

## Slide 1

### Chapter Seventeen: HR Global

## Slide 2

### Globalization of Business and Strategic HR

- globalization means that companies must be managed globally
- HR is one of the top three most important business functions in executing global strategy
- relocation specialists a strategic partner, as family issues have resulted in move to short-term relocations

## Slide 3

### Three Broad Global HR Challenges

Deployment of skills where needed	Knowledge and innovation dissemination	Identifying and developing talent on a global basis
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## Slide 4

### Practical Issues for Global Employees

- candidate identification, assessment, selection
- global assignment cost projections
- specific assignment letters
- compensation, benefits, and tax programs
- relocation assistance
- family support

## Slide 5

### Inter-country Differences Affect HRM



## Slide 6

### Selection for Global Assignments

- expatriate selection process must consider:
  - family/personal issues
  - level of cultural skills
- global assignments vary:
  - full family relocation
  - short-term assignments with home leave
  - dual households home and abroad
  - extended business travel

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### International Staffing: Sources of Managers

- **locals:** citizen of country where working
- **expatriates:** non-citizen of country where working
- **home-country nationals:** citizens of home/parent country
- **third-country nationals:** non-citizen of parent or host country

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### International Staffing Policy

- **ethnocentric:** home country management style superior to host country
- **polycentric:** host country management style most appropriate for host country
- **geocentric:** best managers may be found anywhere

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### Five Important Factors for International Assignee Success

- job knowledge and motivation
- relational skills
- flexibility/adaptability
- extra-cultural openness
- family situation

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### Adaptability Screening

- past experience
- realistic job previews
- paper and pencil tests, e.g. Overseas Assignment Inventory

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### Maintaining Global Employees: Orientation and Training

- raise awareness of cultural differences and their impact
- understand attitudes and their effects on behaviour
- factual knowledge about target country
- language skills, adjustment and adaptation

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### Maintaining International Employees: International Compensation

- Balance Sheet Approach:** maintain same standard of living as at home
- base salary
  - overseas/foreign service premium
  - allowances (housing, education)

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### Maintaining International Employees: Incentives

- not stock-based as currency fluctuations may impact stock price more than managerial action
- tied to performance of foreign subsidiary
- builds a sense of ownership among local managers
- attracts and retains overseas managers

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### Maintaining International Employees: International EAPs

- help with stress of relocation
- reactions to culture shock include:
  - homesickness
  - boredom
  - depression
  - family tension/conflict

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### Maintaining International Employees: Performance Appraisal

- stipulate difficulty level of assignment
- weight on-site managers' appraisal higher than home-site manager
- advice to home-country manager from former expatriate
- modify performance criteria for overseas situation
- use qualitative as well as quantitative criteria

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### Maintaining International Employees: International Labour Relations

- industry/regionally oriented
  - locals less autonomous
  - employer associations negotiate
  - union recognition less formal
  - union security less formal
  - some collective agreements outside the law
- ...(cont'd)

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### Maintaining International Employees: International Labour Relations (cont'd)

- brevity of agreements
- grievances less frequent
- strikes less frequent
- less government regulation, more direct intervention
- more worker participation
  - works councils
  - codetermination

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### Maintaining International Employees: Safety and Fair Treatment

- kidnapping “way of life” in many areas; kidnap and ransom insurance is available
- arrive close to airport departure time
- home and car security systems
- vary departure and arrival times for work
- keep up to date on crime
- project confident body language

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### Maintaining International Employees: Repatriation

- write repatriation agreements
- assign a sponsor
- provide career counseling
- keep communication open
- offer financial support
- develop reorientation programs
- build in return trips

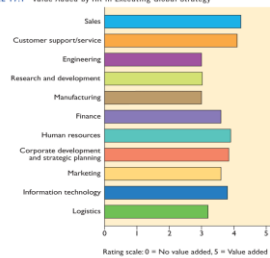
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### Global HR Systems

- apply various international HR best practices
- to be globally acceptable
  - easier in truly global organizations
  - investigate requests to differentiate, determine legitimacy
  - work within context of strong corporate culture
- to develop more effectively
  - form global HR networks
  - standardize competencies, not specific methods
- to implement more effectively
  - communicate
  - dedicate adequate resources

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FIGURE 17.1 Value Added by HR in Executing Global Strategy



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FIGURE 17.2 Ten Best Practices for Foreign Assignments

- Recruit people with competencies for international assignments.
- Make assignments part of career development and succession planning.
- Pre-screening of individuals is key.
- Look beyond technical skills; people skills and progressive leadership styles are critical to a successful assignment.
- Screen for international readiness using behavioural testing methods.
- Provide cultural training for all family members.
- Outline a repatriation plan up front.
- Maintain a pool of pre-qualified individuals to draw from in responses to changes in business conditions.
- Communicate and involve expatriates in home company news and affairs on a regular basis.
- Be flexible and have contingency plans in place.

