

# Strategic human capital management essay

[Business](#), [Company](#)



The biggest challenge facing cross-border corporations is globalization of human resource management. Strategic global staffing has become a critical issue in management as multinational corporations increasingly globalize their operations (Storey, Wright & Ulrich, 2009). This is because the multinational corporations require effective human resource personnel to manage the workers across the branches. Many theories have been advanced to explain the features and reasons for global staffing and employee selection processes. Despite the fact that not all frameworks of international staffing work, a firm has the responsibility of deciding the strategy to use and recommend an effective global strategic plan to enhance the process of global staffing. Corporations deploy their employees at diverse countries across the world; thus provision of cultural sensitivity training to the members of the organization is a vital component of assimilation (Baron & Armstrong, 2007). Multinational corporations find it necessary to develop an appropriate cross-cultural team devoted to organizational growth. Each organization has international recruitment policies and frameworks for sensitivity training that help them develop culturally diverse teams.

The primary theories that international human resource management draw upon include institutional theory, relational theory, social capital theories and contingency theory. The institutional theory focuses on the deeper aspects of the social structure. This theory is concerned with processes that establish schemes, routines, rules and norms as authoritative guidelines for social behavior. The institutional theory stresses on the necessity of organizations conforming to the attitudes, rules and beliefs prevailing in the environment

of operation (Storey, Wright & Ulrich, 2009). Multinational corporations operating in different countries face diverse pressures due to varying institutional environments. Staffing pressures in both foreign and domestic countries influence the companies' competitive strategy and human resource management practices. The theory of institutional deficiencies suggests that relationship-based commerce prevails in environments where markets cannot flourish because of institutional deficiencies. According to this theory, factors such as personal connections, informal flow of information and blurred government-business relations dictate the process of global staffing.

The second theory that is associated with global staffing is relational theory. The relational theory posits that human beings grow through and towards mutual relationships during their life-time. Culture has a considerable impact on people's relationships. The theory seeks to understand the complexities of human connections and explores the social and personal factors that may lead to chronic disconnection in the long-run. The relational theory also focuses on relational dimensions such as flexibility and cultural empathy in relation to cross-border staffing (Storey, Wright & Ulrich, 2009). The social capital theory proposes that the crucial part of the social capital is to bring together the necessary sociological concepts such as integration, social support and social integration. The dimensions of social capital theory include togetherness of people regardless of their cultural backgrounds, everyday sociability, neighborhood connections, trust and volunteerism. Contingency theory is the fourth theory associated with international human resource management. This theory belongs to a class of behavioral theory

and claims that there are no perfect ways of leading a company, making decisions or organizing a corporation. The optimal choice depends on internal and external situation. Corporations cannot assume that host country's human resources can meet the management needs of their businesses. Instead, the companies must deploy people from their home countries who have experience in the businesses to assume strategic positions in the short-run (Baron & Armstrong, 2007). Having reserve employees from foreign countries is a contingent plan that can ensure uninterrupted labor supply in case the host country's workers participate in labor union actions. Thus, the contingent theory suggests that corporations should not over-depend on employees from either home or host country. The three theories: institutional theory, relational theory, social capital theories and contingency theory are applicable to all organizations operating in any part of the world.

Global strategic plan is the most crucial aspect of international human capital management. The initial phase of the staffing plan is to decide the overall staffing approach that would most likely support the company's strategy. The staffing company must consider other factors such as host country's staffing regulations, availability, and suitability of a prospective employee for the position, and the stage of internalization. The selection criteria for international staffing are based on five categories; job factors, relational dimensions, motivational state, family situation and language skills (Baron & Armstrong, 2007). Multinational corporations should consider these factors, although the relative importance of each factor is difficult to establish. The company has the sole responsibility of deciding whether the

managerial position should be filled by a host country or home country's national. The contingency model of selection and training depends on the specific variables of the assignment such as the operational period and level of interaction with the local managers in that job (Storey, Wright & Ulrich, 2009). At the initial stages, the corporation should begin operating in a host country with their own pool of managers. The corporations should consider the regiocentric policy after the host country's employees have become familiar with the business of the company.

Cultural sensitivity is one of the most essential value in the modern human capital arena. Most of the opinions that support cultural sensitivity and awareness are based on practical and ideological considerations. Cultural sensitivity training provides for tolerance, respect for diversity and inter-cultural dialogue, which are the primary concerns in the modern world where people are becoming closely interconnected (Panigrahy & Sahu, 2010).

Cultural sensitivity training has significant effects on the income of multinational corporations planning to operate in cross-border markets. Additionally, cultural sensitivity increases the security of travelers; lack of awareness of foreign cultures may lead to adverse legal consequences. The study by Harvey in the year 1997 revealed that three hundred and thirty-two United States expatriates did not receive sufficient training on social support during the international assignment (Panigrahy & Sahu, 2010). These expatriates were challenged during the mission. Cultural sensitivity training is a vital component of global staffing as it makes informs expatriates that cultural similarities exist and they have no effects on learning, values and behavior. The main disadvantage of this training is that it may expose the

expatriates to adverse cultures such as female genital mutilation and mutilation (Storey, Wright & Ulrich, 2009). Additionally, some expatriates may be scared away by the cultures of host countries during the process of cultural assimilation.

The first step of developing a cross-cultural team is selecting people who are reprogrammed to be part of a transnational team. Secondly, I will lead them through culture assimilation process to expose them to the kind of situations that they may encounter during the international assignment (Baron & Armstrong, 2007). Thirdly, I will carry out training and development on the selected members on aspects such as language, cultural sensitivity and field experiences. Fourthly, I will structure the component of an expatriate compensation package and deploy them to the assigned foreign country. Proper development of a cross-cultural team is the primary determinant of success in an international assignment.

Global staffing is a difficult task that requires the services of expert human resource managers. The theories associated with International human resource management include institutional, relational, social capital and contingency theories. Multinational corporations should develop a global strategic plan to ensure effective cross-border human resource management. Prior to expatriation, international corporations should carry out cultural sensitivity training on the expatriates in order to accelerate their process of cultural assimilation.

## **References**

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