

Global human resource management assignment



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Articulate how management development and training programs can increase the value of human capital in the international business firm. 5. Explain how and why performance appraisal systems might vary across nations. 6. Explain how and why compensation systems might vary across nations. Chapter Summary This chapter focuses on the challenging topic of global human resource management (HARM). The term “ expatriate manager” is introduced. The task of staffing foreign subsidiaries is discussed. In this area, firms typically pursue either an ethnocentric, polytechnic, or geocentric approach.

This section is followed with an explanation of the challenges involved in selecting expatriate managers. Expatriate managers often fail in their overseas assignments for a variety of reasons, ranging from the inability of their spouses to adjust to living overseas to a manager’s personal or emotional maturity. Techniques that can be used to reduce expatriate failure are presented and discussed. The chapter also discusses a number of other HARM topics in the context of global management. The topics of training and management development are discussed, along with performance appraisal and compensation.

The chapter concludes with a discussion of labor issues in the international business. Us Mary The opening case explores Leno’s mission to become a major player in the global personal computer industry’. Leno acquired Vim’s personal computer division in 2004 to become the third largest personal computer firm in the world. After the acquisition, Leno immediately put a new management team in place led by an American, and moved the company’s headquarters from China to the united States.

Discussion of the case can revolve around the following questions:

Suggested Discussion Questions QUESTION 1: Immediately after it acquired Vim's personal computer division, Leno shifted its headquarters to the United States, and named an American to head the company. Leno has also stated that English will be the company's business language. Why is Leno trying distance itself from its Chinese origins? ANSWER 1: When Leno acquired Vim's PC division it made the surprising decision to move the company's headquarters to New York.

Leno feared that without such a move, the company risked losing Vim's managers, engineers, and salespeople – individuals who created value for the organization. In addition to moving the company's headquarters, Leno also appointed Stephen Ward, the former head of Vim's PC division to CEO. Leno then created a management team that included an equal number of Chinese and Americans. Most students will recognize that Leno was making a concerted effort to create a firm that was neither Chinese, nor American, but instead global in its orientation, a firm that is positioned to compete head-to-head with other players in the global PC market.

QUESTION 2: How has Leno human resource function supported the company's intention to be a truly global company? What type of human resource strategy does Leno follow? ANSWER 2: Most students will probably suggest that Leno is following a geocentric approach to human resources. This approach can be seen from the top down within the organization. The company appointed an American to the position of CEO because it felt that none of the firm's existing Chinese executives had the capabilities to manage a truly global enterprise.

At the management level, Leno again focused on finding individuals with the skills and capabilities necessary for the position rather than their nationality. Leno stressed that this same approach would be used to staff local resource as well. Teaching Tip: To learn more about Leno's strategy, go to the company's web site at {<http://www. Leno. Com>}. Chapter Outline with Lecture Notes, Video Notes, and Teaching Tips Introduction A) Human resource management (HARM) refers to the activities an organization carries out to utilize its human resources effectively.

These activities include determining the firm's human resource strategy, staffing, performance evaluation, management development, compensation, and labor relations. B) The role of HARM is complex enough in a purely domestic firm, but it is ore complex in an international business, where staffing, management development, performance evaluation, and compensation activities are complicated by the profound differences been countries in labor markets, culture, legal systems, economic Systems, and the like.

C) The HARM function must also deal with a host of issues related to expatriate managers (citizens of one country working abroad). Teaching Tip: There are a number of private HARM firms that provide selection, training and repatriation services for expatriate managers. An example of one of these companies can be found at {<http://m. W/. Spat-repeat. Com/>}. A) Success in international business requires that HARM policies be congruent with the firm's strategy (see Figure 16. 1 in the text). Staffing policy A) Staffing policy is concerned with the selection of employees who have the skills required to perform a particular job.

Staffing policy can be viewed as a major tool for developing and promoting a corporate culture (the organization's norms and value systems). Types of Staffing Policies B) Research has identified three main approaches to staffing policy within international businesses. These have been characterized as an ethnocentric approach, a polytechnic approach and a geocentric approach. The Ethnocentric Approach C) An ethnocentric approach to staffing policy is one in which key management positions in an international business are filled by parent- country nationals. The policy makes most sense for firms pursuing an international strategy.

