

Strategic HR management and building of international teams as a strategy for global competitiveness

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Research indicates that strategic HR management and international team-building require a deep understanding of cultural differences and the ability to manage and leverage diversity.

Abstract

Strategic HR management is changing rapidly to address new challenges and issues in today's global marketplace. This paper explores the latest theories and trends in the field, provides insights into the role of cross-cultural competence in strategic HR management, and consequently the importance of aligning HR practices with overall business strategy and building of international teams.

Research indicates that strategic HR management and international team-building require a deep understanding of cultural differences and the ability to manage and leverage diversity. Cross-cultural competence plays a crucial role in various HR fields, including workforce planning and talent acquisition, learning and development, employee relations, succession planning, and diversity and inclusion.

The paper emphasizes the significance of cross-cultural competence in each of these areas, highlighting the need to understand cultural nuances, adapt HR practices, and promote inclusivity. By developing cross-cultural competencies, HR professionals can attract, retain, and develop talent from diverse cultural backgrounds, enhancing organizational performance in the global marketplace. A brief methodology description and literature review for further research and discussion proposal is proposed.

Introduction

Strategic HR management is rapidly evolving to tackle new issues and challenges. When addressing the latest theories in the field both students and researchers need to be aware of the current trends. According to Sparrow, Brewster, and Chung (2016) strategic HR management and building international teams are important strategies for businesses to remain competitive in today's global marketplace. Aligning HR practices with the overall business strategy involves developing HR policies and practices that support the organization's mission and goals, selecting and managing a diverse group of individuals from different cultures and backgrounds to work together towards common goals (A.B. Littrell, C.D. Beck, and G.C. Wetcher-Hendricks, 2006). This approach can provide organizations with a competitive advantage by bringing together individuals with different perspectives and skills, who can work collaboratively to solve complex problems " Catalyst (2018), Quinetta M. Roberson (2019), Richard D. Peregoy and Julie Ann Peregoy (2018).

Already beginning in the late 80`s extensive research conducted by scholars such as Black & Porter (1991), Lee & Larwood (1983), Mendenhall & Oddou (1985), and Tung (1981) examined the effectiveness of management techniques in different cultural contexts and the challenges associated with adapting to both the workplace and social environment, followed by recognizing the importance of HR management valuing the possibility for gathering talent from a global pool as well as developing awareness of cultural diversity through training and direct experience to enhance company`s chance of succeeding in globally competitive markets (Abigail Mc Williams, David D van Fleet, Patrick M. Wright, 2001).

Exploring the subject of Strategic HR management further, we learn from findings by Soon Ang and Linn Van Dyne (2008), Joyce S. Osland, David A. Kolb, Irina V. Korsakova-Kreyn (2015), Jeanne M. Brett, Kristin Behfar, and Mary C. Kern (2006) that effective strategic HR management and international team-building require a deep understanding of cultural differences and the ability to manage and leverage diversity. By developing cross-cultural competencies, HR professionals can ensure that their organizations are able to attract, retain, and develop talent from diverse cultural backgrounds, which can enhance organizational performance in the global marketplace.

All in all the field of SHRM (Strategic HR Management) encompasses various fields including Workforce Planning and Talent Acquisition, Performance Management, Learning and Development, Compensation and Benefits, Employee Relations: Employee, Succession Planning, Employee Engagement, Diversity, and Inclusion and finally HR Analytics and Metrics that contribute to the effective management and alignment of human resources with organizational goal. According to the latest research by Dana L. Ottaway (2017), David A. Ricks, Angela J. Stowe, and Paul R. Wright (2015), we know that cross-cultural competence plays a significant role in several fields such as Workforce Planning and Talent Acquisition. Cross-cultural competence is essential in identifying and attracting diverse talent from different

cultural backgrounds according to the research by Mona Makhija and Lawrence A. Plummer (2010). Consequently, it involves understanding the cultural nuances and preferences that may influence candidate sourcing, recruitment strategies, and selection processes.

Similarly, in Learning and Development where cross-cultural competence is crucial when designing and delivering training and development programs for employees from diverse cultural backgrounds. It requires adapting content, instructional methods, and delivery formats to ensure they are inclusive, culturally sensitive, and relevant to a multicultural workforce according to several research studies, among others that of Anne-Wil Harzing and Kristine Verbruggen (2018), Allan Bird and Mark Mendenhall (2021).

Furthermore, we need to consider the field of SHRM i.e. Employee Relations where cross-cultural competence helps HR professionals understand and navigate cultural differences in employee relations. As proven by Pooja Thakur, Deepak K. Datta, and Ben L. Kedia (2018), Anne-Wil Harzing and Ashly H. Pinnington (2011) cultural competence enables effective communication, conflict resolution, and addressing employee grievances in a culturally sensitive manner. It also promotes inclusivity and fosters an environment where employees feel valued and respected, regardless of their cultural background.

