

Issues of host country nationals in global staffing



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The increasing globalization of the world economy has forced multinational enterprises to modify many of their policies and practices. An overseas assignment is a common experience. But in such assignments problem arises in the relationship between HCN and expatriates which may lead to financial loss to the organisation. In today's complex, fast-changing international business environment, knowledge transfer is an important factor in the success of Multinational Corporation .

Relationship between HCN and expatriates and relative issues:

A host country national plays a liaison role in MNC's mainly those who are working with expatriates. Several beneficial components of this liaison role are Cultural Interpreter, Communication Facilitator, Information Resource Broker, Talent Developer, Change Partner .

In the past two decades there is a steady globalization of economies all over the world, leading to the essential requirement for multinational companies to send employees on expatriate assignments. A few authors such as Black, Mendenhall and Oddou 1991; Florkowski and Fogel 1999 have argued that HCNs play a vital role in the expatriate's adjustment at the new location, and that this process of adjustment will help in expatriate success. HCNs from the UK are likely to categorize expatriates as in-group or out-group members based on perceived values similarity, ethnocentrism, and collectivism. This categorization is also likely to affect HCN willingness to provide role information and social support to expatriates. HCNs are expected to provide role-related information to subordinates and peers than supervisors, and social support to male peers irrespective of their nationality .

The nature of Job carried out by MNC's necessitates moving to companies around the world. But for expatriate working in MNC with different cultures is a challenging task. Difficulty in adapting to new culture, language and working environment leads to major problems and costs the management heavily. Organizational insiders, such as the newcomers' supervisors, co-workers, and subordinates, are reservoirs of valuable organizational information that newcomers need to learn in order to become effective members of the organization. Host Country Nationals can help the newcomers by serving as sources of instrumental and emotional support when newcomers encounter stressful situations either at work or at home .

The need to fill important positions in foreign subsidiaries with persons from the home country has led to a significant increase in expatriate assignments. All qualified employees must be given equal opportunity to take part in expatriate assignments, as these assignments often serve as a stepping stone to higher levels of authority in the home organization. Research shows that females are disproportionately under-represented in expatriate assignments. The reasons for this under-representation are most women do not want expatriate assignments, companies do not want to send women overseas and foreigners prejudice against women makes them ineffective expatriates. Host nationals' approaches towards female expatriates might be a cause for the low numbers. Obviously, if female expatriates are negatively stereotyped by HCNs, their ability to succeed on their assignment will be definitely affected, as they would receive lower levels of support and cooperation from their hosts. Host nationals' attitudes towards female expatriates could be a reason for the low numbers. Clearly, if female

expatriates are negatively stereotyped by HCNs, their ability to succeed on their assignment would be severely affected, as they would receive lower levels of support and cooperation from their hosts .

A multinational company employs local managers. HCNs should inter relate their local expertise with the company's strategic goals. Expatriates should adapt when necessary and must be flexible and definite about the benefits. If an expatriate fail to adapt and perform quickly, they will be headed by a HCN soon. It is critical for a local talent to be headed by a host country national and there is a possibility of transfer of leadership when recruiting. So to manage host country nationals attractive compensation package can be given to them .

HCNs are paid lower than expatriates, even both of them are in same position and their qualifications are alike. HCN are aware of Variation in pay and they feel they are treated unfairly. This will in turn reflect negatively in the performance and turnover of HCN. Several factors that balance or decrease the negative influence of pay differential on HCN's perceived pay unfairness, such as awareness of expatriate contributions and special needs, expatriate interpersonal sensitivity, HCN pay advantage over other locals, and HCN contact with expatriates .

In this changing global business environment, knowledge transfer is a necessity for the success of Multinational Corporation. Two persons involved in international knowledge transfer are parent company nationals (PCNs) and host country nationals (HCNs). Always there is a obstacle to knowledge transfer between PCNs and HCNs, and companies should manage them.

Multinationals transfer core competencies and other important knowledge for their international operations through PCNs. PCNs transfer ' general knowledge' to the subsidiary and ' market-specific knowledge to corporate headquarters. In this way, knowledge flows into and out of the subsidiary through PCN. The reasons for using PCNs for overseas assignments are to maintain proper communication between the parent and its subsidiaries, as well as between subsidiaries, to assist in establishing country linkages and, to increase the firm's understanding of international operations. In this knowledge transfer problem emerged in the relationship between PCN and HCN. The relationship between parent country nationals and host country nationals is complex. This relationship is strategically important to multinationals because PCNs share their knowledge with HCNs, and this knowledge creates value within the functional elements of the multinational .

Host country nationals ability to fit to national culture and adaptability will definitely influence the improvement of host-country nationals in multinational firms .

The readiness of host country nationals to provide support to the expatriate has received a lot of attention. HCNs' perceived relationship quality with the expatriate has a significant impact on their willingness to provide assistance, both role information and social support, to expatriates. This clearly replicates the importance of paying attention to the perceptions and reactions of HCNs towards expatriates.

Host country national training leads to improved productivity in the foreign operation which leads to most effective knowledge generation and flow

throughout MNC's. Training should be given at three major employee levels such as operative, supervisory and upper management. In order to increase absorptive capacity of Host country nationals 12 categories of potentially beneficial forms of HCN learning were introduced. The forms include areas such as new employee orientation and entry job skills, MNC predominant language, MNC home country cross-cultural awareness, supervision and technical operations management skills, expatriate coaching and liaison skills, and MNC strategy and culture .

Several expatriate policies are offered to increase the probability of expatriate success and to fight against failure. One of such policies includes attractive reward packages to expatriates for taking up the assignment. There was a doubt whether these policies will have effect on the host country nationals who are the local colleagues of the expatriates. But this is unfortunate as HCN are valuable socializing agent, sources of social support, assistance and friendship to fledging expatriates. Anyway greater attention should be given to Host country nationals to avoid dissatisfaction of HCN .

Conclusion:

In the above topic we have discussed about the role played by the HCN in an organization. As HCN provides value to the organization, they should be given importance regarding pay and reward packages. Training and interactive sessions should be conducted to improve and maintain a good relationship between HCN, PCN and expatriates. Knowledge can reduce managerial uncertainty and related anxiety – as well as the financial and opportunity cost of incorrect decisions. Therefore knowledge transfer between PCN, HCN and expatriates is a vital necessity. Female expatriates

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should be given equal importance and measures should be taken to change the HCN attitude towards female expatriates. Motivation should be given to female expatriates to participate in overseas assignment.