D) Firms pursue an ethnocentric staffing policy for three reasons: First, the firm may believe there is a lack of qualified individuals in the host country to fill senior management positions. Second, the firm may see an ethnocentric staffing policy as the best way to maintain a unified corporate culture. Third, if the firm is trying to create value by transferring core competencies to a foreign operation, as firms pursuing an international strategy are, it may believe that the best way to do this is to transfer parent country nationals who have knowledge Of that Competency to the foreign operation.

Video Note: Some experts believe that the United States is falling behind in developing managers with the types of skills necessary to be successful in the future. To learn more about this, consider the gibes High-Tech School Prepares Students for Shifting Economy and High-tech Companies Seek to Hire More Foreign Workers. E) Despite the rationale for pursuing an ethnocentric staffing policy, the policy is now on the wane in most international businesses. There are two reasons for this.

First, an ethnocentric staffing policy limits advancement opportunities for host country nationals. Second, an ethnocentric policy can lead to cultural myopia (a failure to understand host-country cultural differences that require different approaches to marketing and management). The Polytechnic Approach F) A polytechnic staffing policy is one in which host country nationals are recruited to manage subsidiaries in their own country, while parent country sectionals occupy the key positions at corporate headquarters.

While this approach may minimize the dangers of cultural myopia, it may also help create a gap between home and host country operations. The policy is best suited to firms pursuing a localization strategy. G) There are two advantages of the polytechnic approach. First, the firm is less likely to suffer from cultural myopia, and second, this staffing approach may be less expensive to implement than an ethnocentric policy. There are two important disadvantages to polytechnic staffing approach however.

First, cost country nationals have limited opportunities to gain experience outside their own country and thus cannot progress beyond senior positions in their own subsidiaries. Second, a gap can form between host country managers and parent country managers. The Geocentric Approach H) A geocentric staffing policy is one in which the best people are sought for key jobs throughout the organization, regardless of nationality. This approach is consistent with building a strong unifying culture and informal management network.

It is well suited to firms pursuing either a global or transnational strategy. The immigration policies of national governments may limit the ability of a firm to pursue this policy. L) The advantages of a geocentric approach to staffing include enabling the firm to make the best use of its human resources and build a cadre of international executives who feel at home working in a number of different cultures. The disadvantages of a geocentric approach include difficulties with immigration laws and costs associated with implementing the strategy.

Us m Mary J) The advantages and disadvantages of each of the three main approaches to staffing policy are summarized in Table 16. 1 in the text. K) A prominent issue in the international staffing literature is expatriate failure – the premature return of an expatriate manager to his or her home country.

Lecture Note: The Mercer Human Resource Consulting group conducts studies on a variety of issues related to expatriate managers. To see a selection of studies go to {[http://www. Mercer. Com/mismanagement's](http://www.Mercer.Com/mismanagement's)}.

Expatriate Failure Rates L) The costs of expatriate failure can be substantial.

According to a study by Rosalie Dung, the main reasons for expatriate failure among U. S. Firms seem to be 1) an inability of an expatriate's spouse to adapt to a foreign culture, 2) an inability of the employee to adjust, 3) other family-related reasons, 4) the manager's personal or emotional maturity, and 5) inability to cope with larger overseas responsibilities (see Table 16. 2 in the text). M) Managers of European firms gave only one reason consistently to explain expatriate failure: the inability of the manager's spouse to adjust to a new environment.

For Japanese firms, the reasons for failure, in descending order of importance, were inability to cope with larger overseas responsibility, difficulties with new environment, personal or emotional problems, lack of chemical competence, and the inability of spouse to adjust. This feature examines how Royal Dutch/Shell, a global petroleum company employing over 100, 000 people manages its some 5, 500 expatriates. The international mobility Of its workforce is an important part of Shell's overall philosophy.

However, in the early 1 sass, the company found that it was having an increasingly difficult time recruiting personnel for foreign postings.

Discussion of the feature can begin with the following questions: 1 . Shell's commitment to the success of its foreign assignments is demonstrated by its efforts to uncover expatriate concerns. Discuss the results of Shell's survey to its present and past expatriates and families. How do these results compare to the results of other studies exploring expatriate failure?

Discussion Points: Shell discovered that there were five key issues that were important to its expatriates.