Moreover, the SHRM division dealing with Succession Planning is where cross-cultural competence is valuable when identifying potential leaders from diverse cultural backgrounds and developing their leadership capabilities as we learn from the studies of Soon Ang and Linn Van Dyne (2008), "Paula Caligiuri, David Lepak, and Jaime Bonache (2010). Involving understanding cultural differences in leadership styles, communication norms, and decision-making processes to ensure successful transitions and effective leadership in a multicultural organization as pointed out by the research of Ryan W. Quinn and Robert E. Quinn (2002).

Finally, part of Strategic HR management comprising of Diversity and Inclusion largely

depends on cultural competence in creating diverse competitive teams. Its aim is to foster an inclusive work environment that values and embraces differences and it is essential for creating an environment where diverse perspectives are valued, and individuals from different cultural backgrounds feel included and able to contribute their unique insights. It involves promoting cultural sensitivity, reducing biases, and fostering collaboration among diverse employees as pointed by the research of P. Christopher Earley and Soon Ang (2003), Jacqueline A. Gilbert and Ingrid J. Smithey Fulmer (2010), Stefanie K. Johnson, David R. Hekman, and Elsa T. Chan (2016) as well as the Deloitte report (2018).

Keywords: Strategic HR Management, cross-cultural competencies, global competitiveness.

Aim of the paper

This paper aims to examine the role of cross-cultural competence in strategic HR management. It seeks to highlight the importance of understanding cultural differences and leveraging diversity in various HR fields, including workforce planning and talent acquisition, learning and development, employee relations, succession planning, and diversity and inclusion. By exploring the latest research and findings, the paper aims to provide insights into how cross-cultural competence can contribute to effective HR practices and ultimately enhance organizational performance in the global marketplace.

Additionally, the paper aims to offer practical implications for HR professionals and researchers, emphasizing the significance of developing cross-cultural competencies in the field of strategic HR management as well as a proposal for further study into the correlation between cross-cultural competence and effective Strategic Human Resources Management.

By developing cross-cultural competencies, HR professionals can ensure that their organizations are able to attract, retain, and develop talent from diverse cultural backgrounds, which can enhance organizational performance in the global marketplace



Theories and current trends

According to McGratt et al, classical strategic management theories encompass various areas such as leadership and personnel management, employee motivation, team building and management, organizational culture, change management, strategic planning, decision-making, quality management, and the exercise of authority, power, and influence. Well-known theories in strategic management include the seven stages of strategic planning, the Boston Consulting Group matrix model, stakeholder mapping theory by Johnson, Scholes, and Whittingham, Porter's five forces theory, SWOT and PEST analysis, Taleb's Black Swan events, and scenario planning. Overall, classical strategic management theories cover a wide range of areas that are essential for effective organizational management and aligning HR practices with broader strategic goals. These theories, combined with modern tools and methods, provide organizations with frameworks and approaches to navigate the complexities of the business environment and achieve sustainable competitive advantage. These modern tools of strategic management also provide feedback through established key performance indicators, such as the Balanced Scorecard method (Peterková and Franek, 2018).

Yet, in the field of strategic HR management, two trends become particularly important i.e. Diversity, Equity, and Inclusion (DEI), initiatives aiming to create inclusive work environments that value and embrace differences, including cultural diversity. Cross-cultural competence is essential in fostering an inclusive workplace where individuals from different cultural backgrounds feel included and can contribute their unique perspectives. Organizations that prioritize DEI often implement training programs and initiatives to promote cultural sensitivity, reduce biases, and enhance collaboration among diverse employees as shown by the research of P. Christopher Earley and Soon Ang (2003), Isabel C. Botero, John F. Veiga, and Lucia C. Bressan (2020), Anne-Wil Harzing (2001).

Similarly, due to the Covid-19 pandemic, Remote and Hybrid Work with the shift towards remote and hybrid work models bring together employees from different cultural backgrounds who may be located in various geographic locations. Here cross-cultural competence plays a crucial role in facilitating effective communication, collaboration, and understanding among



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remote team members. It helps individuals navigate cultural differences and adapt their communication and work styles to ensure successful remote collaboration in multicultural teams as shown by the research of Leena Louhiala-Salminen, Anne Kankaanranta, and Erika Sauer (2021), Salma N. Bouyahia, Mustafa Çalk, and Carina Paine Schofield (2022), Snejjina Michailova and Martina S. Linnenluecke (2016).

