

## **Introduction to Contemporary Issues in HR and Global Trends.**

This lecture sets the context for our examination of this topic.

From Dessler chapter 1 and 17:

After studying these chapters, you should be able to:

- List the HR challenges of international business.
- Illustrate how intercountry differences affect HRM.
- Discuss the global differences and similarities in HR practices.
- Explain five ways to improve international assignments through selection.
- Discuss how to train and maintain international employees.

HR and the Internationalization of Business

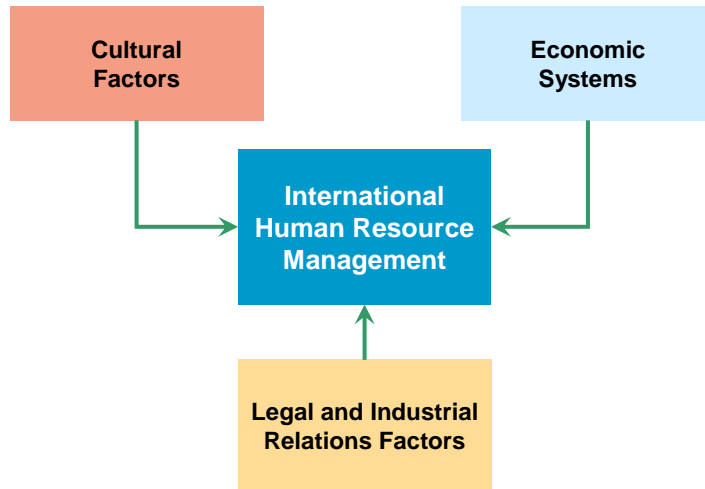
- The Global Challenges
  - Coordinating market, product, and production plans on a worldwide basis.
  - Creating organization structures capable of balancing centralized home-office control with adequate local autonomy.
  - Extending HR policies and systems to service staffing needs abroad.

Challenges of International HRM

- Deployment
  - Easily getting the right skills to where they are needed, regardless of geographic location.
- Knowledge and Innovation Dissemination
  - Spreading state-of-the-art knowledge and practices throughout the organization regardless of their origin.
- Identifying and Developing Talent on a Global Basis
  - Identifying those who can function effectively in a global organization and developing their abilities.

## Intercountry Differences Affecting HRM

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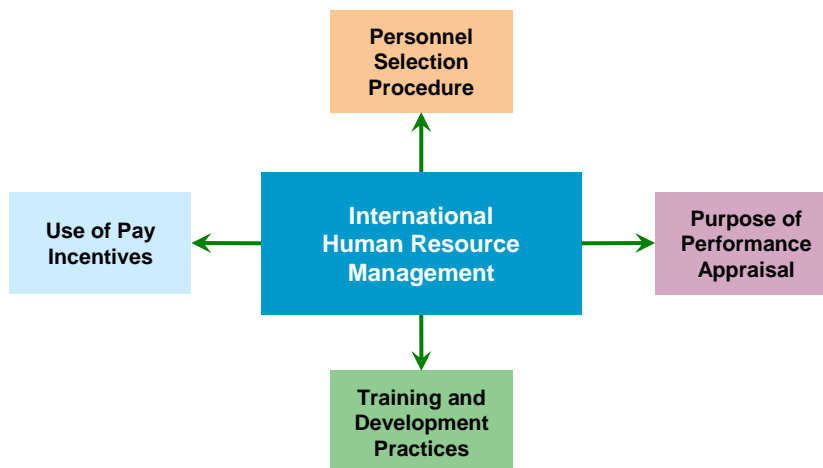


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## Global Differences and Similarities in HR Practices

### Global Differences and Similarities in HR Practices



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## How to Implement a Global HR System

- Best practices for making a global HR system more acceptable to local managers:
  - Remembering that global systems are more accepted in truly global organizations.
  - Investigating pressures to differentiate and determine their legitimacy.
  - Working within the context of a strong corporate culture is best.

## A Global HR System (cont'd)

- Best practices for developing a more effective global HR system:
  - Form global HR networks that make local HR managers a part of global teams.
  - Remember that it's more important to standardize ends and competencies than specific methods.
- Best practices for implementing the global HR system:
  - Remember, "You can't communicate enough."
  - Dedicate adequate resources for the global HR effort.

