RUNNING HEAD: HRM

International HRM

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***Introduction***

The process of continuing change in the balanced environment along with maintaining harmony in technological development orientation, resources exploitation, investment direction and change in an institution for enhancement of current and future potential are important to fulfilling human objectives and needs. The scope of competition among businesses is nearly global everywhere as business may face fierce competition from foreign services or products, from subsidiaries that are foreign-owned or from foreign-owned domestic firms. In addition, inputs in businesses like capital, legal services, insurance, parts, ideas, technology, office equipment and human resources are available pretty much from everywhere presenting state-of-art work, speed, quality and technology. Consequently, no business nowadays can hide and make a fallacious depiction as they did not understand and cannot respond to the global market (Briscoe et al., 2009). The business conduct has now become “global” movement including many of the following realities for multinational enterprises:

* Use of foreign products and services by the virtue of international travelling and bringing the same back in the country to create domestic demand for these services and products.
* Through rapid global technology and communications, like satellite television, movies’ global distribution, CDs, DVDs. global printing media and videos, people have the access to substantial information only on one single click.
* All types of quick transfer of latest technology provide an opportunity to create modern classic products and services anywhere in the world.
* Developing import and export procedures provides exposure to foreign competition. With the increase in limited exceptions, companies across the world can trade with each other with an objective of decreasing cost and meeting the customized demands of the customer.
* Improving awareness, access, knowledge and education everywhere in the world to produce the latest technology products and then raising demand for those products and services.
* Immigration of a large number of people every year to raise standards of living worldwide.

In today’s global marketplace characterized by fierce and unsparing competition, many organizations seek a chance for further growth in terms of learning, development and advancement for internationalization of respective businesses. Expansion of businesses in other countries requires extensive knowledge of laws and regulations, characteristics of labor in local market and specifications of cultural, economic and political systems which are the basic reasons to internationalize respective businesses to execute particular modifications with respect to the previous way of doing specific business especially human resource management practices. As a result, local culture is the main focus with respect to designing international human resource management (Đorđević, 2016). Such essential are the manifestations of local culture to advance an integrated approach to address the economic, social and political elements included in human resource management and consequent expansion of business ventures amid challenges and impediments. Human resource management does not seem to have a clear role in establishing sustainability across all branches of an organization. The participation and contribution of the human resource management team ranges from making the employees learn about policies and procedures of an organization, participation in high-level tasks of leadership to training execution programs instructed by other functions. In a generalization of management transfer about ideas, innovations and practices between Latin America and Europe, it is important to comprehend that both sides are listening, learning, reading and collaborating which are in turn dependent on stakeholders involved and issues required to be pursued. Keeping in mind influential effect of local culture on the management of human resource content, the goal of this essay is to underpin a link between compatibility of local Australian bank culture and international practices of human resource management observed in Brazil.

 International human resource management is the concept that includes various essential specifications in comparison to national human resource management practices which is the need of an organization that has internationalized business while formulating policies from an area of human resource management to consider particulars of the local area. Besides, it offers a potential platform to accomplish the objectives of the organization and cultivate a competitive advantage over the competitors at both international and national level. The dimensions of national culture, which are required to be understood for designing international human resource management, characterizes understanding the time orientation, space (mixed, public or private), human nature, relationship with people and relationship among individuals (linear, collateral or individualistic). The most important factor in designing procedure and policies within international human resource management demands consideration of the fact that dynamics of certain country culture are dynamic and change in accordance with time and as a result, these changes illustrate two directions. One direction decreases the cultural difference between different countries which is called convergence in culture and the second direction are deepening of cultural differences called divergence in culture.

Globalization process, mass media development and people migrating to other countries for the sake of education and economic purpose are the main contributing factors in the convergence of culture.(Đorđević, 2016).

 However, not every time there is convergence or divergence in culture, instead of at times crossvergence of cultures occur. Crossvergence of the culture characterizes the dynamic interface of influences that are sociocultural with reference to the ideology of business providing driving power in order to make rapid development of unique systems of values in society. (Ralston, 2008).

 International expansions and acquisitions are always inspired and motivated by the desire to access knowledge and transferring the same between acquired and acquiring companies. Factors affecting success or failure of knowledge transfer include the type of knowledge, the strategy of integration, reactions of human resource of organization, communication and expatriates utilization. However cultural factors understanding, which impacts the transfer of knowledge in mergers and acquisitions, is kept limited (Sarala and Vaara, 2010).

 Compensation strategies are necessary to be revitalized according to the new penetrated cultural environment (Lowe et al., 2002).

