

International Management



Human Resource Management

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CARL SINCLAIR - CV

F Summary of Experience:

- F **Now:** Visiting Professor at VŠE FM in International Marketing/Management, Strategy, HRM and Organizational Behavior.
- F **Last 11 years:** Lectured/consulted on International Business and Project Management all over Asia and at three universities in Australia.
- F **25 years experience** as HR Project Eng/Manager or Sr. Executive on international projects in India, USA, Indonesia, the Philippines, Beirut, Kuwait, Saudi Arabia. Worked 4 years as Sr. Integration/Risk Engineer for Grumman/NASA (Houston, Texas, USA)

INTERNATIONAL HRM

F - is the process of:

F Selecting

F Hiring

F Employing –

– **Developing –Train &
Educate**

– **Rewarding people in
international or global
organizations**

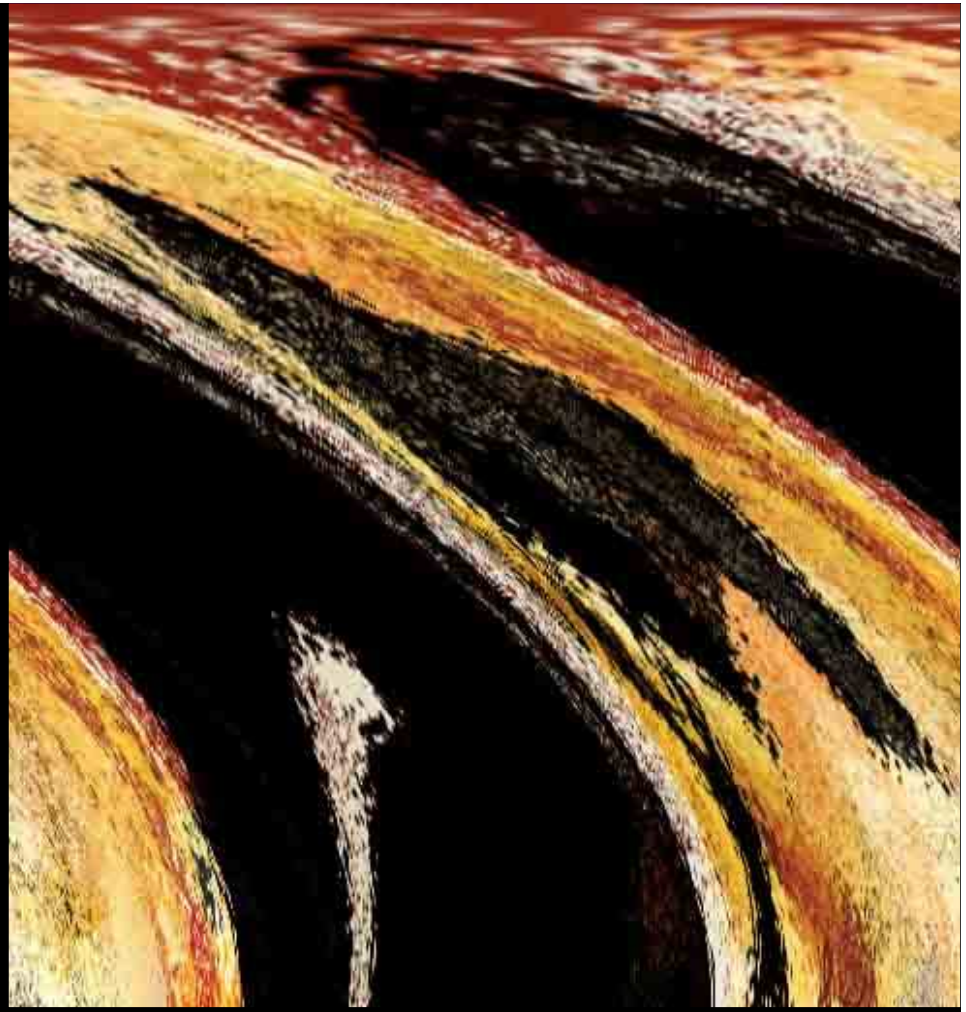
F Repatriating



INTERNATIONAL APPROACH

- F **Explicit recognition by the parent org. that its managing of HR reflects some of the values of:**
- F **Home culture**
- F **That HQ ways are neither better or worse**
- F **Foreign subs management may be “local”**
- F **Should develop cross-cultural learning**
- F **Hofstede’s cultural dimensions**
- F **<http://www.geert-hofstede.com>**





1st Part Human Resource Selection and Repatriation

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RESOURCING POLICIES



F Resourcing international operations with right caliber expatriots and locals:

F Competent and of character

F Familiar with local situation

F Speak local language

F L/T view

F Do not patronize

Sources of Human Resources

F Home Country Nationals

- **Expatriate managers who are citizens of the country where the MNC is headquartered**

- u **Expatriates**

- Those who live and work away from their home country
- Citizens of the country where the MNC is headquartered

- u **Expatriates are useful for:**

- starting up operations
- providing technical expertise
- helping the MNC maintain financial control over the operation

- u **Expatriates almost always were men**

- Situation is changing

- u **Expatriates typically used in top management positions**



Sources of Human Resources (cont.)

F Host-Country Nationals

- Local managers who are hired by the MNC
- Used in middle- and lower-level management positions
- **Nativization**
 - u Requirement of host-country government that mandates employment of host-country nationals
- Some companies tend to rely fairly heavily on host-country managers (McDonalds, KFC)

Sources of Human Resources (cont.)

F Third-Country Nationals (TCNs)

- Citizens of countries other than the one in which the MNC is headquartered or the one in which the managers are assigned to work by the MNC
- Found in MNCs that have progressed through the initial and middle stages of internationalization
- **Advantages of using TCNs**
 - u Require less compensation
 - u Good working knowledge of the region
 - u Given home office experience, often can achieve objectives better than other types of managers
 - u Offer different perspectives



Sources of Human Resources (cont.)

