HR success in challenging environments

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Multiple appraisal practices and comprehensive performance management systems that link individual to organizational performance: these strategies underpin HRM at CompuSoluciones, an IT consultancy in Mexico, whose effective methods - coordinated and integrated, from supervisor to subordinate, based on consistent principles and values - point the way for other firms operating particularly in the knowledge-based sector.

The effectiveness and wide support of CompuSoluciones? practices led one employee to remark, "If one day I needed to leave the company, I would use not only my résumé to seek a new job but also my performance evaluation." This modest-sized company is ranked among the Great Places to Work in Mexico - 5th best for working women in 2007. Clearly, the winning solutions that the company has devised to manage its people and measure their performance indicate it must be doing something right.

Cases such as this provide the basis of a new book, *Best Human Resource Management Practices in Latin America*, edited by Anabella Dávilla, professor of organizational theory and business history at the Graduate School of Business Administration and Leadership at

Technológico de Monterrey, Mexico, and Marta M. Elvira, a visiting professor of managing people in organizations at IESE.

This collection of case studies and quantitative research by 24 professors gives executives a comprehensive view of the best human resource practices for managing staff in a multinational operation.

The book explores the tension between implementing global HR policies and taking a local approach to HR, which respects the local cultural context. The book includes:
- novel HR strategies for managing environmental constraints.
- studies of multinationals managing HR successfully.
- the role of HR in business strategies.
- the relationship between HR practices and a country's development.
- HR practices that emerge from factors unique to the Latin American business and social context.

Helping M&As succeed

Apart from the chapter on CompuSoluciones, written by Dávila and Elvira, the book considers ABN AMRO's acquisition of two banks in Brazil, demonstrating the strategic role of HRM during times of radical change.

Research among Brazilian firms shows that, in practice, HRM does not enjoy a strategic and consistent role within companies there. The authors argue that radical change processes like M&As might force firms to reconsider the vital role that HRM plays, as in the ABN AMRO experience.

Another Brazilian study found that nearly 63 percent of M&As were said to have failed due to people management factors, highlighting just how critical an issue this is, say the authors.

In the case of ABN AMRO, the success of such deals depended, to a large extent, on people-related issues and how they were handled. The authors recommend that HRM be involved during the deal negotiation phase, not just during the integration stage. Furthermore, HRM needs to formulate policies that fit well within the overall integration strategy adopted. In that way, the success of the acquisition is enhanced, highlighting the contribution of HRM to the company?s business strategy.

Considering the unique context

Several Colombian firms are also studied, including Hacienda Gavilanes, Indupalma, Hocol and Cerro Matoso, illustrating how many existing HRM theories have not been formulated with attention to the specific social, political and economic forces that shape the Latin American business scene.

To understand management in Latin America, theories need to take account of the unique context there, which is frequently characterized by economic and political instability. They need to consider the role of the enterprise as a social institution, and the value of the individual within these societies.

That said, it doesn't mean throwing out everything that originates from company headquarters. In the case of Novo Nordisk, when the Danish healthcare company expanded into Latin America, it found the home office's well-developed values of trust, honesty, openness, respect, participation and justice, rooted in the Scandinavian style, actually helped to support HR subsystems and create a strong organizational culture that local employees in Mexico could also embrace.

Having a set of universal values that resonate across cultures makes a difference, for when institutions fail to enforce basic rights or provide protection and security, that is when employee conflicts tend to escalate into wider clashes.

By examining companies that have taken innovative approaches to employment relations, the authors show how such practices can enhance firms? competitive advantage and contribute to a more peaceful business environment.