Trillions of dollars have been spent by the organizations in mergers and acquisitions that have profoundly changed them and affected countless lives. Based on acquisitions and mergers, it is seen that failures in acquisitions develop from problems arising due to combining diverse cultures in the phase of integration. Contradictions related to thoughts of organizational value and practices ultimately lead to collaboration lapse and failed opportunities for learning. Problems may arise and even enhance when acquisition, between companies located in different parts of the world, occur. Barriers of foreign languages and national culture work, diverse legal obligations and regulatory obstacles hinder benefits of integration (Björkman et al., 2007b).

Thus, there are mixed observations and findings of the influence of cultural differences on the integration of acquisition results. The strong cultural differences are due to two factors as first is culture, which is pivot of attention in service organizations because it presents itself as a controlling instrument and second is self-sufficiency removal on extensive basis which is consequence of extreme intervention in decisions of top management which is the acquired team in order to gain synchronization potential (Weber, 1996).

With the globalization of giant corporations on a continuing basis and increased level of awareness of employees' significance for the competitiveness of the company, the question regarding management of people in foreign associates has gained considerable importance. For many years, researchers have expressed the proposition that generation of valuable and non-substitutable human assets have been helped and supported through motivation, development and acquisition of employees of firm aimed by human resource management practices. (Björkman et al., 2007a).

***Description***

**Sustainability in Australian and Brazilian context**

 Sustainability role of leadership in Australia is exemplified in both environmental and social dimensions. Moreover, progressive rapport of Brazil has been observed with respect to the consciousness of corporate social responsibility and environment. Introduction of the corporate social responsibility concept in Brazil was made in 1998 and since then it has been observed by a considerable number of firms(Wehling et al., 2009)***.*** People of Brazil expect the firms to indulge in corporate social responsibility.

 Current and latest arguments in the area of cross-nation management of human resources express the fact that factors and variables affecting both “free culture” and “bound culture” are the important elements of human resource management procedures. (Budhwar and Sparrow, 2002).

 Many researches have been published focusing on factors determining organizational and managerial practices. Among all these empirical researches, the theoretical outlooks differ on several dimensions which are imperative. Yet they all share the concept that factors of institution hold significant significance as being antecedents of practices of management than coherent factors such as integration of industry, firm size and technology. Factors of the institution have been evolved as a result of processes in history that have produced considerable regional and national differences. These differences and outcomes illustrate the intricate role of the corporations is strengthened and the objectives are accomplished under the influence of an integrated structure and profound practices of management. The point of closure is the ideology that institutions that are social contribute significantly to the use and development of many administrative procedures in organizations. Integration taking place globally should change according to the extent to which in the context of the local institution, the subsidiary faces dissimilarities and differences from parent organization norms. Through the extension of norms of the parent organization, the intensity of local adaptation will highlight the divergence degree between the context of a local institution and the context of the parent institution. Hence with the perspective of systems of national business, multinational corporations will tend to be possibly sensitive regarding differences in cross-national practices of management. In addition, based upon approach of systems of national businesses, it is quite logical to suggest that the degree of deviation of foreign subsidiary in terms of practices of management will be recorded by the extent to which institutional and national patterns and procedures of originating company deviates in comparison to subsidiary (Gooderham, n.d.).

**Australia and HRM practices**

Earlier in the twentieth century, Australia had developed a system of industrial linkages determined by necessary settlements.This means that in order to settle contradictions and disputes, agencies of state gained authority and made obligatory agreements which explained wages and conditions of work (Gooderham, n.d.). Australians have developed a system of bargaining which is collective in nature focusing on combined interactions between industrial tribunals, political processes and parties. Mediation has been one of those procedures through which parties held their linkages. The connection between parties and arbitration is fluid and distinctive. It is not a simple “order and obeys" link.

 Sustainability itself is a disputed concept. Essentially, three cornerstones of sustainability dictate the manifestations of sustainability in the corporate settings which are stipulated as the triple bottom line. These elements advance to contribute towards meeting the financial goals or to confront the conflict associated with the paradigm of investment and financial structure. Highly referenced and quoted the definition of sustainability can be obtained from the World Commission on Environment and Development (WCED) which reports on social, environmental, and aspects of economics in development which is sustainable such as the concept of limitations of the resource (land, waste, materials and energy) (Stubbs and Cocklin, 2008). The key factors required for retention of local capital are as follows:

* Organizations which work for the common benefit of several multiple stakeholders.
* Organizations which work in synchronizing manner to create synergy in achieving environmental, cultural, social and economic outcomes.
* Organizations which set and achieve short term milestones and objectives in order to achieve social, economic, sociocultural and environmental outcomes.

