

HRM Practices In MNC And Their Developmental Changes

Dr. Anganabha Baruah¹, Sonali priyadarshini², Dr. Roop Raj³, Siddhartha Bose⁴, Pashupati Nath Singh⁵

ABSTRACT

This article delves into the advancements in human resource management within multinational corporations from the BRICS countries. We analyse conceptual models, theoretical frameworks, empirical studies, research designs, and MNC settings to shape the future research agenda on this emerging topic. By identifying research gaps and suggesting various research directions, we can provide valuable guidance for future research endeavors. This article offers valuable insights for both academics and practitioners, laying the foundation for future research on HRM systems in MNCs from BRICS.

KEYWORDS: BRICS, MNC, DEVELOPMENTAL PRACTICES.

INTRODUCTION

Despite facing criticism due to events such as Brexit and the election of Donald Trump as U.S. President, multinational businesses (MNCs) and foreign direct investment (FDI) continue to play a substantial role in global development and prosperity. The international involvement and activities of multinational corporations have greatly aided in the economic advancement of many areas across the globe. This reasoning relies on the beneficial effects of multinational corporations (MNCs), especially the technical externalities that can result in increased productivity for local businesses in the country where the MNC is located. Multinational enterprises enhance the productivity of local companies by the utilization of new technologies, hence increasing their efficiency. In short, developing countries can¹ benefit from technology transfer from more industrialized nations. Moreover, multinational firms can create additional job opportunities and raise earnings for the local labor in the host country. Foreign multinational corporations entering and operating in host country marketplaces require indigenous enterprises to modernize and reinvent their management techniques to stay competitive in the global market. Encouraging local enterprises to innovate and invest more efficiently in human capital is essential to utilize their skills, knowledge, competence, and commitment in order to improve firm performance. Domestic enterprises must update their management methods, while international multinational corporations must globalize these processes to adapt to their operating settings.

Industrialized nations' multinational firms have traditionally dominated the global commercial arena, but emerging markets like the BRICS nations are now experiencing a significant shift. Developing countries are substantially boosting their investments in foreign markets, including both developed and developing economies. As a result, countries such as China, India, and Russia from the BRICS group have become important players in

¹Assistant Professor, Department of Psychology, Christ (Deemed to be) University Delhi NCR. Uttar Pradesh-201017

²Assistant Professor, Hitec Institute of Technology, BPUT, Bhubaneswar, Odisha

³Assistant Professor In Economics, Department: Economics Kurukshetra, Haryana, India ORCID ID: 0000-0001-9606-8031

⁴Mittal School of Business Lovely Professional University Phagwara, Jalandhar, Punjab, India - 144411 ORCID: 0000-0002-5353-7069.

⁵Assistant Professor, Dept of Management Studies, Rajarshi School of Management and Technology, Varanasi (affiliation A K.T.U., Lucknow) U.P., India - 221010

the global economies and the world economic scenario. Understanding HRM management in emerging countries and the importance of stakeholders taking proactive actions to build appropriate HRM practices and regulations is essential due to the growing importance of these markets in the global economy.

The BRICS nations are the most prominent group of developing middle-income economies spanning across continents. India and China, with the largest populations globally, have experienced substantial expansion over the last two to three decades, however there has been a recent minor decrease in growth rate. The BRICS group is notable for its developing markets, which are a result of adopting liberal regimes and deregulating economic activities. BRICS organizations are well-represented in the top 100 list of leading companies from emerging economies, with an impressive 18% annual revenue increase. They have achieved impressive expansion while maintaining profit margins. India has had significant economic growth in the last ten years, with eight Indian multinational corporations listed in the worldwide Fortune 500, five in the top worldwide brands, and nineteen in Boston Consulting Group's (BCG) list of 100 new Global Challengers. Experts in this discipline have not kept up with the advances despite the increase of multinational corporations from BRICS states. After examining the existing literature, it is clear that there is a shortage of study on the HRM practices of multinational corporations from emerging nations that are functioning in Western economies or established countries. Research in this area has started to examine HRM practices of multinational corporations from the BRICS countries, focusing mostly on specific nations or carrying out comparative studies involving two or three countries.

There is a lack of comprehensive understanding about the collective effects of HRM practices of multinational firms from the BRICS countries. Studies in this topic have been inconsistently done across these five situations. Multiple research projects have been conducted in the two largest economies in this category, India and China. There is insufficient study on the HRM practices of multinational corporations in nations such as South Africa. This study intends to fill this need.

This article provides an in-depth analysis of the HRM practices of multinational corporations from BRICS countries, with an emphasis on theoretical frameworks, empirical studies, research designs, and MNC environments.

The review examines the influence and implementation of HRM in MNCs from BRICS states, as well as factors that could affect or limit the adoption of HRM methods in this context. The focus is on identifying deficiencies in research, possible methodological mistakes, and current theoretical structures from prior studies. We suggest various research paths that could assist next scholars in progressing this field of study and adding to current understanding. The study will focus on the national institutional environment and the management of the social organizational backdrop that led to the success of the BRICS states during globalization.