## TABLE 17–1 Summary of Best Global HR Practices

**TABLE 17–1** 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 just for implementation</li><li>• Use the same tools globally, unless you can show that they really work 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* 42, no. 1 (Spring 2003), p. 93.  
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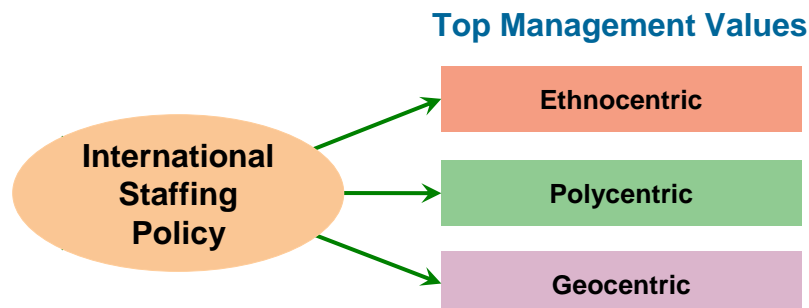
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## Staffing the Global Organization

- International staffing: Home or local?
  - Expatriates (expats)
  - Home-country nationals
  - Third-country nationals
- Offshoring
  - Having local employees abroad do jobs that the firm's domestic employees previously did in-house
- Offshoring Issues
  - Effective local supervisory/management structure
  - Screening and required training for locals
  - Local compensation policies and working conditions

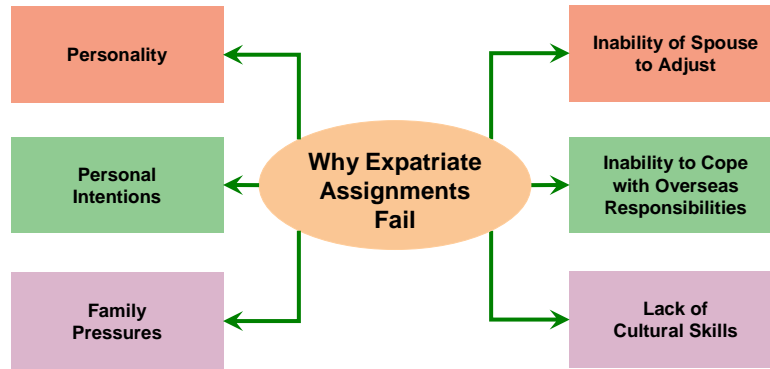
## Staffing the Global Organization (cont'd)

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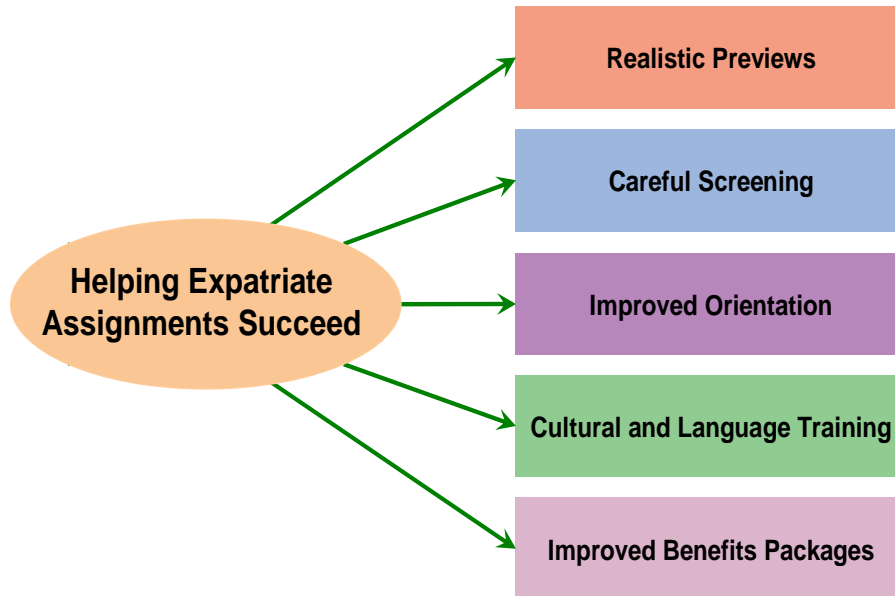