F Inpatriates

- Individual from a host country or a third-country national who is assigned to work in the home country
- Help develop MNC's global core competencies
- Able to manage across borders
- Do not fit the mold of traditional third-country nationals



Selection Criteria

F Factors used to choose personnel for international assignments

F General criteria

F No 1 = **ATTITUDE & BEHAVIOR**

- Technical and human abilities
- Adaptability to cultural change
- Independence and self-reliance
- Physical and emotional health
- Age, experience, and education
- Language training
- Motivation for a foreign assignment
- Special requirements



Selection Criteria for International Assignments (cont.)

F General criteria (cont.)

- Spouses and dependents or work-family issues**
 - u Adaptability screening**
 - Process of evaluating how well a family is likely to stand up to the stress of overseas life**
- Leadership ability**
 - u Based on maturity, emotional stability, communication skills, independence, initiative, creativity, and good health**
- Preparing oneself for overseas assignment**
 - u Self-evaluation and general awareness**
 - u Concentration on activities that should be completed prior to and subsequent to selection**



International HR Selection Procedures

F Testing Procedures

- Not extremely popular because:
 - u Testing is expensive
 - u Lack of good measures of job performance in overseas jobs
 - u Testing did not do as good a job of selecting as other selection procedures

F Interviewing Procedures

- Popular screening method for international assignments
- May require both expatriate and local interviewers