First, the division of families that occurred when children were sent to boarding schools while their parents were on foreign assignments, second, the harm done to a spouse's career during the foreign assignment, third, the lack of consideration for a spouse during the expatriate assignment process, fourth, the failure to provide adequate relocation assistance, and fifth, health issues. Students should recognize the similarities between the results of this study and the results of other studies that have found difficulties with the spouse and family's ability to adapt to be a central reason for expatriate failure. . Shell has implemented several changes to its <https://assignbuster.com/global-human-resource-management-assignment/>

expatriate program including providing education assistance to families with children, and establishing a Spouse Employment Center to help locate employment opportunities. In your opinion, will these programs “solve” Shell’s problems, or is there still more to be done? Discussion Points: Most students will suggest that Shell’s programs are a good start to ensuring the success of its expatriate program. They may also note that Shell may well be ahead of the game in even thinking about the situation.

Expatriate failure can be very costly for companies, and so taking steps to ensure that expatriates are successful is an important component in a firm’s international strategy, especially for a company like Shell that relies heavily on expatriates. Teaching Tip: To learn more about Shell, go to the company’s web site at {<http://www.Shell.Com>}. Expatriate Selection N) One way of reducing expatriate failure rates is through improved selection procedures. Maidenhead and Dodo identified four dimensions that seem to predict success in a foreign posting: self-orientation, others-orientation, perceptual ability, and cultural toughness.

O) Self-orientation attributes strengthen the expatriates self-esteem, self-confidence, and mental well-being. Others orientation refers to how the attributes of this dimension enhance the expatriates ability to interact effectively with host-country nationals. Perceptual ability refers to the ability to understand why people of other countries behave the way they do. Cultural toughness refers to the fact that how well an expatriate adjusts to a particular posting tends to be related to the country of assignment.

The Global Mindset P) A global mindset, one that is characterized by cognitive complexity and a cosmopolitan outlook, may be the fundamental attribute of a global manager. Managers with a global mindset can deal with high levels of complexity and ambiguity and are open to the world. Q) Most firms fail to test employees for the attributes that have been shown to improve expatriate success, and instead select expatriate managers primarily on the basis of technical expertise. Training and Management Development A) Selection IS just the first step in matching a manager with a job. The next step involves training the manager to do the job.

Training begins where selection ends and it focuses upon preparing the manager for a specific job. B) Management development is a broader concept. Management development is concerned with developing the skills of the manager, reinforcing the firm's culture, and facilitating the creation of an informal network for knowledge sharing within the organization. Lecture Note: To see what is important for managers to work in Asia, consider http://WV. Businesslike. Com/managing_nag/content/appears/ca2008041_y. C) Cultural training, language training, and practical training all seem to reduce expatriate failure.

However, according to one study only about 30 percent of managers sent on one- to five-year expatriate assignments received training before their departure. Teaching Tip: Numerous companies offer expatriate training services. One great example is Quintessential <http://www. Quintessential. Co. UK/cultural- services/articles/expect-cultural-training. HTML>. The company's web site includes a wealth of information on the expatriate process, country profiles, and even an online quiz on cultural awareness.

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Consider using the site in- class, or asking students to explore it on their own.

D) Cultural training seeks to foster an appreciation for the host country's culture. Language Training E) Despite the prevalence of English, an exclusive reliance on English diminishes an expatriate manager's ability to interact with host country nationals. Practical Training F) Practical training is aimed at helping the expatriate manager and her family ease themselves into day-to-day life in the host country. Lecture Note: Until the advent of the Internet, expatriates often felt isolated. Today numerous sites exist where expatriates can communicate with each other and share their experiences.

One example of this type of site is {[http:// www. expect. Or. Id/](http://www.expect.or.id/)}. Students can explore the site, or it can be an in-class activity to see some of the issues facing expatriates. G) A largely overlooked but critically important issue in the training and development of expatriate managers is to prepare them for reentry into their home country organization. H) The HARM function needs to develop good program for re-integrating expatriates back into work life within their home country organization once their foreign assignment is over, and for utilizing the knowledge they acquired while abroad.

I) Management development programs are designed to increase the overall skill levels of managers through a mix of ongoing management education and rotations Of managers through a number of jobs within the firm to give them varied experiences. J) Management development is often used as a strategic tool to build a strong unifying culture and informal management network, both of which are opportune of a transnational and global strategy

This feature describes Monsanto repatriation program for its expatriate managers.

The program is very sophisticated, and is designed to provide a supportive environment for the company's managers who are returning from overseas assignments. The feature describes the details of the repatriation program, which is a model program for the repatriation of expatriate managers.

Discussion of the feature can begin with the following questions: 1 . How does Monsanto repatriation program provide an incentive for high- potential managers to accept overseas assignments?