function of corporations, representing a competitive advantage in meeting business development needs, in parallel with the development needs of employees. Creating strong teams, effective and positive communication, an open environment, employees' contribution in decision-making, they all lead to long-term benefits for both sides. Engaged employees are more efficient and the feeling of organizational affiliation increases productivity.

The globalization of an increasing number of corporations is likely to reduce the importance of their property's nationality, as a factor influencing the contribution of these companies to the economic welfare of their countries of origin. From the point of view of the host countries, the situation where foreign branches contribute to a greater extent to increase the training of the local workforce and to the research - development activities or to productivity growth in that area than does a local firm is fairly common.

Fundamental change at global level requires HR managers to understand demographic fluctuations, technological development and population mobility to compensate for the shortcomings of qualified personnel, of competences and jobs decline. Are corporations sufficiently prepared now to meet future challenges?

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