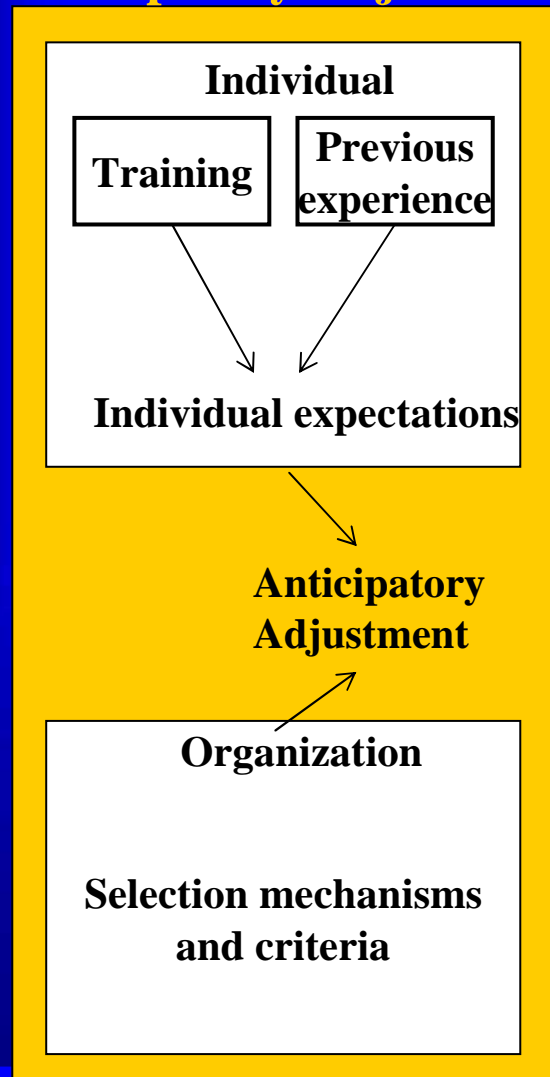
F Adjustment Model

- Explains the factors involved in effective adjustment

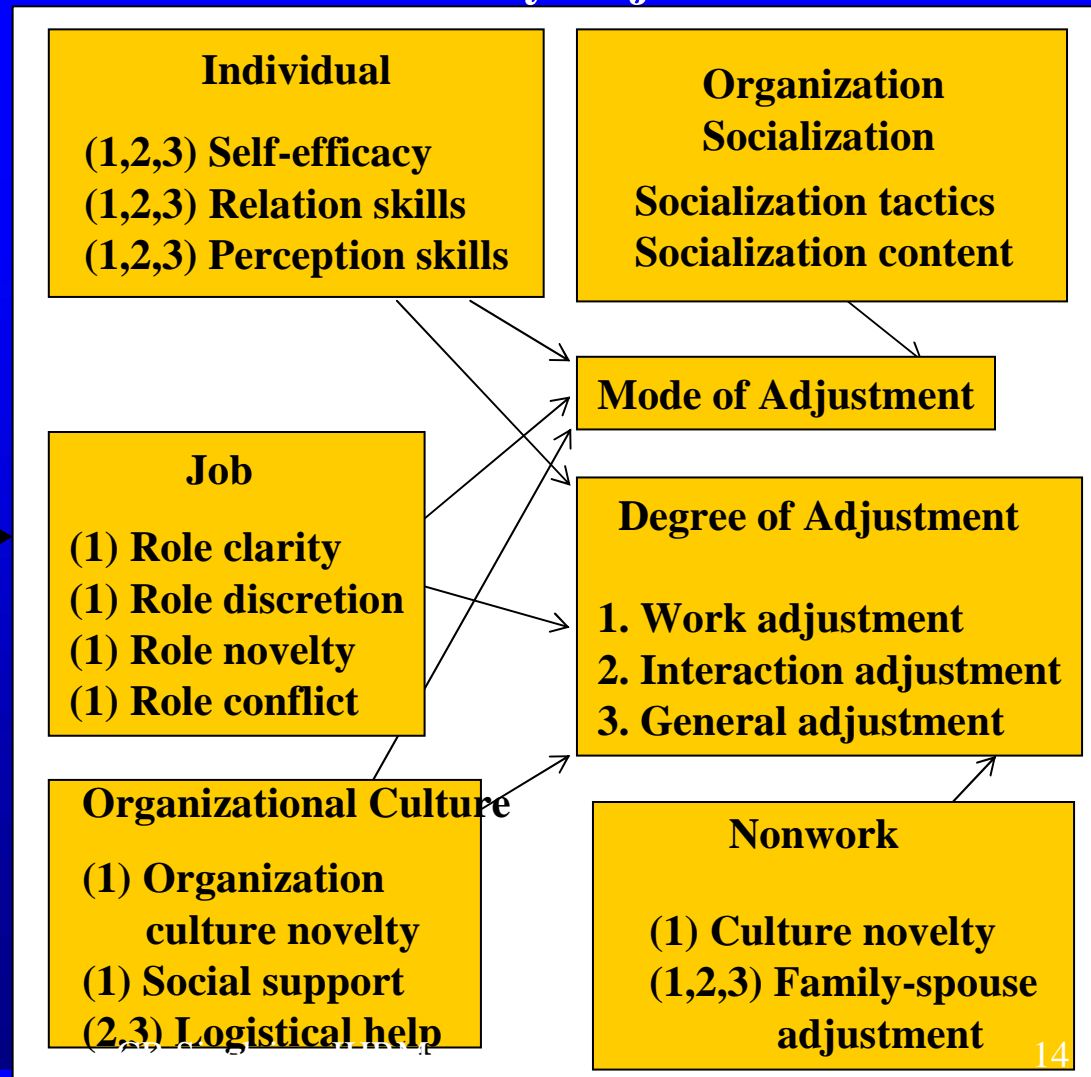


Theoretical Model for Explaining International Adjustment of Expatriates

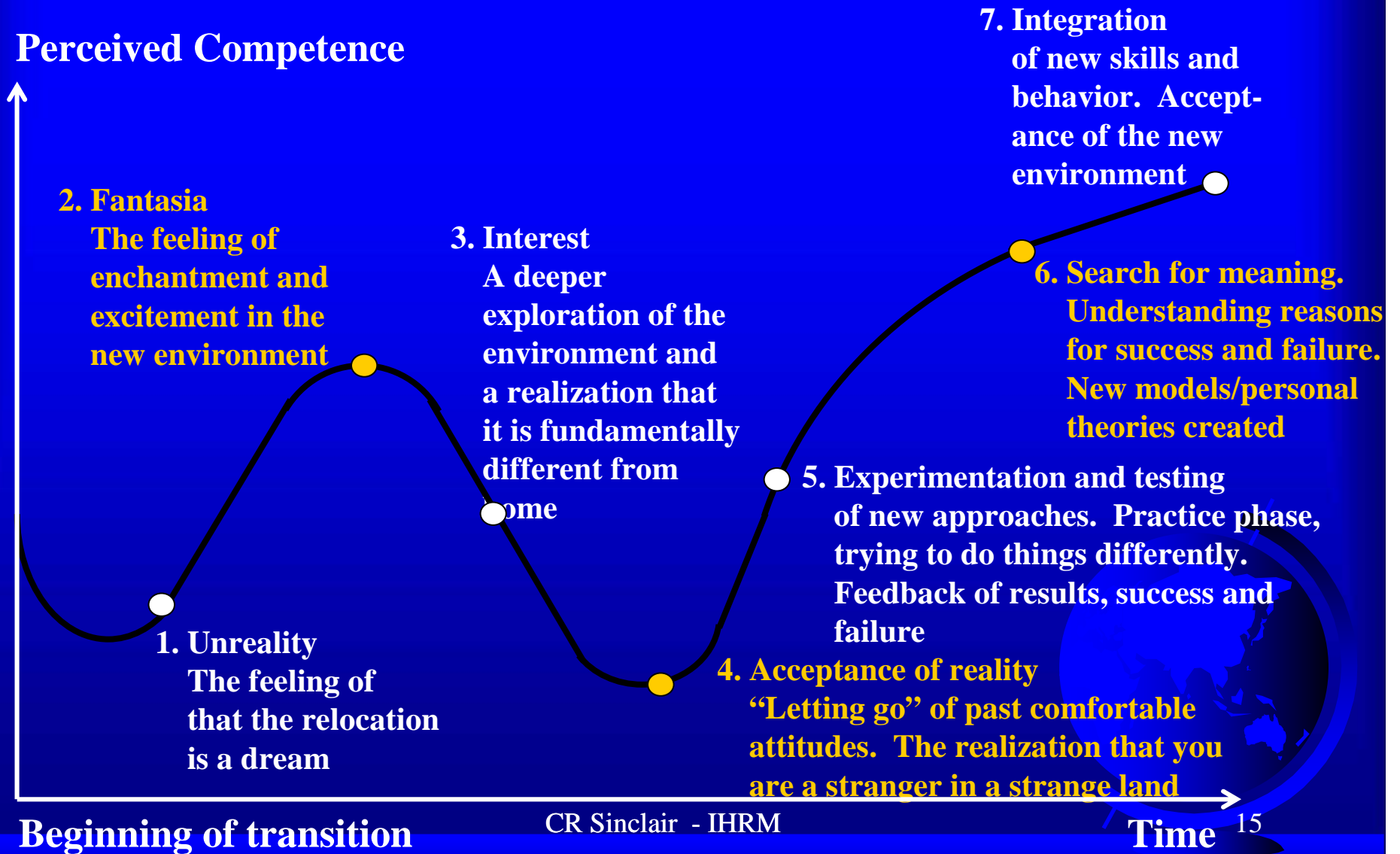
Anticipatory Adjustment



In-Country Adjustment



The Relocation Transition Curve



The Compensation Issue

F Common Elements of Compensation Packages

– Base salary

- u Amount of money that an expatriate normally receives in the home country
- u Used to establish expatriate pay
- u Serves as benchmark against which bonuses and benefits are calculated

– Benefits

- u Substantial portion of expatriate compensation
- u Many thorny issues surround the amount and nature of the benefit package for expatriates

The Compensation Issue (cont.)

