

Review

MANAGING HUMAN RESOURCES



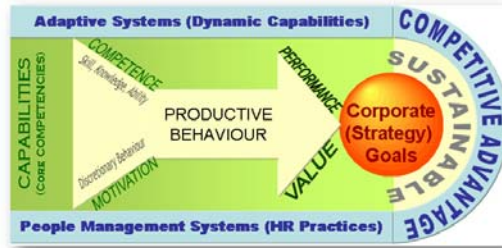
Identify HRM issues and problems arising from the internationalisation of organizations

Explain the role of the IHRM function

Explain how human capital can be a source of sustainable competitive advantage

Discuss factors which may impact upon HR Policy and Practice design

Identify and describe the core HR practices



This session focusses on world-wide human capital and its management in the international organization. In particular we focus on the role of the specialist central and local HRM function in acquiring, developing and motivating HC in order to improve (productive) performance and develop a sustainable competitive advantage. HC (or Human Resources) are seen as strategically important due to attributes which are difficult to imitate thus ensuring any derived competitive advantage is sustainable. Specific mention of the RBV is made.

The IHRM role can be both strategic and operational. It is strategic in that the continued availability of HC must be assured in order for the strategy to be met. However, it must also be operational via the administration of certain HR practices such as resourcing, training and development and performance management. The IHRM function develops and implements HR systems comprising the HR philosophy, policies and practices. In some cases practices may not be adopted by subsidiaries due to local cultural and legal forces. However, practices may be adapted for local use or developed under the influence of overarching philosophies and policies. This ensures a certain level of control and interunit linkage for integration benefits whilst allowing for local differentiation.



Key Terms

HUMAN CAPITAL MANAGEMENT

The measurement and value of employees (human capital) to the organisation and as a key indicator of a company's success

HRM

Human resource management: a range of management activities which aim to achieve organizational objectives through effective use of employees.

RESOURCE-BASED VIEW OF STRATEGY

The resource-based view of strategy: the competitive advantage of an organisation is explained by the distinctiveness of its capabilities

IHRM

International human resource management (IHRM) is about the world-wide management of human resources

ETHNOCENTRIC STAFFING

Individuals from the home country manage operations abroad

POLYCENTRIC STAFFING

Individuals from the host country manage operations abroad

GEOCENTRIC STAFFING

"The best-qualified individuals, regardless of nationality, manage operations abroad"



Whereas the global MNC will seek to diffuse centrally developed HR practices and maintain a larger more powerful HR function, the multidomestic subsidiary is more likely to create its own practices or adapt those of the parent company and will maintain a much smaller IHRM function in the headquarters.

Resourcing strategies are discussed and three employee types identified: the parent, local or third country nationals. These are discussed in relation to ethnocentric, polycentric and geocentric strategies. We note the heavy reliance on expatriates and travelling managers and that corporate HR functions have several roles associated with their management. Managers need to be prepared for overseas assignments which are described as intercultural encounters. We discuss how they can be prepared and supported for such roles and the dangers of inadequate support.