

EVALUATING AN INTERNATIONAL HUMAN RESOURCE MANAGEMENT STRATEGY FOR NEW TELECOMMUNICATION GROUP IN DEVELOPING COUNTRIES, CONCENTRATING ON PAKISTAN (A CASE STUDY OF VODAFONE)

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ABSTRACT: The main objective of this paper is to evaluate an international human resource management strategy and their effectiveness for new telecommunication companies in developing countries specially Vodafone Group entry into Pakistan. This report defines the Vodafone Company and its global working, cultural issues of the parent and the host country. Pakistan has different culture as compared to the United Kingdom. PESTLE analysis covers social, economical, political, technological environment and legal aspects of Pakistan. PESTLE analysis is showing the external environment that can effect on the sales after entering into Pakistan. Some special trainings is discussed that are necessary for the global firms to adopt for the sake of proper working. The performance management system is also discussed in the report with all of its effects on employees and business growth, Recruitment and selection process is also part of the report that is showing how global firms should recruit the employees by using Rodger’s seven point plan. Performance management system and its effectiveness are discussed with evaluation strategy.

Keywords—Human Resource Management. International Management, Communication, Management Strategy

1: INTRODUCTION

Vodafone is a British Telecommunication Company being working globally. The parent company is present in Newbury, England, where headquarters are operating to work for the multinational purpose. According to a April 2018 Vodafone Annual Report, Vodafone was on high ranking telecommunication companies with £ €46.571 billion (2018) revenue. Vodafone organization is present in the UK. Vodafone has more than 103,564 employees all over the world According to www.statista.com website.

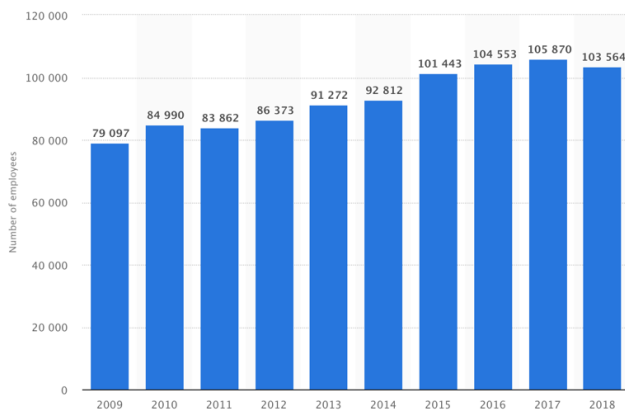


Fig1. Statistic of the number of Vodafone employees worldwide from 2009 to 2018

The telecommunication network is being operated in 31 countries separately with more than 40 countries subscribers and it Vodafone is operating here in partnership. The Vodafone Network is performing at its best in host countries having more than 459 billion subscribers, but parent country the performance is not as according to the standards. Vodafone was developed in 1984 and started working as a subsidiary of The Racal Electronics PLC. It was named as Racal Telecom Limited after working with the other company. In October 1988, approximately 20% of the capital were offered to the general community. It started working as

a single entity after leaving Racal Electronics PLC and developed an independent company in September 1991, at which time it transformed its name to a Vodafone Group PLC. The merger with the air touch company was a policy and remained for one year, during this merger the company was named as Vodafone Air Touch PLC [1].

2: PROBLEM STATEMENT

Vodafone is going to enter into a totally new market. In Pakistan, culture is entirely different from the parent country. Language, rituals, and needs are all different from the UK where the parent company is a parent. For Vodafone, it will be difficult to work in Pakistan market because of the cultural values. Organizations working in Pakistan adopt the mechanism cross-cultural training to the local people after hiring them according to the skills. Because of low purchasing power parity, there is a need to develop a product in the range. This study will be very helpful for Foreign Telecommunication Companies who willing to enter developing countries concentrating on Pakistan.

3: LITERATURE REVIEW

Employees from other organizations can offer good incentives by Vodafone. It is a strategy of international brands to hire the management of local companies by offering them fringe benefits with attractive salaries. Pakistan is a developing country where the employment rate is less. Employees happily accept salaries and offer from international brands. These Incentives can help to raise the local employee's interest [2]. Recruitment and selection process is developed according to the business strategy by the Vodafone Corporation. Vodafone is performing as a leader in the services business. Core competencies of the company are aligned with the individuals they hire from a proper recruitment system. In the host country, they work for setting the working environment according to the required culture. They have to hire through a properly defined process that is followed by the Pakistani organizations. Organizations all over the world work on a principle of hiring the staff according to their settled objectives [3]. Vodafone's objective

