

Chapter objectives

Chapter 1 - Introduction

In this introductory chapter, we establish the scope of the book.

We:

- Define key terms in international human resource management (IHRM) and consider several definitions of IHRM.
- Introduce the historically significant issue of expatriate assignment management and review the evolution of these assignments to reflect the increasing diversity with regard to what constitutes international work and the type and length of international assignments.
- Outline the differences between domestic and international human resource management, and detail a model which summarizes the variables that moderate these differences.
- Present the complexity of IHRM, the increasing potential for challenges to existing IHRM practices and current models, and an increasing awareness of the wide number of choices within IHRM practices due to increased transparency and faster and more detailed diffusion of these practices across organizational units and firms.

Chapter 2 – The organizational context

In this chapter, we examine how international growth places demands on management, and the factors that impact on how managers of internationalizing firms respond to these challenges.

We start with the premise that the human resource (HR) function does not operate in a vacuum, and that HR activities are determined by, and influence, organizational factors. We cover the following areas:

- Structural responses to international growth.
- Control and coordination mechanisms, including cultural control.
- Effect of responses on human resource management approaches and activities.

This discussion builds upon material covered in Chapter 1 to provide a meaningful organizational context for drawing out the international dimension of human resource management – the central theme of this book.

Chapter 3 – The context of cross-border alliances and SMEs

In the last chapter, we outlined how the international growth of MNEs places demands on management. In this chapter, the IHRM implications of other modes of international operations become our center of interest. Consequently, we move from an internal perspective on structure, control mechanisms and managerial responses to a global perspective which includes external partners.

In this chapter we will first concentrate on *cross-border alliances* with a special emphasis on *equity-based alliances*. These alliances are given priority here due to their association with complex IHRM processes and practices, which is the main interest of study within this volume. Equity cross-border alliances include:

- Mergers and acquisitions (M&As).
- International joint ventures (IJVs).

At the end of the chapter we will address the *special case of globalizing small and medium-sized enterprises (SMEs)* while looking for respective IHRM responses. SMEs represent important elements in the world economy. However, in IHRM research they are often

neglected. There is evidence that their approaches to international human resource management differ to a large extent from those of large MNEs and this is why we cover this topic in the present chapter. Chapters 2 and 3 complement each other and are designed to deliver insights in the most important organizational contexts for international human resource management.

Chapter 4 – Staffing international operations for sustained global growth

The previous chapters have concentrated on the global environment and organization contexts. We now focus on the 'managing people' aspect. The aim is to establish the role of HRM in sustaining international business operations and growth.

We cover the following:

- Issues relating to the various approaches to staffing foreign operations.
- The reasons for using international assignments: position filling, management development and organizational development.
- The various types of international assignments: short term, extended and longer term; and non-standard arrangements: commuter, rotator, contractual and virtual.
- The role of expatriates and non-expatriates in supporting international business activities.
- Return on investment of international assignments.
- The role of the corporate HR function in MNEs.

Chapter 5 – Recruiting and selecting staff for international assignments

The focus of this chapter is on recruitment and selection activities in an international context. We will address the following issues:

- The myth of the global manager.
- The debate surrounding expatriate failure.
- Factors moderating intent to stay or leave the international assignment.
- Selection criteria for international assignments.
- Dual career couples.
- Are female expatriates different?

Chapter 6 – International training and development

Training aims to improve employees' current work skills and behavior, whereas development aims to increase abilities in relation to some future position or job. In this chapter, we examine how the international assignment is a vehicle for both training and development, as reflected in the reasons why international assignments continue to play a strategic role in international business operations. The role of training in preparing and supporting personnel on international assignments is also considered. We examine the following issues:

- The role of training in supporting expatriate adjustment and on-assignment performance.
- Components of effective pre-departure training programs such as cultural awareness, preliminary visits and language skills. Relocation assistance and training for trainers are also addressed.
- The effectiveness of pre-departure training.
- The developmental aspect of international assignments.
- Training and developing international management teams.
- Trends in international training and development.

Reflecting the general literature on this topic, the focus of the chapter is on the traditional, expatriate assignment. However, where possible we will draw out training and development

aspects relating to short-term assignments, non-standard assignments and international business travellers.

