

MANAGING GLOBAL HUMAN RESOURCES

Week 2

GLOBAL CHALLENGE

- Managerial controls, planning systems and human resource management systems for recruiting, training, appraising and compensating workers abroad
- Differences in cultures, economic and legal systems

ADAPTING HUMAN RESOURCE ACTIVITIES TO INTERCOUNTRY DIFFERENCES (1)

■ Critical intercountry differences

■ Cultural Factors

- The basic values citizens adhere to, and how these values manifest themselves in the nation's arts, social programs and ways of doing things
- How people from different countries think, act and expect others to act

■ Hofstede Study

- Societies differ on values
 - Power distance
 - Individualism
 - "masculinity"
 - Uncertainty avoidance
 - Long-term orientation

ADAPTING HUMAN RESOURCE ACTIVITIES TO INTERCOUNTRY DIFFERENCES (2)

- **Economic Systems**
 - Market, planned and mixed economies
- **Legal, Political and Labor Relations Factors**
 - Labor law systemsrelationship
 - Firing, worker-management
 - Political risk
 - Any governmental actions or politically motivated events that could adversely affect the long run profitability or value of the firm
 - Ethics and Codes of Conduct
 - Discrimination, harassment, bribery

Example: EU and China

STAFFING THE GLOBAL ORGANIZATION (1)

■ Staffing

- **Locals:** citizens of the countries where they are working
- **Expatriates:** noncitizens of the countries in which they are
- **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
 - Using locals
 - Using expatriates
 - Using “short-term” or “commuter” solutions → frequent international travel but no formal relocation
 - Using transnational virtual teams → geographically dispersed coworkers who interact using telecommunications and information technologies to accomplish an organizational task

STAFFING THE GLOBAL ORGANIZATION (2)

■ Offshoring

- Having local employees abroad do jobs that the firm's domestic employees previously did in-house
- To develop new market
- To open up new manufacturing facilities

- High-quality low-cost

STAFFING THE GLOBAL ORGANIZATION

(3)

- **Management values and international staffing policy**
 - **Ethnocentric practices**
 - Home-country attitudes, management style, knowledge, evaluation criteria and managers are superior to anything the host country might have to offer
 - **Polycentric practices**
 - There is a conscious belief that only host-country managers can ever really understand the culture and behavior of the host-country market; therefore the foreign subsidiary should be managed by local people
 - **Geocentric practices**
 - The best people for key jobs throughout the organization, regardless of nationality

SELECTING EXPATRIATE MANAGERS (1)

- Adaptability is important
- Selection criteria
 - Technical/professional skills
 - Willingness to go
 - Experience in the country
 - Personality factors (including flexibility)
 - Leadership skills
 - The ability to work with teams
 - Previous performance appraisals in the selection process

SELECTING EXPATRIATE MANAGERS (2)

- Traits important for the success of a foreign assignment
 - Job knowledge and motivation
 - Relational skills
 - Flexibility/adaptability
 - Extra-cultural openness
 - Family situation
- Adaptability screening
 - To assess the assignees' (and spouses') probable success
 - Experience, education and language skills

SELECTING EXPATRIATE MANAGERS (3)

- A global mind-set
 - Intellectual capital
 - Knowledge of international business and the capacity to learn
 - Psychological capital
 - Openness to different cultures and the capacity to change
 - Social capital
 - The ability to form connections, to bring people together and to influence stakeholders

AVOIDING EARLY EXPATRIATE RETURNS (1)

- Failure: the early, unplanned return of the expatriate
- Traits
 - Extroverted, agreeable and emotionally stable individuals
 - Intentions
 - Job satisfaction
 - Culturally at ease
- Family pressures
 - Language fluency
 - Having pre-school-age children
 - Strong bond of closeness

AVOIDING EARLY EXPATRIATE RETURNS (2)

- What employers can do
 - Realistic previews
 - Careful screening for expat and spouse
 - Improved orientation
 - Improved benefits packages
 - Shortened length of assignment
 - Person-job match
 - Global-buddy programs
 - Mentoring