## Staffing the Global Organization (cont'd)

### Staffing the Global Organization (cont'd)



## Staffing the Global Organization (cont'd)



## FIGURE 17–1 Five Factors Important in International Assignee Success, and Their Components

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- |  |   |
|--|---|
| <p><b>I. Job Knowledge and Motivation</b></p> <ul style="list-style-type: none"> <li>Managerial ability</li> <li>Organizational ability</li> <li>Imagination</li> <li>Creativity</li> <li>Administrative skills</li> <li>Alertness</li> <li>Responsibility</li> <li>Industriousness</li> <li>Initiative and energy</li> <li>High motivation</li> <li>Frankness</li> <li>Belief in mission and job</li> <li>Perseverance</li> </ul> <p><b>II. Relational Skills</b></p> <ul style="list-style-type: none"> <li>Respect</li> <li>Courtesy and tact</li> <li>Display of respect</li> <li>Kindness</li> <li>Empathy</li> <li>Nonjudgmentalness</li> <li>Integrity</li> <li>Confidence</li> </ul> | <p><b>III. Flexibility/Adaptability</b></p> <ul style="list-style-type: none"> <li>Resourcefulness</li> <li>Ability to deal with stress</li> <li>Flexibility</li> <li>Emotional stability</li> <li>Willingness to change</li> <li>Tolerance for ambiguity</li> <li>Adaptability</li> <li>Independence</li> <li>Dependability</li> <li>Political sensitivity</li> <li>Positive self-image</li> </ul> <p><b>IV. Extracultural Openness</b></p> <ul style="list-style-type: none"> <li>Variety of outside interests</li> <li>Interest in foreign cultures</li> <li>Openness</li> <li>Knowledge of local language(s)</li> <li>Outgoingness and extroversion</li> <li>Overseas experience</li> </ul> <p><b>V. Family Situation</b></p> <ul style="list-style-type: none"> <li>Adaptability of spouse and family</li> <li>Spouse's positive opinion</li> <li>Willingness of spouse to live abroad</li> <li>Stable marriage</li> </ul> |
|--|---|

Source: Adapted from Arthur Winfred Jr., and Winston Bennett Jr., "The International Assignee: The Relative Importance of Factors Perceived to Contribute to Success," *Personnel Psychology* 18 (1995), pp. 106–107.

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### 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 the cultural benefits, problems, and idiosyncrasies of the country.

## Orienting and Training Employees on 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 behavior.
  - 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 centers around the world where executives hone their skills.
- Classroom programs provide overseas executives with educational opportunities similar to stateside programs.
- 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.



**TABLE 17–2 The Balance Sheet Approach (Assumes Base Salary of \$80,000)**

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Annual Expense	Chicago, U.S.	Brussels, Belgium (U.S.\$ Equivalent)	Allowance
Housing & utilities	\$35,000	\$67,600	\$32,600
Goods & services	6,000	9,500	3,500
Taxes	22,400	56,000	33,600
Discretionary income	10,000	10,000	0
<b>Total</b>	<b>\$73,400</b>	<b>\$143,100</b>	<b>\$69,700</b>

Source: Joseph Martocchio, *Strategic Compensation: A Human Resource Management Approach*, 2nd edition (Upper Saddle River, NJ: Prentice Hall, 2001), Table 12-15, p. 294.  
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### Incentives for International Assignments

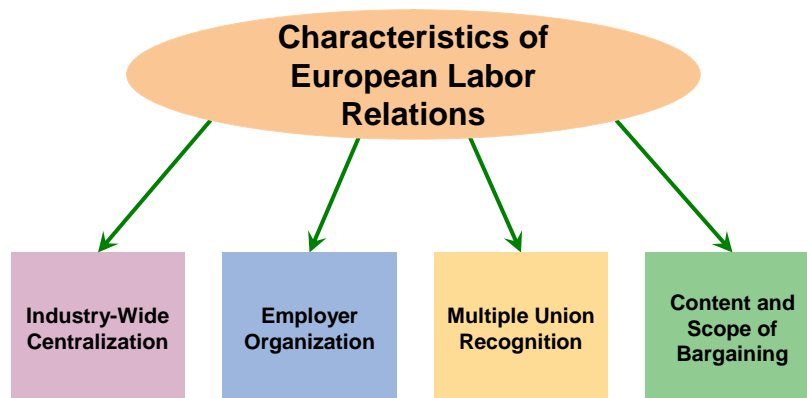
- Foreign Service Premiums
  - Financial payments over and above regular base pay, and typically range between 10% and 30% of base pay.
- Hardship Allowances
  - Payments to compensate expatriates for exceptionally hard living and working conditions at certain foreign locations.
- Mobility Premiums
  - Lump-sum payments to reward employees for moving from one assignment to another.

## Appraising Expatriate Managers

- Challenges
  - 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 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.

## International Labor Relations

### International Labor Relations



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## Terrorism, Safety, and Global HR

- Taking Protective Measures
  - Crisis management teams
- 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.