**Impact of Australian International human resource management practices on the establishment of the Brazilian subsidiary**

AUSSIE Bank is a commercial bank. Local communities can own a community branch of AUSSIE bank. Funds are raised by the community bank's workplace, support and infrastructure. Incorporation of decision, to own and establish subsidiary of bank in Brazil, in accordance with human resource practices demands consideration of locally owned community banks in Brazil in particular vicinity (town, city or district of Brazil) since approval for opening of particular type of bank subsidiary is required to be taken by Central bank of Brazil which would address following questions:

* What is the population of that vicinity?
* How many branches are already operative n that vicinity?
* What is the nature (commercial, agricultural or industrial) of that area?
* Availability of means of transportation in that area?
* What is business and deposit potential of that area?
* Any other major and significant considerations

AUSSIE Bank is a major shareholder of Australian stock exchange, aiming to provide capital to small and medium enterprises that have not been provided good services by the capital markets in history. Funds of regional development of AUSSIE Bank provides a framework for facilitating the investment in regional focused and flourishing businesses requiring additional equity to acquire complete potential.

 This practice is in contrast to Brazilian organizational culture where extensive documentation for credit approval is required by the Central bank of Brazil. A credit history of five-year account maintenance is required for loan approval in Brazil banking industry which is in contrast to AUSSIE Bank lending the home loans to tenants of public housing to buy their own homes.

 Cultural context must be considered while designing compensation strategies. However, greater consistency has been observed while designing strategies related to compensation in Australia (Gomez, 1991). Regarding compensation strategies, every year in Australia, there is no substantial increase in compensation due to unchanged inflation rates which is in contrast to human resource management practices of Brazil where employees of the banking industry have the only attraction of target bonuses when accomplished. Here the parent bank’s management would need to revitalize their strategies accordingly to the new country's banking regulations. Conflicts, differences, strains and contradictions in transferring of values of sustainability from headquarters of the parent organization or foreign subsidiary can be described as inevitable. Some norms, cultures and values have a different meaning in human resource management practices of Brazil and need to be exemplified through best practices. (Wehling et al., 2009).

 Expansion of business operations in Brazil would require AUSSIE Bank to consider different benefits which are derived from sustainability mentioned as follows: Conflicts arise due to the different style of implementation of rules and regulations by the foreign subsidiary or sometimes subsidiary does not know implementation procedure of strategies proposed by the parent company. Consistency and methodical way of implementing the values, norms and culture of parent organization in foreign subsidiary needs to be understood clearly so to avoid hindrance in integration and sustainability vision which are there to complement global trends in human resource management practices. At times conflicts occur due to failure to implement the needful on priority or failure to distinguish between “urgent and important”.

* New development of customized consumer products
* Contribution towards the value of shareholders
* Reduction in costs and increased efficiency in production
* Introduction of new and innovative products to the banking industry
* Reinforcement of employee commitment
* Reinforcement of leadership in the market
* Identifying unique selling points according to the new country's environment and building a competitive edge.

***Conclusion***

Recommendations regarding human resource management activities are as follows with reference to sustainability management:

* Facilitating the discussion and clarification of corporate motivation for corporate social responsibility and involvement of sustainability.
* Promotion of new ethics of three-layered bottom line within the organization.
* Education of employees and top managers on implications of business regarding sustainability including edges in corporate social responsibility and marketing.
* Development of creating a sense of commitment and awareness in management at the top level.
* Clarification of plans regarding sustainability.
* Making “sustainability” extremely important approach in product development.
* Creation of compatibility between organizational culture and values of sustainability.
* Supporting and helping the people to determine the position of sustainability in the hierarchy of the organization.
* Serving in the role of advisory in order to help them implement their vision.
* Mentoring trainers and leaders on the subject of change management.
* Embedding sustainability in every perspective of the organization as possible.
* Maintenance of human resource management audits and systems that are sustainable.
* Coaching of employees to make them learn about how to interact with legalities of prevailing situations and regulatory authorities.

Sustainability visions are required to be revitalized for the opening of a subsidiary in Brazil in order to maximize stakeholder’s integration and engagement while going for internationalization. This factor, in turn, demands persistent communication to all stakeholders and awareness of stakeholder’s education with respect to issues of sustainability. Engagement and integration of stakeholders depend on both structural (structure of organization, policies and procedures) and cultural (attitudes, values and norms) which holds significant importance in the success of the organization. Irrefutably, willingness and consent of stakeholders are very important when it comes to integrating and synchronizing organizational processes. The stakeholders will play an instrumental role throughout the execution of the plan and business model. Effective relationships with stakeholders are always based on “trust” including equity, trust, integrity and honesty.

 Here, AUSSIE Bank should realize that support of stakeholders is very important in the initiatives of sustainability because this would build long term value for all of them. This may lead to a conclusion that acceptance of lower investment return for a short period of time would direct the efforts of the organization in transferring the profits to cultural and structural development programs to support environmental and social initiatives consequently building long term value for the organization.

 The primary aim of an organization ought to be strengthening the elements that underpin long-term advantages and can assist to alleviate the impediments in the execution of the business plan and strategy. This observation suggests that the values of an organization should be well aligned around outcomes of sustainability.

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