is to hire the right person with the required skills that important for the mentioned job. The chief political factors that are going to affect Vodafone include Asia Roaming Regulation that is constantly decreasing charges for mobile-phone usages abroad by 70% and growing service level of the consumer [4]. Training and development is an essential element of human resource strategy involving new technology introduction in human resource or other departments as well. The human resource department identifies the training needs of all departments and designs the schedules accordingly. Human resource department of Vodafone acts in the same way and found training needs where necessary, but in the case of entry into new markets, they focus on designing training for the new employees in a new target market. Both soft and hard training is part of the training in different jobs[5]. Employees act as whistleblowers and when change job, can reveal the secrets of dissatisfying from the organization. Legislation for companies entering in telecommunication is not so strict. The Government provides equal space for new entrants. And no legislation against it is observed [6]. When the human resource department defines the need for training in a department and designs a training calendar for the whole year. Required training is being mentioned in the calendar with the area and both on the job and off the job training. It is also the duty of the human resource department to keep an eye on the technology and new product expansions. A change in the organization also needs training as departmental changes are part of the development with the passage of time [7]. In the case of strategy, failure organizations can suffer big losses (Wang & Shyu, 2008)[8], therefore, evaluation is a necessary part of the effectiveness. Human resource strategies like workforce management and conflict management are essential for the working environment. Workplace conflicts are common among the employees, and these can turn the situations towards serious issues [9]. Human Resource Management strategies are part of every organization. It is necessary to see the worth of the strategies. Strategies are measured through an arranged process that helps to check the strategies at each and every step [10]. Employees can leave the organization because of the conflicts. Some organizations suffer from bad reputation because of the conflicts. Human resource management department helps to remove the conflicts among workers by having complete control. The effective HR department approach can control these conflicts. It is essential for organizations to understand the impact of people on the organization. Measurement of the abilities of the personnel will help to gain the advantage growth Need [11]. Employees, staff and upper management are offered to develop their career abroad that is managed by the international brand for the local manager. It helps to improve the employee interest as well as the interest of the companies because these companies try to improve the skills of the staff for their betterment [12]. PESTLE Analysis is a tactical and strategic way to know about the external environmental factors that can influence business in a new market or existing market [13]. Customers are somehow environment conscious and least make a decision on ecologic base. But in

the future, it is expected that customers will be affected by it because the media is playing its role.

4: INTERNATIONAL BUSINESS ENVIRONMENT

International business is related with all business movement that are performed beyond national borders. Management philosophers have formulated several theories to explain the international business environment. International Business Environment is multidimensional including the diplomatic risks, ethnic differences, exchange risks, lawful & taxation issues. Therefore (IBE) International Business Environment includes the political, regulatory, tax, economic, social, cultural, legal, & technological environments. The chief political factors that are going to affect Vodafone include Asia Roaming Regulation that is constantly decreasing charges for mobile-phone usages abroad by 70% [4], and growing service level of the consumer. There are several factors that can disturb the global economy, and thus the economic cycle. These factors include, but are not limited to, currency exchange, interest and inflation rates, trade, and unemployment statistics as well.

5: ECONOMIC AND SOCIAL ENVIRONMENT OF PAKISTAN

Global economic issues like GDP can irritate the growth of Vodafone brand for entering into new markets. Vodafone has its own concerns, but they are trying to adopt a strategy of the low price that can help the brand to have more sales because of decreased purchasing power parity of the customers in Pakistan. Vodafone already has many competitors in Pakistan with high competitive capability. Telenor, Warid, Jazz, Ufone, and PTCL are working for the customers and they have their own brand image from some last years. They can work to reduce the popularity of the Vodafone telecommunication brand and it is easy for the home brands to compete with aggressive marketing and human resource management strategies. According to Pakistan Bureau of Statistics www.pbs.gov.pk/ The population of Pakistan is 207,774,520 (EST. On Aug 2017) and rural areas population is 63.8%, which rarely use a cell phone. For making an entry in the Pakistan market Vodafone should need to develop cheap mobile phones.

6: LITERACY RATE IN THE PAKISTAN

The literacy rate is less as Pakistan is a developing country where changing work patterns can take longer times for sustainable growth. Pakistan has a 54.8% population of youth ranging from (1-24) which means targeting them will create more long-term customers if inspired [14]. As per the new National Human Development Report by the United Nations Development Programme (UNDP) Pakistan, the country currently boasts the greatest percentage of youth in the world. 64% of the total population is below the age of 30 while 29% of it belongs to the age bracket of 15 to 29 years. People have a habit of texting so SMS packages at comparative rates must be introduced by Vodafone in initial stages. Calls of people range very limited time from mobile (short duration of calls) so packages must be introduced accordingly. Social responsibility in people is provoking slowing through media and it can create a positive point for us being the part of the UK economy which already has concerns for social responsibility. Pakistani people are

friendly enough that welcome new entrants considering their favorable offers and especially UK based companies are considered as a positive sign to the most population. In the communication industry, consumers have power over suppliers because they can switch easily to other networks so this fact must be considered before launching offers.