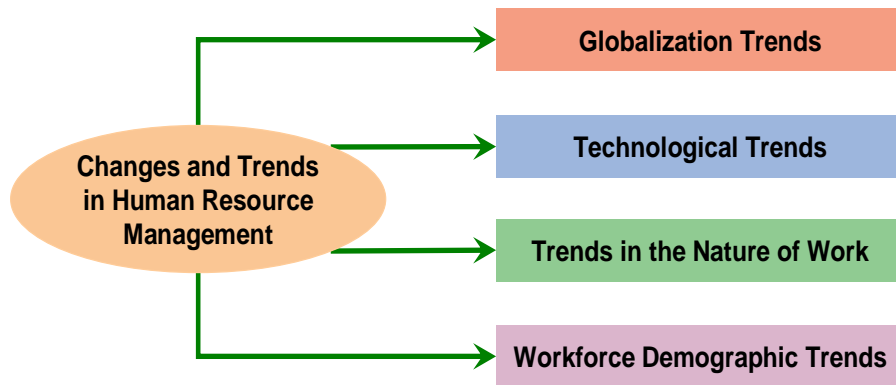
## Repatriation: Problems and Solutions

- Problem
  - Making sure that the expatriate and his or her family don't feel that the company has left them adrift.
- Solutions
  - Match the expat and his or her family with a psychologist trained in repatriation issues.
  - Make sure that the employee always feels "in the loop" with what's happening back at the home office.
  - Provide formal repatriation services when the expat returns home.

## K E Y T E R M S so far

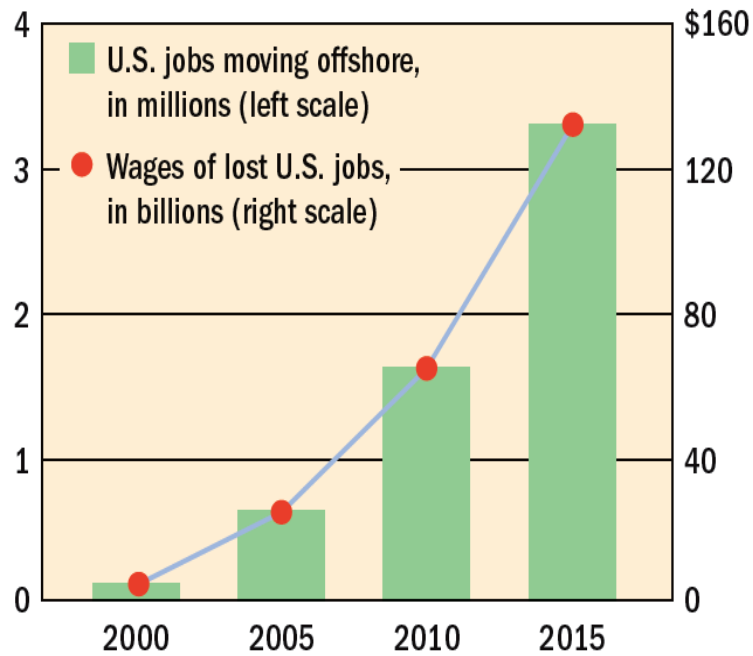
codetermination  
expatriates (expats)  
home-country nationals  
third-country nationals  
offshoring  
ethnocentric  
polycentric  
geocentric  
adaptability screening  
foreign service premiums  
hardship allowances  
mobility premiums

## The Changing Environment of Human Resource Management



## FIGURE 1–4 Employment Exodus: Projected Loss of Jobs and Wages

**FIGURE 1–4** Employment Exodus: Projected Loss of Jobs and Wages



Source: Michael Schroeder, "States Fight Exodus of Jobs," *Wall Street Journal*, June 3, 2003, p. B4. Reproduced with permission of Dow Jones & Co. Inc. via Copyright Clearance Center.  
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## The Changing Role of Human Resource Management

### The Changing Role of Human Resource Management



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## TABLE 1-1 Technological Applications for HR

**TABLE 1-1** Technological Applications for HR

- Application Service Providers (ASPs) and technology outsourcing
- Web portals
- PCs and high-speed access
- Streaming desktop video
- The mobile Web and wireless net access
- E-procurement
- Internet- and network-monitoring software
- Bluetooth
- Electronic signatures
- Electronic bill presentment and payment
- Data warehouses and computerized analytical programs

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## High-Performance Work System Practices