Chapter 7 – International compensation

In the introductory chapter we described international HR managers as grappling with complex issues. International managers must: (1) manage more activities from a broader perspective, (2) be more involved in the lives of their far-flung employees, (3) balance the needs of PCNs, HCNs and TCNs, (4) control exposure to financial and political risks, and (5) be increasingly aware of and responsive to host country and regional influences. All of these issues and concerns are brought out in a discussion of compensation issues. In this chapter we:

- Examine the complexities that arise when firms move from compensation at the domestic level to compensation in an international context.
- Detail the key components of an international compensation program.
- Outline the two main approaches to international compensation and the advantages and disadvantages of each approach.
- Examine the special problem areas of taxation, valid international living cost data and the problem of managing TCN compensation.
- Examine recent developments and global compensation issues.

Chapter 8 – International compensation

While the preceding chapters have concentrated on the management and support of international assignments, this chapter deals with what could be called the post-assignment stage. Re-entry, though, raises issues for both the expatriate and the multinational, some of which may be connected to events that occurred during the international assignment. We treat this stage as part of the international assignment. We examine:

- The process of re-entry or repatriation.
- Job-related issues.
- Social factors, including family factors that affect re-entry and work adjustment.
- Multinational responses to repatriate concerns.
- Staff availability and career issues.
- Return on investment (ROI) and knowledge transfer.
- Designing a repatriation program.

Chapter 9 – IHRM in the host-country

For a long time the discussion of IHRM has concentrated on managing an international workforce. As has been outlined in detail, the focus was mainly on expatriate management, particularly on assigning parent-country nationals to foreign locations and the related management implications.

As a result of increasing globalization, the scope of IHRM has broadened and now includes a spectrum of questions – these concern a larger group of the MNE workforce including employees from the headquarters as well as from foreign locations. The following chapter addresses these aspects by outlining the importance of the various facets of the host-country context.

First, we will discuss the most important drivers shaping the interplay between global standardization and the localization of human resource practices in a multinational context. These include the following drivers:

- Standardization drivers are MNE strategy and structure, maturity and age, and corporate culture.

- Localization drivers are the host country's cultural and institutional environment, the mode of operation and subsidiary role.

We will then outline measures which support the development of a balance of globalization and the localization of HRM. Afterwards, we address the global code of conduct as a device for controlling employee behavior worldwide.

The last part of this chapter focuses on the strategic importance of offshoring. While looking at India and China as important offshoring locations, we will discuss the HR-related issues of this strategy and the corresponding HRM implications.

Chapter 10 – International industrial relations

In this chapter we:

- Discuss the key issues in international industrial relations and the policies and practices of multinationals.
- Examine the potential constraints that trade unions may have on multinationals.
- Outline key concerns for trade unions.
- Discuss recent trends and issues in the global workforce context.
- Discuss the formation of regional economic zones such as the European Union and the impact of opponents to globalization.

Chapter 11 – Performance management

The aim of this chapter is to draw together the relevant literature on performance management in the international context as it relates to IHRM. The concentration is on the subsidiary context, reflecting the bias towards subsidiary management in the international business and performance management literature.

The focus is on identifying those aspects that require a substantial modification of traditional performance management (especially appraisal criteria, the roles of various actors in the processes and processes themselves) that are imposed by international operations. We specifically address the following aspects:

- Multinational performance management at the global and local level: considering aspects such as non-comparable data, the volatility of the global environment, the effect of distance and level of subsidiary maturity.
- Performance management as part of a MNE's control system.
- Factors associated with expatriate performance, including compensation package, task and role, headquarters' support, host environment factors and cultural adjustment.
- Performance management of expatriates and non-expatriates, and for those on non-standard tasks and assignments such as commuter and virtual.
- Issues related to the performance appraisal of international employees.

Chapter 12 – IHRM trends: complexity, challenges and choices in the future

In this final chapter, we identify and comment on observed trends and future directions regarding:

- International business ethics and HRM.
- Mode of operation and IHRM.
- Ownership issues relating to IHRM requirements of organizations other than the large multinational, such as:
 - family-owned firms
 - non-government organizations (NGOs).
- Safety and security issues.

