Chapter 15 – Managing Human Resources Globally

The chapter asks students to apply previous material studied to the global context. It opens with a discussion of the recent forces that have increased expansion of firms into international markets (LO15-1), and then introduces HRM within international markets (LO15-2). LO15-3 introduces the different international employees. Although potentially confusing, the terminology is relatively easy, possibly facilitated by examples. LO15-4 introduces the different types of organizations within the global context, and again students may be aided by examples or diagrams to distinguish the differences. LO15.5 focuses on expatriates and can be a good opportunity for instructors to review concepts of compensation, selection and training while reinforcing the new challenges of HR within the global context.

Learning Objectives

LO 15-1: Identify the recent changes that have caused companies to expand into international markets.

LO 15-2: Discuss the four factors that most strongly influence HRM in international markets.

LO 15-3: List the different categories of international employees.

LO 15-4: Identify the four levels of global participation and the HRM issues faced within each level.

LO 15-5: Discuss the ways companies attempt to select, train, compensate, and reintegrate expatriate managers.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within the following content areas:

* HR in the Global Context
* Diversity & Inclusion
* Risk Management
* Business & HR Strategy
* Organizational Effectiveness & Design
* Workforce Management
* Technology & Data
* Corporate Social Responsibility
* Employee Relations

Human Resource Certification Institute’s *A Guide to the HR Body of Knowledge*

This chapter contains content which may be identified within the following content areas.

\*Important to note that knowledge specific to global practices is not included within this guide, but instead pertains to the Human Resource Certification Institute’s Global Professional in HR (GPHR) exam. However, below one may find topical areas within the textbook and how they may pertain to the different areas of the GPHR exam content outline.

* Strategic HR Management
* Workforce Relations and Risk Management
* Talent and Organizational Development
* Global Talent Acquisition and Mobility
* Global Compensation and Benefits

Guidance to Discussion Questions and End of Chapter Sections

**Discussion Question 1:** What current trends and/or events (besides those mentioned at the outset of the chapter) are responsible for the increased internationalization of the marketplace?

Student responses should identify communication technologies and transportation, and the desire for companies to gain economies of scale. Further, new markets that have not had access to the product in question may provide a continuing market, especially if current markets are saturated.

**Discussion Question 2:** According to Hofstede (in Table 15.2), the United States is low on power distance, high on individuality, high on masculinity, low on uncertainty avoidance, and low on long-term orientation. Russia, by contrast, is high on power distance, moderate on individuality, low on masculinity, high on uncertainty avoidance, and low on long-term orientation. Many U.S. managers are transplanting their own HRM practices into Russia while companies seek to develop operations there. How acceptable and effective do you think the following practices will be and why? (a) Extensive assessments of individual abilities for selection? (b) Individually based appraisal systems? (c) Suggestion systems? (d) Self-managing work teams?

1. Selection assessments: Many Russians may find the emphasis on individual skills and selection to be a change from government-provided jobs, but may not reject the practice. Historically, there has only been a moderate emphasis on individuality, but with the high level of power distance, a practice such as this may be found acceptable. Uncertainty avoidance, however, may create some problems, as individuals must take a risk in applying for a job that they may not be offered.
2. Individually based appraisal systems: Again, once the newness of this practice wears off, it may gain acceptance. With a moderate level of emphasis on individuality, individual performance appraisal will most likely work, if and only if performance criteria are carefully spelled out in advance.
3. and (d) Suggestion systems and self-managing work teams: They may have more difficulty in achieving effectiveness. The high-power distance more than likely implies the acceptance of a hierarchical system in which limited participation (if any) is expected. Additionally, the high uncertainty avoidance will limit the amount of unstructured decision making that employees may find acceptable.

**Discussion Question 3:** The chapter notes that political–legal and economic systems can reflect a country’s culture. The former Eastern bloc countries seem to be changing their political–legal and economic systems. Is this change brought on by their cultures, or will culture have an impact on the ability to change these systems? Why?

Students may express many different opinions on this question. However, it seems fairly clear that economic underdevelopment and a scarcity of products and employment opportunities are fueling the demand/need for change. Certainly, the attributes of their cultures will have a strong impact on peoples' readiness for change and on their desire for changes, particularly regarding basic issues such as the adoption of a capitalistic system.

**Discussion Question 4:** Think of the different levels of global participation. What companies that you are familiar with exhibit the different levels of participation?

Again, students should have a large number of possible examples here. Nike makes athletic shoes in China and distributes on a worldwide basis. Disney theme parks are now located in Japan and France as well as in the United States. Numerous small countries export through intermediaries who make the needed arrangements for them in new markets. IBM, Xerox, Ford Motor Company, and GM are all multinational firms.

