


After studying this chapter, you should be able to:

1. *List the HR challenges of international business*
2. *Illustrate how inter-country differences affect HRM*
3. *Discuss the global differences and similarities in HR practices*
4. *Explain five ways to improve international assignments through selection*
5. *Discuss how to train and maintain international employees*
6. *Discuss the labor flow among Asian countries and its impact on HRM*

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Purpose of this Chapter

➤ *More effective at managing international aspect of HR duties including:*

- Internationalization of business
- Inter-country differences affecting HR
- Improving international assignments through selection and training international employees
- Inter-country labor flow in Asia
- International employment issues in Asia

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The Internationalization of Business

➤ *Management Challenges of International Business*

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

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The Internationalization of Business

➤ *Global Staffing Issues*

- Special candidate selection
- Overseas assignment
- 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

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Inter-country Differences Affecting HRM

- *Cultural factors*
- *Economic systems*
- *Legal and industrial relations factors*

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Global Differences and Similarities in HR Practices

- *HR selection procedure*
- *Purpose of performance appraisal*
- *Training and development practices*
- *Importance of pay incentives*

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How to Implement 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.

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How to Implement a Global HR System

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

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Summary of Best Practices

Do...

- *Work within existing local systems – integrate global tools into local systems.*
- *Create a strong corporate culture.*
- *Create a global network for system development – global input is critical.*
- *Treat local people as equal partners in system development*
- *Assess common elements across geographies. Focus on what to measure and allow flexibility in how to measure.*

Source: Ann Marie Ryan et al., "Designing and Implementing Global Staffing Systems: Part 2—Best Practices," Human Resource Management 42, no. 1 (Spring 2003), p. 93.

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Summary of Best Practices

Do...

- *Allow for local additions beyond core elements.*
- *Differentiate when necessary.*
- *Train local people to make good decisions about which tools to use and how to do so.*
- *Communicate, communicate, communicate!*
- *Dedicate resources for global HR efforts.*
- *Know, or have access to someone how knows the legal requirements in each country.*

Source: Ann Marie Ryan et al., "Designing and Implementing Global Staffing Systems: Part 2—Best Practices," Human Resource Management 42, no. 1 (Spring 2003), p. 93.

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Summary of Best Practices

Don't...

- *Try to do everything the same way everywhere.*
- *Yield to every claim that "we're different" – make them prove it.*
- *Force a global system on local people.*
- *Use local people just for implementation.*
- *Use the same tools globally, unless you can show that they really work and are culturally appropriate.*

Source: Ann Marie Ryan et al., "Designing and Implementing Global Staffing Systems: Part 2—Best Practices," Human Resource Management 42, no. 1 (Spring 2003), p. 93.

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Summary of Best Practices

Don't...

- Ignore cultural differences
- Let technology drive your system design – you can't assume every location has the same level of technology investment and access.
- Assume that "if we build it they will come" – you need to market your tools or system and put change management strategies in place.

Source: Ann Marie Ryan et al., "Designing and Implementing Global Staffing Systems: Part 2—Best Practices," Human Resource Management 42, no. 1 (Spring 2003), p. 93.

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Staffing the Global Organization

International staffing: Home or local?



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Staffing the Global Organization

➤ 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 the that they require.
- Ensuring that compensation policies and working conditions are satisfactory.

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Staffing the Global Organization

➤ *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 behavior of the host-country market.

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Staffing the Global Organization

➤ *Values and International Staffing Policy*

- 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.

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Staffing the Global Organization

➤ *Why International Assignments Fail*

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

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Staffing the Global Organization

➤ *Selecting International 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.



Staffing the Global Organization

➤ *Selecting International Managers*

- Realistic previews
 - The problems to expect in the new job as well as about the cultural benefits, problems, and idiosyncrasies of the country.



Staffing the Global Organization

➤ *Five Factors Important in International Assignee Success*

I. Job Knowledge and Motivation	Display of respect Kindness Empathy Nonjudgmentalness Integrity Confidence	IV. Extracultural Openness	Variety of outside interests Interest in foreign cultures Openness Knowledge of local language(s) Outgoingness and extroversion Overseas experience
Managerial ability Organizational ability Imagination Creativity Administrative skills Alertness Responsibility Industriousness Initiative and energy High motivation Frankness Belief in mission and job Perseverance	III. Flexibility/Adaptability	V. Family Situation	Adaptability of spouse and family Spouse's positive opinion Willingness of spouse to live abroad Stable marriage
II. Relational Skills	Resourcefulness Ability to deal with stress Flexibility Emotional stability Willingness to change Tolerance for ambiguity Adaptability Independence Dependability Respect Courtesy and tact		



Training and Maintaining Expatriate Employees

➤ *Training Employees on International Assignments*

- 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 behavior.
 - Factual knowledge about the target country.
 - Language and adjustment and adaptation skills.