F Common Elements of Compensation Packages (cont.)

u Allowances

- Expensive feature of expatriate packages
 - Cost of living
 - Relocation
 - Housing
 - Education
 - Hardship

u Incentives

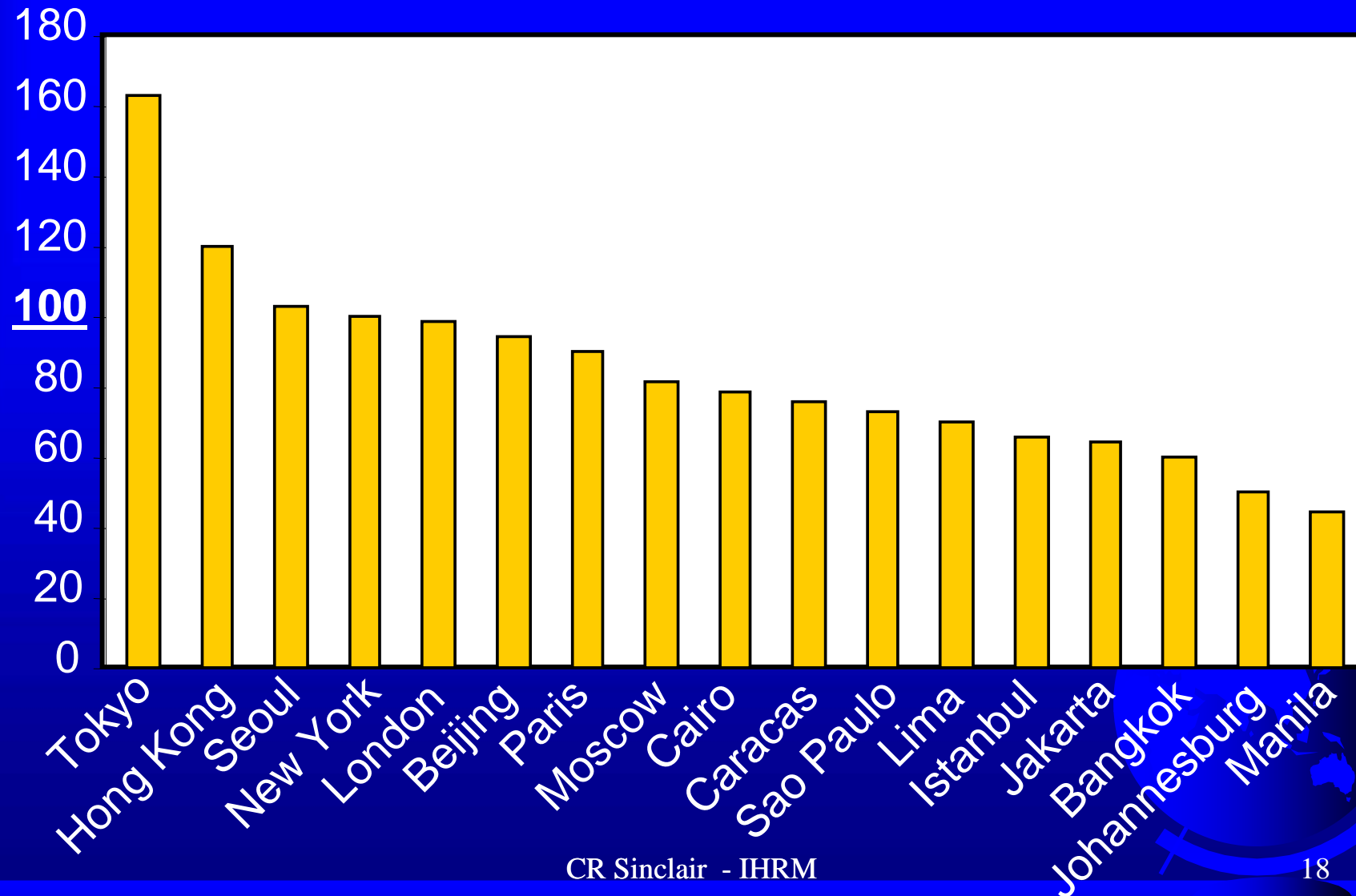
- Used to motivate expatriates
- Lump-sum payments

u Tax equalization

- Expatriates get two tax bills



Relevant Cost of Living in Selected Cities: New York = 100; December 2009



Individual and Host-Country Viewpoints

F Candidate Motivations for Accepting a Foreign Assignment

- Reasons for accepting a foreign assignment include:
 - u Greater demand for their talents abroad than at home
 - u Enhancement of one's international business career
 - u Attraction of overseas assignments
- Motives affected by occupation
- Motives affected by home country of manager

F Host Country Preferences for Managerial Personnel

- Ethnocentric, by and large
 - u Prefer local managers



Repatriation of Expatriates

F Repatriation

- Return to one's home country from an overseas management assignment

F Reasons for returning

- Formally agreed-on tour of duty is over
- Expats want their children educated in the home country
- Unhappiness with foreign assignment
- Failure to perform well