**Discussion Question 5:** Think of a time when you had to function in another culture (on a vacation or job). What were the major obstacles you faced, and how did you deal with them? Was this a stressful experience? Why? How can companies help expatriate employees deal with stress?

Responses to the first part will vary dependent on student experiences. Responses to the second part should identify how companies help expatriates deal with this type of stress by providing intensive language and culture training prior to starting the assignment in order to lessen culture shock. Also, having a contact person in the new culture who has already made a successful adjustment will be most helpful.

**Discussion Question 6:** What types of skills do you need to be able to manage in today’s global marketplace? Where do you expect to get those skills? What classes and/or experiences will you need?

Students should note that any new experience that builds on abilities to adjust and be flexible help in preparation for management positions, especially those formal and informal experiences with countries and cultures.

**Exercising Strategy**

GM’s U.S.–Mexico Challenge

1. What do you think is more important: fewer workers with higher pay, or more workers with lower pay?

Responses will vary.

1. How might the border tax impact Mexican workers and what responsibility does GM have to them? Should a global company care more about its home-country workers than host-country workers?

It would likely reduce the number of Mexican workers. Some would feel GM has no responsibility to those workers, especially since the tax is not an action taken by GM. Responses about home-country workers will vary.

1. How do you think GM should handle this decision and why?

Responses will vary.

**Managing People**

Huawei’s Culture

1. Would you want to work in a company with a culture like Huawei’s? Why or why not?

Responses will vary.

1. Do you think it is possible to sustain such a culture as leaders change? Why or why not?

Responses will vary, but could apply HRM practices, such as succession planning and training to maintain the culture through subsequent leaders.

**HR in Small Business**

Is Translating a Global Business?

1. What kinds of challenges would be involved in recruiting and selecting people to translate documents from Spanish, Polish, and French into English?

Responses will vary. One big issue here that should be discussed is the skill level of potential new hires. While often the translation services may be for routine or mundane reasons, many times a company that procures the services of a translation services firm requires those services for important legal issues. Additionally, the translation services required are not always just spoken language-based but can also include things like document translation, websites, and multimedia as well.

1. Would those challenges be easier to meet by recruiting within the United States or by looking for talent overseas? Explain.

Students will likely have differing views here as well. While some students may argue for legally trained U.S. translators, others may address the issues revolving around the benefits of hiring foreign translators who may know local language and dialects better than U.S. translators.

1. Suppose a small translation business asked you to advise the company on how to overcome cultural barriers among a staff drawn from three countries. Suggest a few ways the company could use training and performance management to achieve this goal.

Students should identify culture-specific training and objectives within their responses.

Guidance to Chapter Cases

**A Look Back**

*The Challenges of a Supply Chain*

1. While companies used to only consider cost, they now have to consider a number of other factors. What other factors do you think they need to consider?

Responses will vary, but may include loss of intellectual property from offshoring, tariffs, and political and economic risks.

1. To what extent do you think companies should consider things like a country’s stand on human rights or environmental responsibility? How can they do that?

Responses will vary.

**Competing through Globalization**

Amazon Faces Integrity Issues in China

1. How should Amazon deal with any employees who get caught selling information?

Responses will vary.

1. How should Amazon deal with any sellers who get caught buying information?

Responses will vary.

**Competing through Technology**

*The Need for Hybrid Skills*

1. What do you think “hybrid jobs” mean for how universities need to educate students differently?

The highest pay­ing jobs in the future will require both creative thinking and tech­nical prowess (hard and soft skills).

1. What do you think “hybrid jobs” mean for how you manage your career?

Responses will vary.

**Integrity in Action**

Scandal in South Korea

1. What do you think this scandal says about the intersection of entertainment, business, and law enforcement?

Responses will vary, but students should discuss how social media has impacted accountability for users.

1. What do you think should be done?

Responses will vary.

**Competing through Environmental, Social, and Governance Practices**

Company Solutions to the Environmental Challenge

1. Do you think that the Renewable Energy Buyers Alliance will be successful in creating demand-side pressure for more and better renewable energy sources?

Responses will vary.

1. Do you think this is a good idea? Why or why not?

Responses will vary.

Other Classroom Materials: CONNECT

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter materials for a specific timeframe. It is the instructors’ discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

**International Employees**

*Case Analysis*

This activity discusses how to place the correct "type" of international employee in the right position.

LO: 15-02 Discuss the four factors that most strongly influence HRM in international markets.

15-03 List the different categories of international employees.