7:TECHNOLOGICAL ENVIRONMENT OF PAKISTAN

Pakistani innovators and entrepreneurs have increased from a situation that looks fairly bleak. According to statistics from UNICEF, the Pakistan has one of the world’s major youth, with the passage of time consumer demand more technological features in a product but in telecommunication technology is already making its worth. We can see a better time of calling without signal disruption is the aim of every telecommunication company. With these functions they have to delight the users with fewer prices as companies in Pakistan are aware of the situations present in Pakistan. Better services at fewer prices can help Vodafone to enter a new market. The penetration price strategy will be effective as it is a trend of the new world to have this strategy for making its worth among current competitors.



Fig2. Technological Environment

There are some technological factors that are being adopted by the Vodafone for its new markets.

1. Point to Point Wireless Network
2. Home Wireless Network
3. Transportation of data

Towers technology has slightly changed in Pakistan because of energy shortage in Pakistan and due to this, for saving costs the solar panels are attached to a company. Adaptation of this technology can provide strength in signals every time. But it will increase cost because we have to purchase it, while Zong gets it at low prices from China being a China-based company. In the communication industry, only internet technology has changed from modem to DSL and EVO but it is not as much required in Pakistan for cellular phone companies. But the change in technology for working with staff inside the organization can affect.

8: LEGAL AND ECOLOGICAL ANALYSIS OF PAKISTAN

The legal environment is not so strict but if any company falls under legislative process, it becomes difficult for any company to fall out of it early because the case lasts for long and expenses continue to occur. Moreover, its goodwill can also be affected by media by providing news excessively. But

no case of suing Telecommunication Company has seen in Pakistan. The procedure for obtaining a license is not very difficult for any company being the simple rules for getting a license. Pakistan Telcommunication Authority Licensing division is responsible to processes radio frequency allocation applications as per section 43(5) of the Telecom re-organization Act-1996 and accordingly awards wireless and mobile licenses in the UHF, HF and VHF bands. Licensing division additionally responsible to deal with stuffs related with licensing of Cellular Mobile Operators, Next Generation Wireless Local Loop Operators and Mobile Operators in Pakistan and Azad Jammu Kashmir & Gilgit Baltistan. Another function of Licensing division is issuance of licenses for International License (LDI) and Long Distance, Telecom Tower Provider License (TTP), Fixed Local Loop Licenses (FLL), Telecom Infrastructure Provider License (TIP), Third Party Service Provider License (TPSP), Class Value Added Service (CVAS) Licenses and CVAS Registration. License is issued for several years in Pakistan with renewal, not more than 5 numbers in the name of one person can be registered. According to the environmental analysis, it will be easy to have a merger or acquisition with an existing brand for knowing the business environment of the Pakistan market. Here in Pakistan strong telecommunication brands are working and they have their own value in consumer's mind. Telenor, Warid, Ufone, Zong, PTCL, Mobilink are major brands. It will be difficult for the new brand to have its place with the packages related to consumer demand. It will also be necessary for the brand to choose such strategies for their working environment, for getting the targeted sales.

9: CULTURAL ISSUES OF PAKISTAN

Pakistan has its own culture as it is entirely different from the European countries and it is not easy to enter into the Pakistani market because of working situations. Operations are easy in home countries where it is not difficult to organize the new systems or outlets of the Vodafone brand. According to Pakistani culture, they have to develop recruitment procedures for new employees. It may be a difficult task for cross-cultural employees to work with the brands that are having teamwork or different working strategies in the company rules and regulations. Employee’s compensations and performance appraisal will be the only helpful action to have profits in the host country. Cultural challenges are also stress for the brands as people in the host country may not adopt the new product or the systems will be as well performing as the resting brands in the home country.

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have profits in the host country. Cultural challenges are also stress for the brands as people in the host country may not adopt the new product or the systems will be as well performing as the resting brands in the home country.

11: ANALYSIS OF ORGANIZATIONAL CULTURE OF PAKISTAN AND UK

Vodafone is going to enter into a totally new market. In Pakistan, culture is entirely different from the parent country. Language, rituals, and needs are all different from the UK where the parent company is a parent. For Vodafone, it will be difficult to work in Pakistan market because of the cultural values. Organizations working in Pakistan adopt the mechanism cross-cultural training to the local people after hiring them according to the skills. Because of low purchasing power parity, there is a need to develop a product in the range. Low-price mobile phones and calling plans will be an effective way to have an image in the new market. After that, Vodafone can also enter in the telecommunication market. There is also a trend of mergers with local companies. Mergers can help to take advantage of the local management for making the organization according to the local needs.



