

Week 9

**Global Human Resource
Management**

The logo for Stamford Online, featuring a stylized orange and blue swirl to the left of the text "Stamfordonline" in blue and orange, with the tagline "EDUCATION WITHOUT BORDERS" in smaller blue text below it.

The Management Challenges of International Business

- Coordinating market, product, and production plans on a worldwide basis
- Creating organization structures capable of balancing centralized home-office control with adequate local autonomy
- Extending its HR policies and systems to service its staffing needs abroad.

The HR Challenges of International Business

- Deployment
 - Easily getting the right skills to where we need them, regardless of geographic location.
- Knowledge and innovation dissemination
 - Spreading state-of-the-art knowledge and practices throughout the organization regardless of where they originate.
- Identifying and developing talent on a global basis
 - Identifying can function effectively in a global organization and developing his or her abilities.

Global Staffing Issues

- Selecting candidates for overseas assignment
- Assignment terms and documentation
- Relocation processing and vendor management
- Immigration processing
- Cultural and language orientation and training
- Compensation administration and payroll processing
- Tax administration
- Career planning and development
- Handling of spouse and dependent matters

Intercountry Differences Affecting HRM

- Cultural Factors
- Economic Systems
- Legal and Industrial Relations Factors
- The European Union

Global Differences and Similarities in HR Practices

- Personnel Selection Procedure
- The Purpose of the Performance Appraisal
- Training and Development Practices
- The Use of Pay Incentives



A Global HR System

- Making the Global HR system more acceptable
 - Remember that global systems are more accepted in truly global organizations.
 - Investigate pressures to differentiate and determine their legitimacy.
 - Try to work within the context of a strong corporate culture.

A Global HR System (cont'd)

- Developing a more effective global HR system
 - Form global HR networks.
 - Remember that it's more important to standardize ends and competencies than specific methods.
- Implementing the global HR system
 - Remember, “You can't communicate enough.”
 - Dedicate adequate resources for the global HR effort.

Staffing the Global Organization

- International staffing: Home or local?
 - **Expatriates (expats):** Noncitizens of the countries in which they are working.
 - **Home-country nationals:** Citizens of the country in which the multinational company has its headquarters.
 - **Third-country nationals:** Citizens of a country other than the parent or the host country.

Staffing the Global Organization (cont'd)

- Off-shoring
 - Having local employees abroad do jobs that the firm's domestic employees previously did in-house.
- Issues in off-shoring
 - Having an effective supervisory and management structure in place to manage the workers.
 - Screening and required training for the employees receive what they require.
 - Ensuring that compensation policies and working conditions are satisfactory.

Values and International Staffing Policy

- Ethnocentric
 - The notion that home-country attitudes, management style, knowledge, evaluation criteria, and managers are superior to anything the host country has to offer.
- Polycentric
 - A conscious belief that only the host-country managers can ever really understand the culture and behaviour of the host-country market.
- Geocentric
 - The belief that the firm's whole management staff must be scoured on a global basis, on the assumption that the best manager of a specific position anywhere may be in any of the countries in which the firm operates.



Why Expatriate Assignments Fail

- Personality
- Personal intentions
- Family pressures
- Inability of the spouse to adjust
- Inability to cope with larger overseas responsibility.
- Lack of cultural skills

Helping Expatriate Assignment Succeed

- Providing realistic previews of what to expect
- Careful screening
- Improved orientation
- Cultural and language training
- Improved benefits packages



Selecting Expatriate Managers

- Adaptability screening
 - Assessing the assignee's (and spouse's) probable success in handling the foreign transfer.
 - Overseas Assignment Inventory
 - A test that identifies the characteristics and attitudes international assignment candidates should have.
- Realistic previews
 - The problems to expect in the new job as well as about the cultural benefits, problems, and idiosyncrasies of the country.

Orienting and Training for International Assignment

- There is little or no systematic selection and training for assignments overseas.
- Training is needed on:
 - The impact of cultural differences on business outcomes.
 - How attitudes (both negative and positive) are formed and how they influence behaviour.
 - Factual knowledge about the target country.
 - Language and adjustment and adaptation skills.



Trends in Expatriate Training

- Rotating assignments that permit overseas managers to grow professionally.
- Management development centres around the world where executives hone their skills.
- Classroom programs provide overseas executives with educational opportunities similar to stateside programs.
- Continuing, in-country cross-cultural training
- Use of returning managers as resources to cultivate the “global mind-sets” of their home-office staff.
- Use of software and the Internet for cross-cultural training.

Compensating Expatriates

- The “Balance Sheet Approach”
 - Home-country groups of expenses—income taxes, housing, goods and services, and discretionary expenses—are the focus of attention.
 - The employer estimates what each of these four expenses is in the expatriate’s home country, and what each will be in the host country.
 - The employer then pays any differences such as additional income taxes or housing expenses.

Incentives

- Foreign service premiums
 - Financial payments over and above regular base pay, and typically range between 10% and 30% of base pay.
- Hardship allowances
 - Payments to compensate expatriates for exceptionally hard living and working conditions at certain foreign locations.
- Mobility premiums
 - Lump-sum payments to reward employees for moving from one assignment to another.

Appraising Expatriate Managers

- Challenges in appraising overseas managers
 - Determining who should appraise the manager.
 - Deciding on which factors to base the appraisal.
- Improving the expatriate appraisal process
 - Stipulate the assignment's difficulty level, and adapt the performance criteria to the situation.
 - Weigh the evaluation more toward the on-site manager's appraisal than toward the home-site manager's.
 - If the home-office manager does the actual written appraisal, use a former expatriate from the same overseas location for advice.

Differences in International Labour Relations

- Centralization
- Union structure
- Employer organization
- Union recognition
- Union security
- Content and scope of bargaining
- Grievance handling
- Strikes
- Worker participation

Terrorism, Safety, and Global HR

- Taking protective measures
 - Crisis management teams
- Kidnapping and ransom (K&R) insurance
 - Crisis situations
 - Kidnapping: the employee is a hostage until the employer pays a ransom.
 - Extortion: threatening bodily harm.
 - Detention: holding an employee without any ransom demand.
 - Threats to property or products unless the employer makes a payment.



Repatriation: Problems and Solutions

- Problem
 - Making sure that the expatriate and his or her family don't feel that the company has left them adrift.
- Solutions
 - Match the expat and his or her family with a psychologist trained in repatriation issues.
 - Make sure that the employee always feels that he or she is still “in the loop” with what's happening back at the home office.
 - Provide formal repatriation services.



Auditing the HR Function

1. What should HR's functions be?
2. Participants then rate each of these functions to answer the question, "How important are each of these functions?"
3. Next, they answer the question, "How well are each of the functions performed?"
4. Next, compare (2) and (3) to focus on "What needs improvement?"
5. Then, top management needs to answer the question, "Overall, how effectively does the HR function allocate its resources?"