F Readjustment problems

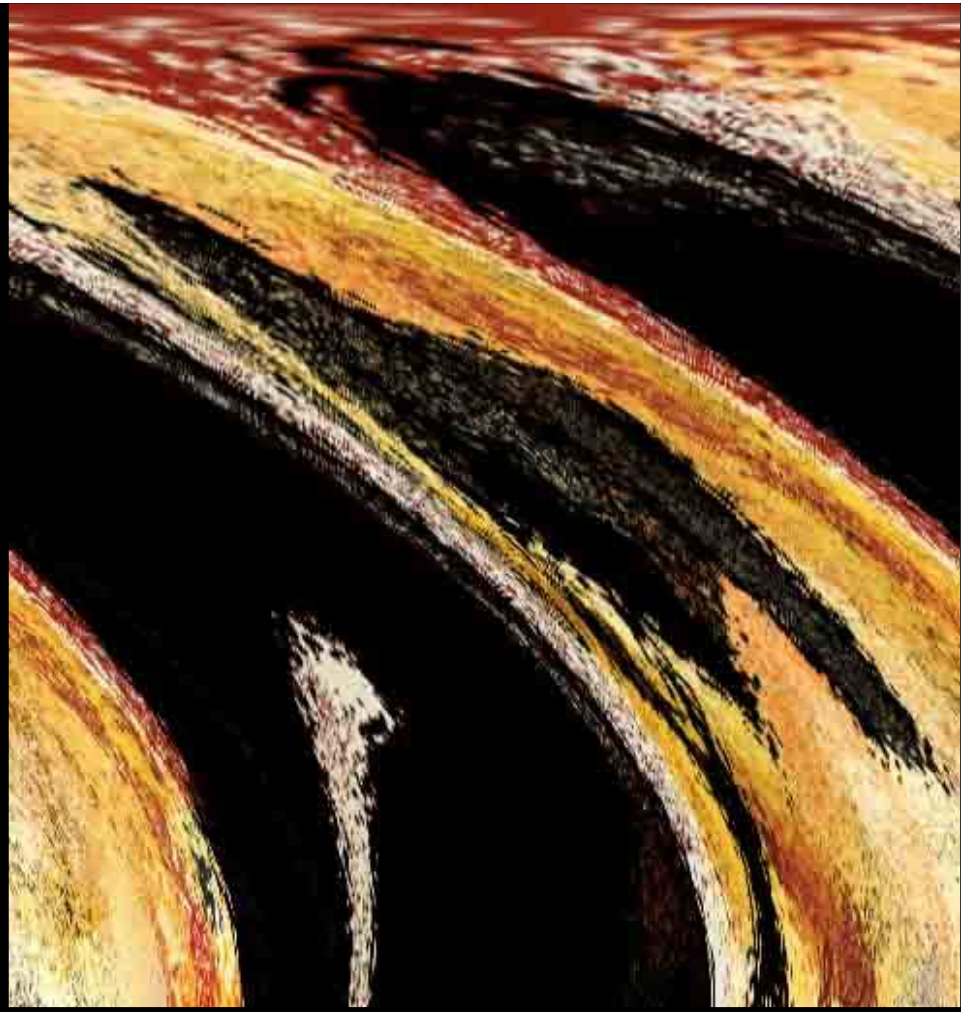
- Permanent position upon return constitutes a demotion
- Lack opportunity to use skills learned abroad upon return
- Salary and benefits may decrease upon return



Repatriation of Expatriates (cont.)

F Transition Strategies

- Help smooth the adjustment from an overseas to a stateside assignment
 - u Repatriation agreements
 - Individual and firm agree upon the length of the tour of duty
 - Mutually agreeable job identified when expat returns
- Keep expat involved in home office communication and projects while s/he is abroad
- Proactive strategy that provides an effective support system to allay concerns about career issues



Part 2nd Human Resource Development Across Cultures

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Training in International Management

F Training

- **Process of altering employee behavior and attitudes in a way that increases the probability of goal attainment**
- **Cultural integrator**
 - u **Responsible for ensuring that the operation's business systems are in accord with those of the local culture**
- **The most common topics in cultural training include:**
 - u **social etiquette**
 - u **customs**
 - u **economics**
 - u **history**
 - u **politics**
 - u **business etiquette**



Training in International Management (cont.)

F Impact of Management Philosophy on Training

- **Ethnocentric MNC** - stresses nationalism and often puts home-office people in charge of key international management positions
- **Polycentric MNC** - places local nationals in key positions and allows these managers to appoint and develop their own people
- **Regiocentric MNC** - relies on local managers from a particular geographic region to handle operations in and around that area
- **Geocentric MNC** - seeks to integrate diverse regions of the world through a global approach to decision making

Training in International Management (cont.)

F Impact of Different Learning Styles on Training and Development

– Learning

- u Acquisition of skills, knowledge, and abilities that results in a relatively permanent change in behavior

– Learning organizations

- u Continual focus on activities such as training and development

– Teaching organizations

- u Ensure that everyone in the organization passes their learning on to others

– Cultural differences can affect learning and teaching

– Learned behaviors must be reinforced



Training in International Management (cont.)

F Reasons for Training

– Organizational reasons

- u Overcome ethnocentrism

- Belief that one's own way of doing things is superior to that of others

- u Improve the flow of communication between home office and foreign subsidiaries