Research aims and objectives

While strategic HR management theories have made significant advancements, there are still potential research gaps and challenges that exist within the field. Some of these include:

cross-cultural competence measurement, changing workforce dynamics and finally the contextual factors and cultural nuances. Although the importance of cross-cultural competence in strategic HR management is recognized, there is a need for robust and validated measures to assess an individual's cross-cultural competence. Research by Chen, J., & Starosta, W. (2016) shows existing measurement tools and frameworks for assessing cross-cultural competence and provides insights into their strengths, limitations, and applicability in different contexts suggesting that developing reliable and valid measurement tools can help organizations and researchers effectively evaluate the effectiveness of cross-cultural competence interventions and their impact on organizational outcomes.

Furthermore, in the changing workforce dynamics where the workforce is becoming

increasingly diverse and dynamic, with the rise of remote work and global talent mobility.

The study by Allen, D. G., et al. (2020) explores strategies for talent acquisition and retention in remote work settings, examining how organizations can adapt their recruitment and selection processes, onboarding procedures, and performance management systems to effectively manage a remote workforce. Similarly, Stahl, G. K., et al. (2023) study discusses the challenges and strategies for managing a global workforce in the context of global talent mobility, examining issues related to expatriate management, cross-cultural training, and talent retention in international assignments. Further, the study by Sara S. Al-Asfour and Nawaf G. Al-Asfour (2021) and Irenka Suto, Patrick S. Dunlop, and Rachel G. Sinha (2021) investigates the impact of remote work on organizational culture and its implications for strategic HR management. Both studies explore how organizations can maintain and strengthen their culture in remote work settings, promote a sense of belonging, and support employee well-being. Despite of latest research further research is needed to understand how strategic HR management can adapt to these changing dynamics and effectively manage a diverse and geographically dispersed workforce. This includes areas such as talent acquisition, performance management, employee engagement, and organizational culture.

Similarly, contextual factors and cultural nuances need to be explored in depth. Strategic HR management theories often emphasize the importance of aligning HR practices with the overall business strategy. However, there is a need for research that explores how contextual factors and cultural nuances influence the effectiveness of HR practices in different organizational and cultural contexts. As shown in the study of Elaine Farndale, Jaap Paauwe, and Patrick Wright (2010), Michael M. Harris, Paul Sparrow, and Chris Brewster (2003) Elaine Farndale, Tony Edwards, and Nick Kinnie (2011) cultural nuances in strategic HR management practices of multinational companies, as well as contextual factors and national culture influence the effectiveness of HR practices across different cultural contexts. This includes examining the role of national culture, industry-specific factors, and organizational size and structure. Similarly, a study by Michael M. Harris, Paul Sparrow, and Chris Brewster (2003)

investigates the role of national culture in the adoption and effectiveness of HRM practices in subsidiaries of U.S. multinational companies. It examines how national cultural factors influence the transfer and adaptation of HR practices across different cultural contexts. In the study of Elaine Farndale, Tony Edwards, and Nick Kinnie (2011) influence of national culture on HRM practices is examined and the role of contextual factors are explored. Study of Dirk Buyens, Maral Muratbekova-Touron, and Astrid De Witte (2014) highlights the value of cross-cultural research in understanding the cultural perspectives on strategic HR management. It discusses the role of national culture in shaping HR practices and provides insights into the cultural nuances that influence the effectiveness of HR practices across different cultural contexts. Addressing these research gaps and challenges can contribute to the advancement of strategic HR management practices, ensuring that organizations effectively align HR strategies with broader organizational goals and navigate the complexities of the global marketplace.

Conclusion

Strategic HR management is undergoing rapid changes to address the new challenges and demands of the global marketplace. This paper has explored the latest theories and trends in the field, emphasizing the role of cross-cultural competence in strategic HR management and the importance of aligning HR practices with overall business strategy and building international teams. The research indicates that cross-cultural competence plays a crucial role in various HR fields, including workforce planning and talent acquisition, learning and development, employee relations, succession planning, and diversity and inclusion. By understanding cultural differences and leveraging diversity, HR professionals can attract, retain, and develop talent from diverse cultural backgrounds, ultimately enhancing organizational performance in the global marketplace. However, there are still research gaps and challenges that need to be addressed in the field of strategic HR management. These include the development of robust measures for assessing cross-cultural competence, exploring strategies for talent acquisition and retention in remote work settings, understanding the impact of cultural nuances and contextual factors on

HR practices, and examining the role of national culture in shaping HRM practices across different cultural contexts. By addressing these research gaps and challenges, HR professionals and researchers can contribute to the advancement of strategic HR management practices, ensuring that organizations effectively align their HR strategies with broader organizational goals and successfully navigate the complexities of the global marketplace.

In conclusion, cross-cultural competence is a critical component of strategic HR management, and its development and application can lead to improved organizational performance and competitive advantage. Continued research and exploration of this topic will further enhance our understanding of the role of cross-cultural competence in strategic HR management and its impact on organizational success in the global marketplace



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