Fig3: Framework for a Culturally effective organization

12: INCENTIVES AND OFFERINGS

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13: CULTURE OF HOST AND PARENT COUNTRIES

Host and parent countries are two different entities as a business in the host country is more vulnerable in the case of any bad situation. Therefore, it is important to recruit personnel according to the required skills. Vodafone is already working globally with good repute all over the world. They are not well performing in the home country because of some internal issues in the telecommunication industry. The major function of the organization is to provide better communication all around the world and some other products are also working under the same brand name. Business performance is communicated by the Chief Executive through a video to all of the departments. New strategies and changes are also communicated through the video program to all of the employees. Vodafone has the same strategy of human resource management all over the world. The

strategies are measured through the evaluation process. They are working in the parent country with almost 76% employee involvement.

14: RODGER'S SEVEN POINT PLAN

Alec Rodger's Seven Point Plan in 1952 from the National Institute of Industrial Psychology, London designed for matching the job and initial stages of the recruitment process. It is important because of the proper elements and its segregation for easy understanding. Recruiters can see the plan before interviews. It is beneficial for cross-cultural interviews. Rodger's seven-point plan is defining the nature of the candidates with some qualities. Physical makeup like appearance, communication skills, and looks are important when companies turn to hire leaders or managers. Attainments are the skills, experiences, and achievements that are necessary for various departments. Intelligence is the cognitive ability of the candidate that can help to judge the capacity and analytical abilities of the candidates. Special aptitudes are defining departmental skills like IT, HR. Interests are the social elements that can again be judged by the big five traits of leaders. Disposition is the acceptability and quality of characters, influence on others, self-reliance, tendency to perform in a specific way that can be learned and dependability as well, Circumstances is a fact or condition that makes a situation, can be domestic, family or occupations circumstances, with respect to time as well.

15: RECRUITMENT AND SELECTION PROCESS

Vodafone's recruitment and selection process is aligned with their business strategy. Strategic Human Resource Management is a modern day business concept that has been today been extensively used the organization. Vodafone has been the market leader with their continued growth in UK and other parts of the world. Vodafone acts to select the right people as they are working as a services business that demands higher skills with perfect communication qualities. They will hire experienced personnel for different jobs in all of its departments. Vodafone defines the jobs to the candidates through the settled corporate objectives Jobs will be announced through the newspapers and candidates will be able to apply online. Vodafone will take a test of all candidates according to the job descriptions or the company can take help of any testing service. Candidates will be interviewed in different sections. Interviews will be structured, semi-structured, or free of any structure.



Fig4. Traits of Leadership

Simulated interviews are also part of the system that can help to see the cognitive abilities of the candidates. After taking

the interviews from the candidates, they will be called for the particular job. The selected candidate will be capable of the job, and tasks were given. To hire a person with better analytical skills with leadership qualities will be effective for managerial positions.

16: IN AND HOUSE OFF-JOB TRAININGS

In-house training is offered for the sake of employee involvement employees can choose their own time for learning according to the need of the organization. In-house training is cost-effective methods for the organizations [16], where they can train from 6 to 15 employees Vodafone found in-house training beneficial because of outstanding input. Essential courses are offered to the employees where they can learn easily. Multiple courses are offered for skill improvement that is helpful to gain more skills required to complete tasks. Off-job training is part of learning where employees are offered training away from the working environment. Special Training Centre's are arranged [17], for this training to relax the employees from hardworking routines [18]. In this type of training system employees are given full right to take day offs for training and development programs.

17: LEARNING OUTCOME

We have learned how they are competing in competitive marketing. With all its training systems, they are turning the world towards perfect services. Products by Vodafone are known by the name and organization as well. PESTLE Analysis was also a fruitful way to learn how Vodafone can penetrate in Pakistan market where new entrants can grow easily by adopting the cultural strategies of the target country. Performance management system and employee rewards system was another way to see the employee involvement procedure. I can see now what is important for the organizations as human resource department acts as a basic root during a different training session that is arranged for the whole year in proper planning. Employee benefit can help to increase the turnover because benefits increase the loyalty and ultimately employees work effectively. Vodafone can also grow in the market by penetration strategy that helps to attract customers. Low price and better services is a dream of the customers now a day.

18: CONCLUSION

Vodafone is one of the world largest telecommunication organization that is working as a single entity in almost 31 countries and with mergers it is working in more than 40 countries. During the preparation of the report, I have studied many of the strategies that are part of the Vodafone organization and they are developing all over that world by using perfect human resource strategies. Pakistan market is diverse for the telecommunication and IT business but the problem is again multinational companies have to see the internal and external environment and working culture host country. The recruitment process should be aligned, where skills should be of prime importance. Evaluation of the human resource strategies can help to reduce the expenses as

if a strategy will be of no value for the organization that should be omitted from the department for the sake of profits. Organizations suffer many issues working globally as especially in Pakistan organizations can face terrorism issues and many others that affect the profits.

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