- u Increase overall efficiency and profitability

– Personal reasons

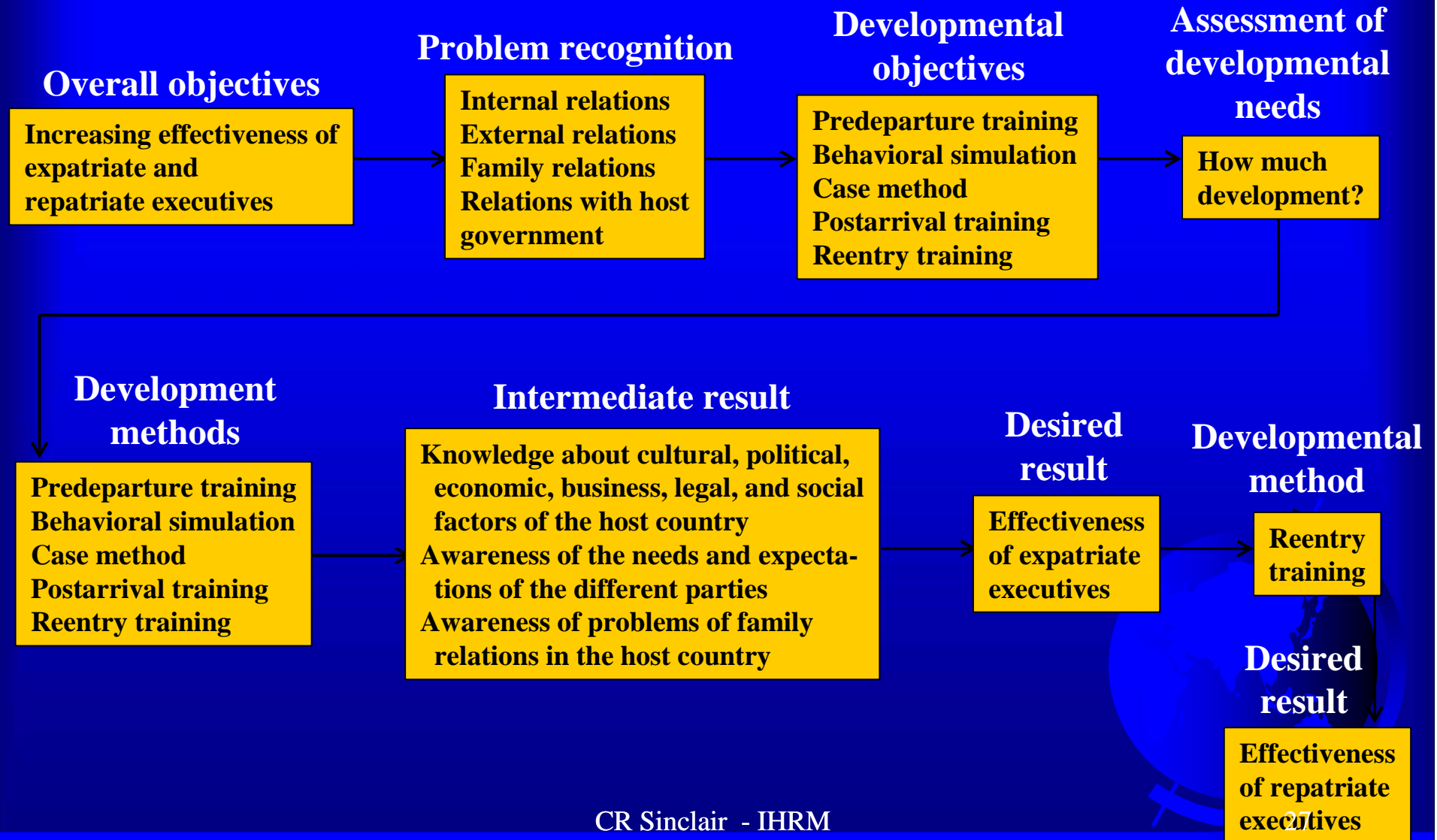
- u Improve ability to interact effectively

- Arrogant demeanor
- Overruling decisions of lower level managers
- Open criticizing by expatriate managers of home or host country

- u Improve overall management style



Model for the Development of Multinational Managers



Types of Training Programs

F Standardized vs. Tailor-Made

- Standardized or generic training does not have to be culturally specific
- Tailor-made training is created for specific needs
- Designed to provide a new set of skills for a new culture
- Self-evaluation training provides personal insights
 - u Factual manager
 - Examines available information and makes decisions based on that data
 - u Intuitive manager
 - Imaginative, innovative, and able to jump from one idea to another
 - u Analytical manager
 - Systematic and logical and careful in weighing alternatives to problems
 - u Normative manager
 - Idealistic and concerned with how things should be done



Types of Training Programs (cont.)

F Standardized vs. Tailor-Made (cont.)

- Training approaches that are successful in one geographic region may have to be modified substantially if they are to be effective elsewhere

F Types of cross-cultural training programs

- Environmental briefings
- Cultural orientation
- Cultural assimilators
- Language training
- Sensitivity training
- Field experience
- Cross-cultural training often provided to expat families



Types of Training Programs (cont.)

F Cultural Assimilators

- Programmed learning technique designed to expose members of one culture to some of the basic concepts, attitudes, role perceptions, customs, and values of another culture
- Choice of Assimilator Content
 - u Content must be important
 - Critical incidents
 - u Validation of the Assimilator
 - Validity
 - Quality of being effective, of producing the desired results
 - Valid test or selection technique measures what it is intended to measure
 - u Cost-Benefit Analysis of Assimilators



Organization Development (OD)