Difficulty: 2 Medium; 3 Hard

Blooms: Remember; Understand; Apply

AACSB: Analytical Thinking; Knowledge Application

Topic: HR Challenges of International Business

**Hofstede’s Cultural Dimensions**

*Click & Drag*

This activity presents two employees who have just been assigned to work in foreign subsidiaries of their company and students are to match statements about them to one of Hofstede’s five cultural dimensions.

LO: 15-02 Discuss the four factors that most strongly influence HRM in international markets.

Difficulty: 2 Medium

Blooms: Understand

AACSB: Diversity; Analytical Thinking

Topic: HR Challenges of International Business

**Country Differences and HRM**

*Click & Drag*

This activity asks students to determine which factor most strongly influences human resource management in eight different international markets.

LO: 15-02 Discuss the four factors that most strongly influence HRM in international markets.

Difficulty: 3 Hard

Blooms: Remember

AACSB: Diversity; Knowledge Application

Topic: HR Challenges of International Business

**Levels of Global Participation**

*Click & Drag*

This activity presents various issues an HR manager has working at a multinational company and asks students to match the country or the challenge to the terminology that best illustrates the globalization of HR.

LO: 15-04 Identify the four levels of global participation and the HRM issues faced within each level.

Difficulty: 2 Medium

Blooms: Apply

AACSB: Knowledge Application

Topic: HR Challenges of International Business

**Current Global Changes**

*Click & Drag*

This activity asks students to match various statements with one of four global changes.

LO: 15-01 Identify the recent changes that have caused companies to expand into international markets.

Difficulty: 3 Hard

Blooms: Apply

AACSB: Knowledge Application

Topic: HR Challenges of International Business

**Coming Home**

*Case Analysis*

This activity reviews the issues associated with reentry after an expatriate experience.

LO: 15-03 List the different categories of international employees.

15-05 Discuss the ways companies attempt to select, train, compensate, and reintegrate expatriate managers.

Difficulty: 1 Easy; 2 Medium

Blooms: Remember; Understand

AACSB: Analytical Thinking

Topic: HR Challenges of International Business; Staffing Issues for International Workers; Training, Appraising, and Compensating International Workers

**Aramex Grows into Global Success**

*Video Case*

This activity presents a video on the global success of Aramex International, a leading global provider of logistics and transportation services.

LO: 15-02 Discuss the four factors that most strongly influence HRM in international markets.

15-03 List the different categories of international employees.

15-05 Discuss the ways companies attempt to select, train, compensate, and reintegrate expatriate managers.

Difficulty: 1 Easy; 2 Medium

Blooms: Remember; Understand; Analyze

AACSB: Analytical Thinking; Diversity

Topic: HR Challenges of International Business; Staffing Issues for International Workers; Training, Appraising, and Compensating International Workers

**Manager's Hot Seat: Cultural Dimensions—Let's Break a Deal**

*Video Case*

This activity discusses how to deal with differing cultural dimensions when negotiating a deal.

LO: 15-02 Discuss the four factors that most strongly influence HRM in international markets.

15-03 List the different categories of international employees.

15-04 Identify the four levels of global participation and the HRM issues faced within each level.

Difficulty: 1 Easy; 2 Medium

Blooms: Remember; Apply

AACSB: Knowledge Application; Diversity

Topic: HR Challenges of International Business; Staffing Issues for International Workers

**Selecting Expatriate Managers**

*Case Analysis*

This activity has students match potential expatriate candidates to their “Big Five” personality dimensions.

LO: 15-05 Discuss the ways companies attempt to select, train, compensate, and reintegrate expatriate managers.

Difficulty: 2 Medium

Blooms: Evaluate

AACSB: Analytical Thinking

Topic: Staffing Issues for International Workers

**Manager's Hot Seat: Globalization**

*Video Case*

This activity reviews how to deal with employees who need to work together but do not understand each other.

LO: 15-05 Discuss the ways companies attempt to select, train, compensate, and reintegrate expatriate managers.

Difficulty: 2 Medium

Blooms: Apply

AACSB: Knowledge Application

Topic: Managing Employees in a Global Context

**CHRO Conversations: Interview with Christine M. Pambianchi**

*Video Case*

This activity has students watch a video interview with the Executive Vice President and CHRO at Verizon and answer questions about the key issues impacting the success of a global organization.

LO: 15-02 Discuss the four factors that most strongly influence HRM in international markets.

Difficulty: 2 Medium; 3 Hard

Blooms: Analyze; Evaluate

AACSB: Analytical Thinking

Topic: Diversity Management; Factors Related to Pay Structure Decisions; Challenges Facing Human Resources Today; International Training and Development; Staffing Issues for Global Workers