



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)

■ Issues in offshoring

- Having an effective supervisory and management structure in place to manage the workers.
- Screening the required training for the employees to receive and 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 programmes provide overseas executives with educational opportunities similar to stateside programmes.
- 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