F OD

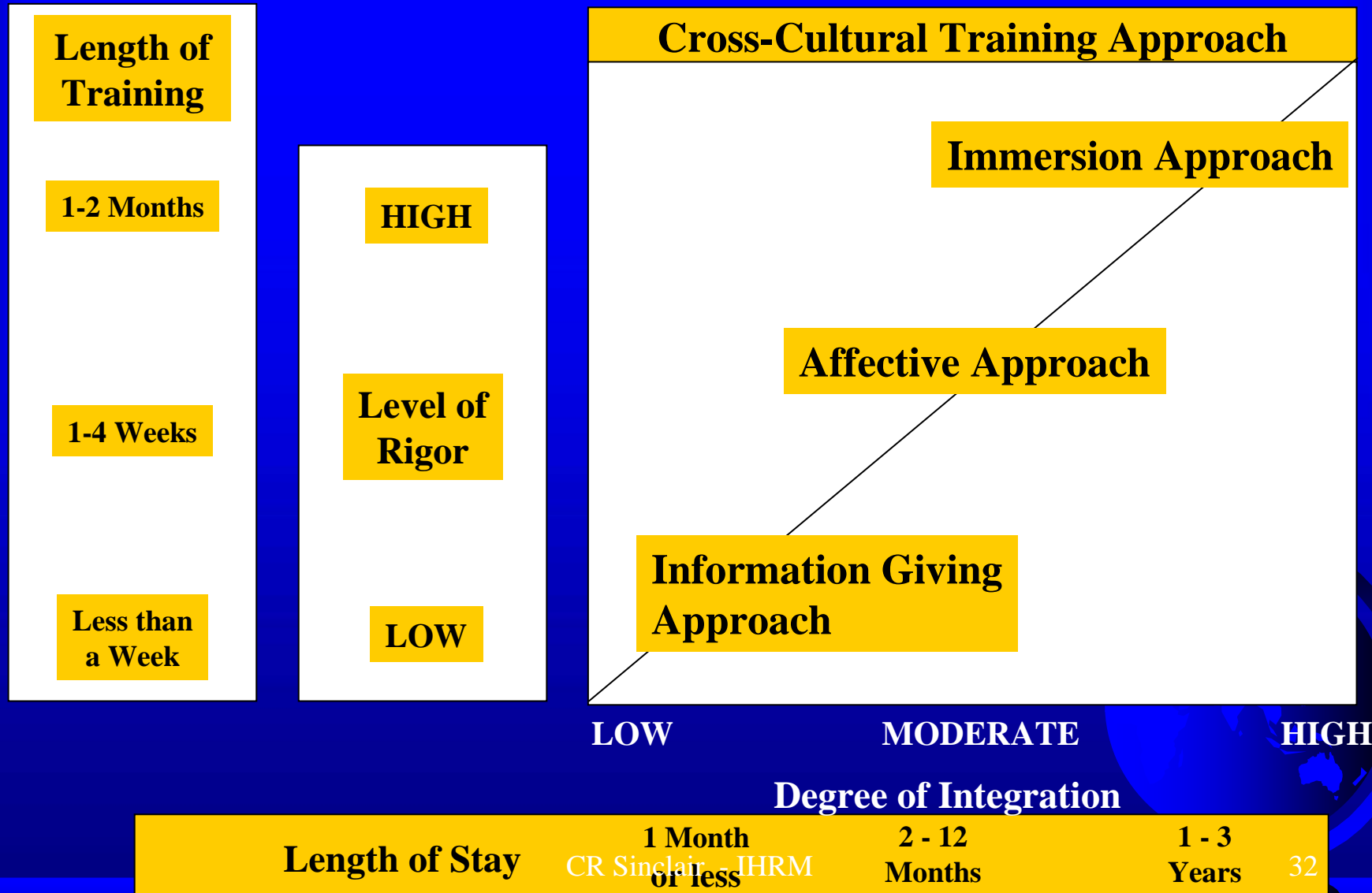
- Deliberate and reasoned introduction, establishment, reinforcement, and spread of change for the purpose of improving an organization's effectiveness
- Basic purpose is to reconcile individual-group-organization differences

F Nature of OD

- OD change agent
 - u Individual skilled in the
 - u behavioral sciences who
 - u knows how to guide and facilitate
 - u the introduction and implementation
 - u of change



Contingency Approach to Cross-Cultural Training



Organization Development (cont.)

F Nature of OD (cont.)

– OD intervention

u Structured activity for targeted individuals to accomplish task goals related to OD

– Team building

- Extension of classic T-groups and sensitivity training
- Geared to enhancing organizational effectiveness through cooperation and a 'team' effort of key personnel

– Management by objectives (MBO)

- System for the joint setting of subordinate goals, coaching and counseling personnel, and providing feedback on their performances

– Confrontation meetings

- Gathering and analysis of information related to intra- and intergroup conflict followed by the formulation of a plan of action by the participants for the purpose of resolving these problems

Organization Development (cont.)

F Nature of OD (cont.)

– OD intervention (cont.)

– Third-party peacemaking

- **Diagnosis of group conflict followed by the use of an outside party (usually the OD change agent) to facilitate a constructive resolution of a problem**

– Survey feedback

- **Involves the gathering and analysis of information related to group behavior and problems and the feeding back of this information to develop effective action plans**

F OD in International Settings

– Cultural barriers limit the usefulness of OD

- u **Some OD concepts are difficult to translate into a foreign language**
- u **OD interventions must be adapted to local conditions**



Organization Development (cont.)

F Organizational Behavior Modification (O.B.Mod.)

- Behavioral management approach, if applied properly, can improve performance across cultures
- In the U.S., O.B.Mod. has positive impact on employee performance in manufacturing and service settings

