

Week 13 & 14

Global Human Resource

Management



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.
- Offshoring
 - Having local employees abroad do jobs that the firm's domestic employees previously did in-house.

Staffing the Global Organization (cont'd)

- Offshoring
 - Having local employees abroad do jobs that the firm's domestic employees previously did in-house.
- Issues in offshoring
 - Having an effective supervisory and management structure in place to manage the workers.
 - Screening and required training for the employees receive that 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 oversea 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?"*

References

- Compulsory: Dessler, G. (2001). Human Resource Management. Prentice Hall Inc.
- References: Torrington, D., Hall, L. & Taylor, S. (2002). Human Resource Management. Prentice Hall UK.