- Employment security
- Selective hiring
- Extensive training
- Self-managed teams/decentralized decision making
- Reduced status distinctions
- Information sharing
- Contingent (pay-for-performance) rewards
- Transformational leadership
- Measurement of management practices
- Emphasis on high-quality work

## Benefits of a High-Performance Work System (HPWS)

- Generate more job applicants
- Screen candidates more effectively
- Provide more and better training
- Link pay more explicitly to performance
- Provide a safer work environment
- Produce more qualified applicants per position
- Hiring based on validated selection tests
- Provide more hours of training for new employees
- Conduct more performance appraisals

## FIGURE 1–5 Five Sample HR Metrics

**FIGURE 1–5** Five Sample HR Metrics

HR Metric*	How to Calculate It
<b>Absence rate</b>	$\frac{\text{\# of days absent in month}}{\text{Average \# of employees during month} \times \text{\# of workdays}} \times 100$
<b>Cost per hire</b>	$\frac{\text{Advertising + agency fees + employee referrals + travel cost of applicants and staff + relocation costs + recruiter pay and benefits}}{\text{Number of hires}}$
<b>HR expense factor</b>	$\frac{\text{HR expense}}{\text{Total operating expense}}$
<b>Time to fill</b>	$\frac{\text{Total days elapsed to fill job requisitions}}{\text{Number hired}}$
<b>Turnover rate</b>	$\frac{\text{Number of separations during month}}{\text{Average number of employees during month}} \times 100$

Sources: Robert Grossman, "Measuring Up," *HR Magazine*, January 2000, pp. 29–35; Peter V. Le Blanc, Paul Mulvey, and Jude T. Rich, "Improving the Return on Human Capital: New Metrics," *Compensation and Benefits Review*, January/February 2000, pp. 13–20; Thomas E. Murphy and Soroushe Zandvakili, "Data and Metrics-Driven Approach to Human Resource Practices: Using Customers, Employees, and Financial Metrics," *Human Resource Management* 39, no. 1 (Spring 2000), pp. 93–105; [HR Planning, Commerce Clearing House Incorporated, July 17, 1996.] *SHRM/BNA 2000 Cost Per Hire and Staffing Metrics Survey*; www.shrm.org. See also, SHRM Research "2006 Strategic HR Management Survey Report," Society for Human Resource Management.

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## Measuring HR's Contribution

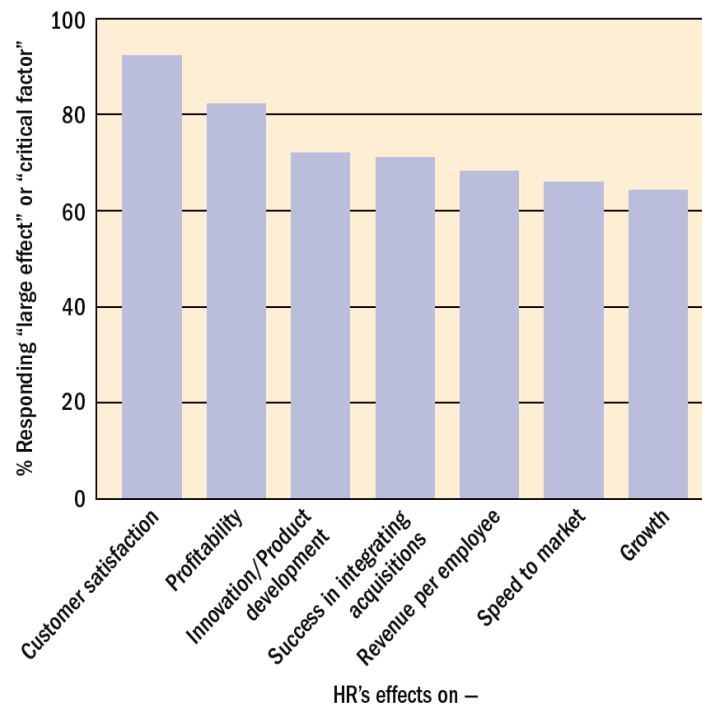
- The HR Scorecard
  - Shows the quantitative standards, or “metrics” the firm uses to measure HR activities.
  - Measures the employee behaviors resulting from these activities.
  - Measures the strategically relevant organizational outcomes of those employee behaviors.