Economic liberalization in the early 1990s initiated the internationalization of Brazilian enterprises, as noted by experts. The liberalization has brought chances and difficulties for Brazilian enterprises to succeed and grow. Only the most tenacious Brazilian enterprises have survived and thrived in this challenging environment. Brazilian corporations have been making investments in global markets for a long time. As a result, they have expanded their enterprises internationally to maintain growth. The organizational culture in many Brazilian organizations has been greatly influenced by Japanese quality management approaches. Furthermore, various government programs have been pivotal in promoting national quality and productivity. This helped modify the traditional Brazilian management style to meet the requirements of the modern, competitive global environment while preserving its connection to local cultural practices rooted in collectivist traditions.

All the mentioned causes have influenced the development of HRM practices in Brazilian multinational companies. However, Brazilian companies who are new to operating internationally lack substantial expertise in the process of expanding globally, especially in managing a workforce from another country. These multinational corporations encounter many issues concerning cultural management in general and human resource management in other nations. HRM procedures are considered the least developed expertise among Brazilian organizations.

Scholars have shown interest in researching HRM practices in Brazilian multinationals. Examining the ABN AMRO Bank example revealed that strong leadership in the acquiring firm is essential at times of significant change to acknowledge the value of persons as assets to the organization. Fleury and the corporations analyzed six case studies of Brazilian multinationals, dealing with difficulties such economic instability, shortage of skilled workers for foreign operations, and the need to improve HRM capabilities for global operations. The study used the cultural-cognitive viewpoint and a survey to show that Japanese multinational corporations view 'Nikkeijin' as a desirable talent resource. Their HRM strategies are not very successful in engaging them in global talent management activities.

The economic policies' liberalization in the early 1990s significantly transformed the business environment in India. The broad range of opportunities created by liberalization has attracted global firms to operate in India. The Indian business environment has experienced substantial transformations due to the growing presence of global firms. Consequently, Indian firms are now facing a highly competitive and unpredictable commercial environment, unlike the sheltered setting they were accustomed to. India has become a competitive arena for more than 15,000 international firms. Indian organizations made significant modifications in the late 1990s under heavy pressure to remain competitive with foreign companies. The changes in the Indian personnel function necessitated a shift towards a larger emphasis on Human Resource Development (HRD) over Human Resource Management (HRM) in India by the late 1990s. The symptoms of change are evident as HRM is playing a big role in driving changes in Indian enterprises, leading to the establishment of dedicated HRM/HRD departments in more and more organizations in India. HRM is evolving from focusing on industrial relations and personnel tasks to developing strategic policies and practices that align with corporate goals in a competitive global environment. One may argue that changes in people management and HRM are essential for Indian enterprises to address competitiveness and problems resulting from economic policy liberalization in the 1990s.

Researchers have been studying Human Resource Management in Multinational Corporations in India due to this emerging trend. Significant research has been carried out by Som (2006); Björkman et al. (2008b); Jain et al. (2012); Thite et al. (2012); Thite et al. (2014) (see Table 3 for additional details). Jain et al. (2012) conducted a study using a mixed methods approach, including three case studies and an online survey of 66 Indian HRM managers. The study aims to investigate the innovative strategies of Indian and foreign high-tech companies in India, as well as the viewpoints of Indian HRM managers on 'ideal' hiring methods. This study uncovers a fascinating finding: Indian multinational corporations focus on internal performance management and distinctive culture-building processes, while foreign multinational corporations emphasis balancing parent and subsidiary relationships and standardizing international human resource management procedures globally. Thite et al. (2014) delineated five primary HR functions within Indian IT services Multinational Corporations (MNCs) through analysis of four case studies. The positions include of strategic business partner, guardian of culture, builder of global

workforce and capabilities, champion of procedures, and facilitator of employee development. The study of International Human Resource Management (IHRM) in India is at its nascent phase despite existing evidence, offering ample opportunities for further in-depth and comprehensive research. Future research could employ longitudinal studies together with multilevel views to investigate the relationship between HRM or strategic HRM and company performance in multinational corporations. Experts have observed that the HR issues faced by young MNCs are mostly due to their limited experience as global players, with an anticipation of growth and expansion. It is essential to perform cross-country comparative research to determine if countries influence the variations in behavior and performance of MNCs. The research will offer valuable insights for multinational corporations to develop a comprehensive grasp of the economic, political, social, cultural, and institutional elements of the host country. As a result, multinational organizations are keen on comprehending and adapting to these fluctuations in order to succeed and perform exceptionally well in the globalized setting. Most current research are based on samples from one country, which creates a knowledge gap on how multinational corporations standardize their human resource management procedures worldwide. Although there have been comparative studies on HRM in various BRICS states, there is a lack of research that examines HRM across all five BRICS nations. Future research should focus on examining the HRM practices of multinational firms in five different countries to better understand how HRM is adopted and implemented on a global scale. Studying the convergence-divergence issue and the context-specific character of HRM in MNCs from each countries of the BRICS group might provide significant insights.

Conclusion

Here, we take a step back to assess where human resource management is at in BRICS MNCs, paying close attention to areas such as research methodologies, theoretical frameworks, conceptual models, empirical studies, and the MNC environment. In order to provide a thorough overview of the phenomenon of HRM shaping and implementation in BRICS MNCs, we combed through the literature along the aforementioned issues. We have identified research gaps and offered several study directions based on the review inputs in the hopes that these would lead to the expansion, improvement, and advancement of current knowledge. Human resource management (HRM) in BRICS MNCs is an emerging area of study that requires more rigorous empirical investigations to stay up with the dynamic nature of the economic world in which these companies operate.

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