

# Ihrm, describe the main challenges of international staffing

Life



These years, international staffing has become a common setting for MNEs. Over the last decade, globalization and internationalization of marketplaces had brought companies to expatriate their resources on target countries and sectors. It naturally means that they will face a lot of new challenges to succeed in their process. Expanding business operations beyond national boundaries while trying to stay effective on the domestic market requires complex and balanced strategies. The most critical determinants stay to keep an effective international resource management. So we will try to summarize the different challenges of international staffing. In a first part I will focus on the different international staffing issues to understand well the challenge dimension. In a second part I will highlight the different challenges raised by the central notion of expatriation.

International staffing is the way that companies manage international resources, facing different limits like geographic distance or day-to-day relations with headquarters for example. The first challenge could be expressed through the possibilities for MNEs to choose a certain source of employees. First, the company can send employees and managers from its home country, more known as Parent Country Nationals (PCNs) or expatriates. Second, they can recruit directly Host Country National (HCNs) native from there. Third choice, they can hire Third Country National (TCNs) who is native from another country than the host or the home country.

Companies use also different stages of internationalization and staffing strategies. We can observe that companies generally recruit the three types of employees and make them work together. We commonly call that a cross cultural management, illustrated by the idea to take good skills of

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each culture to bring them to global mind set with added value, in a aim to create efficiency. The success of cross cultural management seems to be a big challenge in international staffing in the way that it comes from the real difficulty to recruit top talents able to be efficient abroad, added to multiple legal issues. It seems also important to describe the four principal international staffing issues that seem to be a numerous challenge in the sense that it will condition your whole international management strategy. The MNEs can choose to use an ethnocentric staffing policy that refers to the strategy of employ key positions managers from the parent headquarters instead of employing local staff. They will be use to transfer corporate culture to the foreign entity and insure an effective communication with headquarters.

Limits are the adaptation of expatriates and relations with HCNs. Second option is the polycentric policy that describes an approach of recruiting HCNs to manage subsidiaries in their own country. So there are no language and cultural barriers and it's far less expensive. But it results a less effective communication with headquarters and then difficulties to coordinate activities. In the geocentric issue the best people are sought for key jobs throughout the organization, regardless of nationality. It enables a multinational firm to develop a pool of senior international managers but it is the most expensive option.

To finish, in the regiocentric staffing policy, employees are transferred to positions in subsidiaries in other countries, but stay within the same region (Mayrhofer and Brewster " In Praise of Ethnocentricity"). It permit to install a

regional competition to success but it can also lead to identification and put global objectives on a second cene. Today, most of the international companies choose to expatriate top managers in foreign subsidiaries to control them. But expatriation seems to be the biggest challenge that they have to deal with for the simple reason that it the first reason offailure.

The principal value of expatriation is the quality of communication between PCNs and headquarters. PCNs don't have any problem of language barrier with home country and actually know the home country top management. They understand their ideas, strategies andgoalsand by consequences can implement them faster. They also play a rule of knowledge ransfer and actually maintain a knowledge base (laws, politics, cultures, languages...) about the complexities of international operations (Downes and Thomas: " Knowledge Transfer"). Close to this knowledge transfer they serve a mission of corporate culture transmission. So they will implement the company's culture, its values, believes, mission and follow a certain management style. One big challenge of international staffing is also to overcome the lack of qualified host country nationals because knowledge in special areas is needed and not directly available in some host countries.

Erten-Buch and Mattl ave studied the issue in 1999 and they highlighted the idea of emphasis of expatriation as a means to overcome the lack of qualified host country nationals lies in compensating a long-? term lack of a skilled workforce. Expatriation has to deal with lot of difficulties that turn it out in a big challenge for international staffing. It is a big point to insure the well understanding of local businessenvironment. It is also a big challenge to

anchor the company in the local country by developing contacts and adjustment to local places, a kind of local emphasis. International staffing needs to face big cultural shocks. Expatriate managers arrive in a complete unknown environment; it creates confusion, disorientation and a certain emotional upheaval. It is a big challenge to cross it fast and with success. Staffing abroad means also deal with costs issues.

The most obvious problem for a company when sending an expat abroad to be considered is the extremely high costs involved. The challenge is to measure the interest between insure this cost or insure the less effectiveness you will get by reducing your cost and employ a HCN.

Employing an expat in a developed country for a certain period of time can cost up to four times as much as recruiting local staff and eight times as much in developing regions such as Asia Pacific. Failure rates are also a big challenge and a very important issue. Manager's inability to adapt, family-related matters, lack of motivation are examples of failures. The rate of those being recalled to the headquarters is between 20 and 50% (Brewster 1991's report). The major challenge of multinational and often missed by International Human Resources Management is the repatriation (Harvey, 1989). The professional transition into the home office cause a lot of difficulties that are most of the time neglected. It seems to be an unmeasured stage of internationalization.

In conclusion we could say that the biggest challenge is to choose an adapted strategy of internationalisation and find out the correspondent staffing issue. Expatriates seem to represent an extremely expensive but not

always necessary investment. Telecommunications and travel have made the human resources function of matching up employers and employees much easier over the years. The hiring of top talents will it be enough to cover good headquarters relations and eliminate geographic distance challenges in the future?