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Training and Maintaining Expatriate Employees

➤ *Trends in Expatriate Training*

- 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.

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Compensating Expatriates

➤ *"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.

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Compensating Expatriates

➤ *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.

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Appraising Expatriate Managers

➤ *Challenges in appraising overseas managers*

- Determining who should appraise the manager.
- Deciding on which factors to base the appraisal.

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Appraising Expatriate Managers

➤ *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.

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International Employment Relations

Differences in International Labor Relations – Refer Chapter 15 on “Collective Bargaining and Employment 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

- *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*
 - Expatriates fear they're “out of sight, out of mind”
- *Solutions*
 - Making sure that the expatriate and his or her family don't feel that the company has left them adrift.
 - Ensure that expatriates are kept informed of happenings in home office.
 - Prepare expatriates for next career move in company.
 - Provide formal repatriation services.



Auditing the HR Function

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

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Inter-Country Labor Flow

- *For centuries, Asians have been going abroad to work.*
 - People from China and India went to work in tin mines and rubber estates in Malaysia.
 - Others worked in UK, US and other Western countries.
- *In recent years, the flow within Asia has increased because of rapid economic growth in Hong Kong, Japan, Malaysia, Singapore, South Korea and Taiwan.*
 - Some countries are both exporters and importers of labor.

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Brunei Darussalam

- *Brunei has a small population.*
- *It depends on foreign workers from neighboring countries (e.g. Philippines, East Malaysian states of Sabah and Sarawak).*
 - Foreign workers need work permits.
 - There is a quota by sector to ensure that foreigners do not displace locals.

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China

- *Chinese workers abroad*
 1. Engineering projects for other governments on basis of international bidding
 2. Individuals as arranged by employment agents
- *Foreigners in China*
 1. Professionals in areas needed by China
 2. Those with permit to work in jobs that cannot be filled by locals



Hong Kong

- *Depends on foreign workers and professionals*
 - Supplementary Labor Scheme monitored by Labor Advisory Board to allow entry of more foreigners
 - Admission of Talents Scheme – to allow mainland professionals
 - Foreign domestic helpers – from Philippines, Thailand and Indonesia



Indonesia

- *Many Indonesians work in neighboring Malaysia*
 - Similar language and culture
- *Government encourages export of workers*
 - Ease domestic labor surplus
 - Foreign exchange earning



Japan

- *Foreigners need resident visas to stay*
 - Type A – for working purposes
 - Type B – for recognized partial work
 - Type C – resident status without limitation
- *Serious problems of foreigners over-staying after their permits expire*



Malaysia

- *Both exporter and importer of labor*
 - Import: from Indonesia, Bangladesh, Philippines, Thailand
 - Export: to Singapore (mainly from Johor), Japan, Taiwan, Middle East
- *Government imposes foreign worker levy on employers to control number*



Philippines

- *Millions work overseas*
 - Middle East, Hong Kong, Singapore and other Asian countries
- *POEA – government agency*
 - Assists workers to go abroad
 - Pre-employment orientation
 - Pre-departure seminar



Singapore

- *Highly dependent on foreign workers*
 - Government controls number by
 - Foreign worker levy
 - Industry-specific quota
 - Contact Singapore
 - Organization has overseas offices to attract international talent



South Korea

- *Employment of foreign workers is restrictive*
 - Employment is offered in specific industries or professions.
- *Immigration law does not allow entry of unskilled workers except as trainees.*



Thailand

- *Both exporter and importer of labor*
 - Export to
 - Middle East, other Asian countries
 - Wworkers are mostly from Northern provinces
 - Import from
 - Cambodia, Laos, Myanmar
- *Faces problem of illegal workers from neighboring countries*



Vietnam

- *In 1980s, many Vietnamese worked in Soviet Bloc countries.*
- *With collapse of USSR, workers now go to other countries such as Korea and Japan.*
 - Recent years, some go to Liberia and Kuwait