F Global Leadership Development

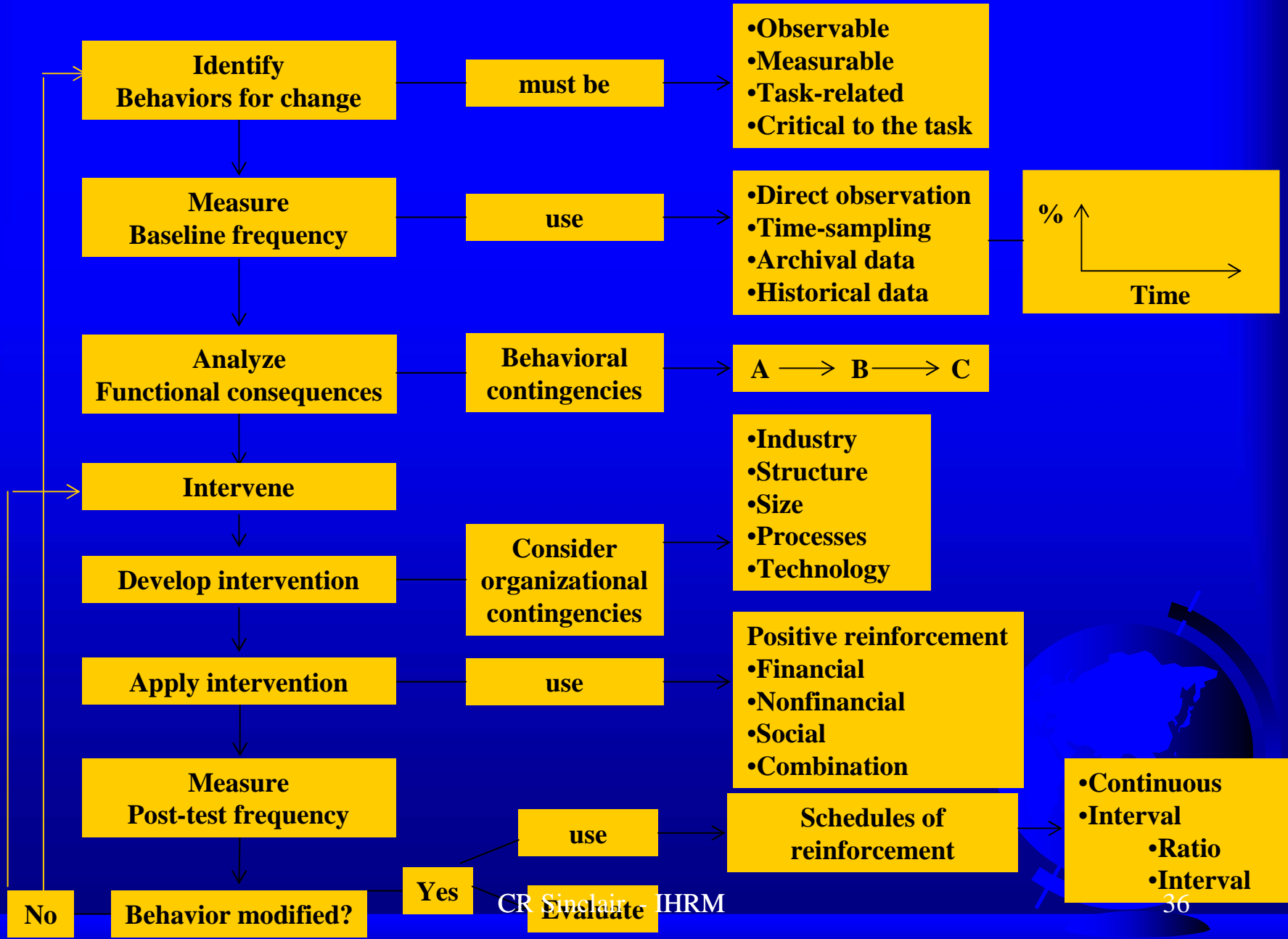
- A number of leadership training approaches can be used
- Effective MNCs now encourage strong leadership in hard and soft organizational issues

u GLP Program

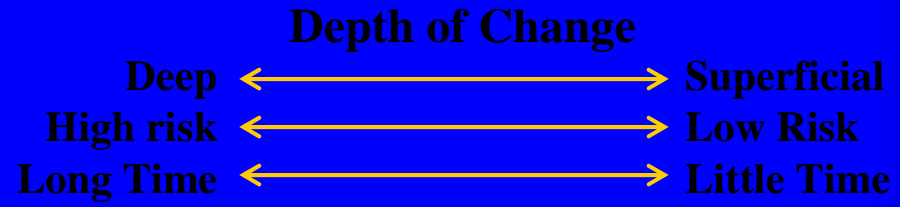
- Consortium of leading U.S., European, and Japanese firms, global faculty, and participating host countries
- Provides intensive international experience to develop global mindset
- Blends rigorous intellectual development of global leaders



OB Modification Model



Development Matrix



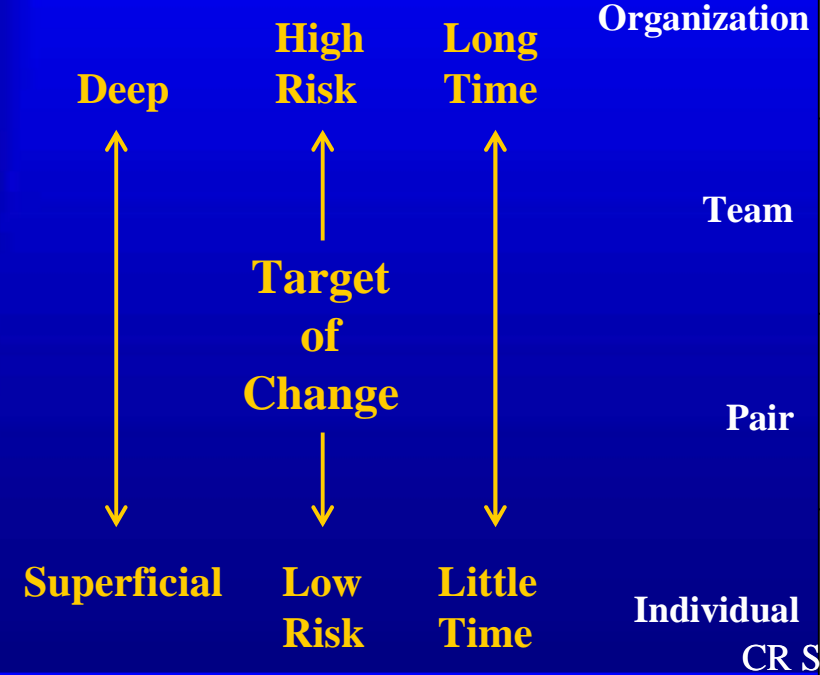
Developing Fundamental Change

Developing New Problem-solving Approaches

Developing Skills

Developing Cognitive Understanding

Developing Awareness



Organization				
Team	Required Approach: Action Learning			
Pair		Emerging Trend		
Individual			Current Approach: Old Way	

QUESTIONS?

