

GLOBAL ALIGNMENT AND LOCAL FLEXIBILITY

As more Canadian organizations expand into international markets, how to manage a global workforce and ensure best business and people practices across different cultures becomes an increasing challenge to Canadian business leaders and human resources professionals. Some challenging situations and their solutions are covered here through three case studies.

#1 What is our benefit policy?

Sarah assumed a newly created role of director for global HR policies and programs. One of the requests she received in her information gathering from international locations is "we need clear benefit policies in Taiwan."

The situation: When an employee experiences a family death, local custom is to give the employee a small amount of cash in a red envelope. The local finance manager wants a clear policy so he can disburse the exact amount of cash for different levels of employees and for different deceased family members.

Sarah was surprised by this kind of request. In Canada, when an employee has a family death or is hospitalized, the department administrative assistant sends flowers. The administrative assistants use discretion to decide the amount to spend. They check with their manager when in doubt and speak to each other to keep consistency. Sarah thought to herself, "Don't they have any management discretion?"

This response can have several consequences:

- It can be interpreted as corporate HR not knowing how to provide direction.
- Local management will start to apply discretion on things not consistent with organizational business or people strategy.

When corporate offices started to question these decisions or practices, local people felt confused. In their mind, you said, "We don't want to dictate how the local operations run and we want to consider the local needs," now you are saying, "This must be done this way because we are a global company and we must follow our global process." To them, corporate people seem to talk from both sides of their mouth.

The gap is clearly a result of the different sense of hierarchy. Dutch scientist Geert Hofstede did extensive research to understand the cultural factors influencing people's behaviour in the workplace and summarized them into five cultural dimensions. Hierarchy is one of them. Canada is among the least hierarchical societies in the world, while China and Taiwan are among the most hierarchical.

In egalitarian societies like Canada, many decisions are made at lower levels of the organization because the egalitarian culture encourages employees to take initiative and make decisions. In hierarchical societies, the same decisions are made at higher levels because if the employee is criticized once he/she will go ask the manager all the time. The manager or the person in an authoritative position always has an answer.

The solution is to build awareness so all people involved realize they are not on the same page as to who should make what decision. This will remove or reduce chances of people taking it personally or blaming each other, and encourage more open communication.

The second step is to create a process to determine which decisions are made:

- (a) Locally;
- (b) Locally and then run by corporate;
- (c) Jointly;
- (d) By corporate with local input;
- (e) By corporate and executive locally.

This is an ongoing process, which requires continuous recalibration. It can be frustrating as the pendulum may go too far on either side. People in the corporate office may feel local people are doing wild things and they only find out after the fact. People in the local office may stop asking corporate for guidance or ask corporate to make all decisions for them. The key is to bring people back to the awareness of cultural differences and commitment to the process so all involved continuously work on strategic alignment with corporate strategy and building flexibility to address local needs.

STRATEGY

#2 What does diversity and inclusion mean?

Rosita is the country HR manager for Mexico. The Mexico operation is the combination of a local Mexican company acquired by a Canadian company and the Canadian company's existing operation in Mexico. Six months after the

acquisition, there are still many challenges integrating the business practices of the two companies. In particular, there are three groups of employees: employees from the acquiring company, employees from the acquired company, and employees hired after the acquisition.

The challenge is to bring the three groups together to work effectively.

Corporate HR is rolling out a global initiative on diversity and inclusion. Rosita was asked to provide information on gender equality. She doesn't see gender equality as important to her location. It is certainly low on her priority list given all the other balls in the air.

The situation: Corporate initiative needs to adapt to the local reality. From time to time, local HR feels what corporate HR wants is completely out of touch with their reality. However, because of the hierarchical culture, they will not say anything. Some may work longer hours to meet the needs of the local business and the corporate office. Some may simply not respond, making corporate HR wonder what's going on.

The key is to build a process for corporate HR to understand business priorities in the international locations and for local HR to speak up on needs and concerns. Global programs and initiatives developed in collaboration will have more buy-in and smoother implementation because they are aligned with a global strategy addressing local needs. Diversity and inclusion can mean gender equality in the United States, hiring and integrating recent immigrants in Canada and team building after a merger in Mexico. Regular team meetings/conference calls will help flush out these various priorities in different locations.

#3 How important is compliance?

Lily joined a company expanding into global markets as the manager of global mobility. Three weeks into her job, she realized a number of software



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developers from India working in the Toronto office did not have Canadian work permits. Two senior managers in India setting up the operation didn't have the appropriate work visas either.

When she discussed this with the local HR manager, Kumar, he didn't seem interested. Kumar's response was that we have always operated this way without problems, so don't worry. But Lily is worried because the company is exposed to significant risk of non-compliance. As a publicly traded company, she wants to have processes in place to ensure compliance in all jurisdictions.

This situation: Direction from corporate must be followed because it comes from the organization's fundamental values. Anything to do with health and safety, legal compliance and ethical operation of the business must adhere to guidelines.

How do we align these fundamental values across cultures? The first step is communication. There should be a clear and consistent message from all channels emphasizing the importance of fundamental values and operation principles. The second step is to build these values into the performance management system. When leaders lead by example and hold themselves accountable for living these values, employees use these values to guide their performance.

In each of these situations, business leaders and human resources professionals are constantly balancing global strategic alignment with flexibility for local needs. The first case represents situations when local discretion should be applied. The second case represents situations when global initiatives and programs must incorporate local needs and build flexibility in the process. The third case represents situations when corporate guidelines must be followed in all locations.

In order to achieve balance between global alignment and local flexibility, business leaders and HR professionals must become aware of cultural differences and build a process to bridge gaps. It is an ongoing process where all stakeholders will make continuous efforts to calibrate who makes what decisions. The team reaches synergy when its members truly think globally and act locally. **HR**

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