## The Human Resource Manager's Proficiencies

- New Proficiencies
  - HR proficiencies
  - Business proficiencies
  - Leadership proficiencies
  - Learning proficiencies

## FIGURE 1–6 Effects CFOs Believe Human Capital Has on Business Outcomes

**FIGURE 1–6** Effects CFOs Believe Human Capital Has on Business Outcomes



Source: Steven H. Bates, "Business Partners," *HR Magazine*, September 2003, p. 49. Reproduced with permission of the Society for Human Resource Management via Copyright Clearance Center.  
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## HR Certification

- HR is becoming more professionalized.
- Society for Human Resource Management (SHRM)



- SHRM's Human Resource Certification Institute (HRCI)
  - ❖ SPHR (senior professional in HR) certificate
  - ❖ PHR (professional in HR) certificate

**FIGURE 1–7 2004 SHRM® Learning System Module Descriptions**

<p><b>Module 1: Strategic Management</b></p> <ul style="list-style-type: none"> <li>• The Role of Human Resources in Organizations</li> <li>• The Strategic Planning Process</li> <li>• Scanning the External Environment</li> </ul> <p><b>Organizational Structure and Internal HR Partners</b></p> <ul style="list-style-type: none"> <li>• Measuring Human Resource Effectiveness</li> <li>• Ethical Issues Affecting Human Resources</li> <li>• Human Resources and the Legislative Environment</li> </ul> <p><b>Module 2: Workforce Planning and Employment</b></p> <ul style="list-style-type: none"> <li>• Key Legislation Affecting Employee Rights</li> <li>• Key Legislation Affecting Privacy and Consumer Protection</li> <li>• Equal Employment Opportunity/Affirmative Action</li> <li>• Gender Discrimination and Harassment in the Workplace</li> <li>• Organizational Staffing Requirements</li> <li>• Job Analysis and Documentation</li> <li>• Recruitment</li> <li>• Flexible Staffing</li> <li>• Selection</li> <li>• Employment Practices</li> <li>• Organizational Exit</li> <li>• Employee Records Management</li> </ul> <p><b>Module 3: Human Resource Development</b></p> <ul style="list-style-type: none"> <li>• Key Legislation</li> <li>• Human Resource Development and the Organization</li> <li>• Adult Learning and Motivation</li> <li>• Assessment of HRD Needs</li> <li>• HRD Program Design and Development</li> <li>• HRD Program Implementation</li> <li>• Evaluating HRD Effectiveness</li> <li>• Career Development</li> <li>• Developing Leaders</li> <li>• Organizational Development Initiatives</li> <li>• Performance Management</li> </ul>	<p><b>Module 4: Compensation and Benefits</b></p> <ul style="list-style-type: none"> <li>• Key Legislation</li> <li>• Total Compensation and the Strategic Focus of the Organization</li> <li>• Pay Administration</li> <li>• Compensation Systems</li> <li>• Introduction to Benefit Programs</li> <li>• Government-Mandated Benefits</li> <li>• Voluntary Benefits</li> <li>• Compensation and Benefit Programs for Employees</li> <li>• Evaluating the Total Compensation System and Communicating It to Employees</li> </ul> <p><b>Module 5: Employee and Labor Relations</b></p> <ul style="list-style-type: none"> <li>• Key Legislation Affecting Employee and Labor Relations</li> <li>• Employee Relations and Organizational Culture</li> <li>• Employee Involvement Strategies</li> <li>• Positive Employee Relations</li> <li>• Work Rules</li> <li>• Effective Communication of Laws, Regulations, and Organizational Policies</li> <li>• Discipline and Formal Complaint Resolution</li> <li>• Union Organizing</li> <li>• Unfair Labor Practices</li> <li>• Collective Bargaining</li> <li>• Strikes and Secondary Boycotts</li> <li>• Public-Sector Labor Relations</li> <li>• International Employee and Labor Relations</li> </ul> <p><b>Module 6: Occupational Health, Safety, and Security</b></p> <ul style="list-style-type: none"> <li>• Key Legislation</li> <li>• Safety</li> <li>• Health</li> <li>• Security</li> </ul>
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## The Human Resource Manager's Proficiencies (cont'd)

- Managing within the Law
  - Equal employment laws
  - Occupational safety and health laws
  - Labor laws
- Managing Ethics
  - Ethical lapses

## KEY TERMS

management process  
human resource management  
(HRM)  
authority  
line manager  
staff manager  
line authority  
staff authority  
implied authority  
functional control  
employee advocacy  
globalization  
human capital  
strategy  
strategic plan  
metrics  
HR Scorecard  
outsourcing  
ethics  
strategic human resource management  
high-performance work system

## Reference

Dessler, G. Human Resources Management 2008, New Jersey, Pearson