Source: Adapted from S. Cyren, "Foreign Assignments Increasing, Along with Employee Resistance," *Canadian HR Reporter*, September 27, 2004, p. 9. Reproduced by permission of Canadian HR Reporter, Carswell, One Corporate Plaza, 2075 Kennedy Road, Scarborough, ON M1T 3Y4.  
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TABLE 17.1 Impact of Culture on Performance Feedback

The Characterization of Performance Feedback Inferred	United States	Malaysia
<b>Level of Achievement</b>	<b>Individualistic</b> <ul style="list-style-type: none"> <li>• Provide direct feedback to improve individual performance and self-identity.</li> </ul>	<b>Collectivistic</b> <ul style="list-style-type: none"> <li>• Feedback should consider the individual's role in his or her group.</li> <li>• Feedback should consider group harmony and relationships.</li> </ul>
<b>Feedback Approach</b>	<b>Low Power Distance</b> <ul style="list-style-type: none"> <li>• Provide opportunity for individuals to participate in the performance evaluation.</li> <li>• Encourage subordinate self-evaluation.</li> </ul>	<b>High Power Distance</b> <ul style="list-style-type: none"> <li>• Focus mainly on top-down communication and control.</li> <li>• Avoid perceptions of managerial weakness by encouraging too much participation.</li> </ul>
<b>Performance Accountability</b>	<b>Master of Nature</b> <ul style="list-style-type: none"> <li>• Hold subordinates accountable for their own performance.</li> <li>• Encourage the belief that the individual is empowered and can increase his or her own performance through greater effort.</li> </ul>	<b>Subjugated to Nature</b> <ul style="list-style-type: none"> <li>• Consider external work factors as a source of individual work performance.</li> <li>• Find contexts or areas where the individual was in control of his or her performance.</li> </ul>
<b>Communication Style</b>	<b>Low Cultural Context</b> <ul style="list-style-type: none"> <li>• Communication should be direct and explicit.</li> <li>• Follow up verbal feedback with written summary of evaluation.</li> </ul>	<b>High Cultural Context</b> <ul style="list-style-type: none"> <li>• Consider the surrounding context of the feedback.</li> <li>• Avoid loud conversational gestures. Pay close attention to the body language of the individual.</li> <li>• Be indirect in conveying feedback ("read between the lines").</li> </ul>

Source: J. Menden, S. Teller, and A.J. Campbell, "Cross-Cultural Performance Feedback in Multinational Enterprises: Guidelines for Operational Practice," *Human Resource Planning* 2002, Vol. 19, No. 3, p. 16. Copyright © 2002 by The Human Resource Planning Society. All rights reserved. This work may not be reproduced without the written permission of Pearson Education Canada.

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TABLE 17.2 Summary of Best Global HR Practices

Do ...	Don't ...
<ul style="list-style-type: none"> <li>• Work within existing local systems—integrate global tools into local systems.</li> <li>• Create a strong corporate culture.</li> <li>• Create a global network for system development—global input is critical.</li> <li>• Treat local people as equal partners in system development.</li> <li>• Assess common elements across geographies.</li> <li>• Focus on what to measure and allow flexibility in how to measure.</li> <li>• Allow for local additions beyond core elements.</li> <li>• Differentiate when necessary.</li> <li>• Train local people to make good decisions about which tools to use and how to do so.</li> <li>• Communicate, communicate, communicate!</li> <li>• Dedicate resources for global HR efforts.</li> <li>• Know, or have access to someone who knows, the legal requirements in each country.</li> </ul>	<ul style="list-style-type: none"> <li>• Try to do everything the same way everywhere.</li> <li>• Yield to every claim that "we're different"—make them prove it.</li> <li>• Force a global system on local people.</li> <li>• Use local people for implementation.</li> <li>• Use the same tools globally, unless you can show that they make sense and are culturally appropriate.</li> <li>• Ignore cultural differences.</li> <li>• Let technology drive your system design—you can't assume every location has the same level of technology investment and access.</li> <li>• Assume that "if we build it they will come"—you need to market your tools or system and put change management strategies in place.</li> </ul>

Source: Ann Marie Ryan et al., "Designing and Implementing Global Staffing Systems, Part 2—Best Practices," *Human Resource Management*, Spring 2003, Vol. 42, No. 1, p. 79. Copyright © 2003 John Wiley & Sons. Reproduced with permission of John Wiley & Sons, Inc.  
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