



**International Management**

**MPH AIMA**

**Global Human Resources  
Management**

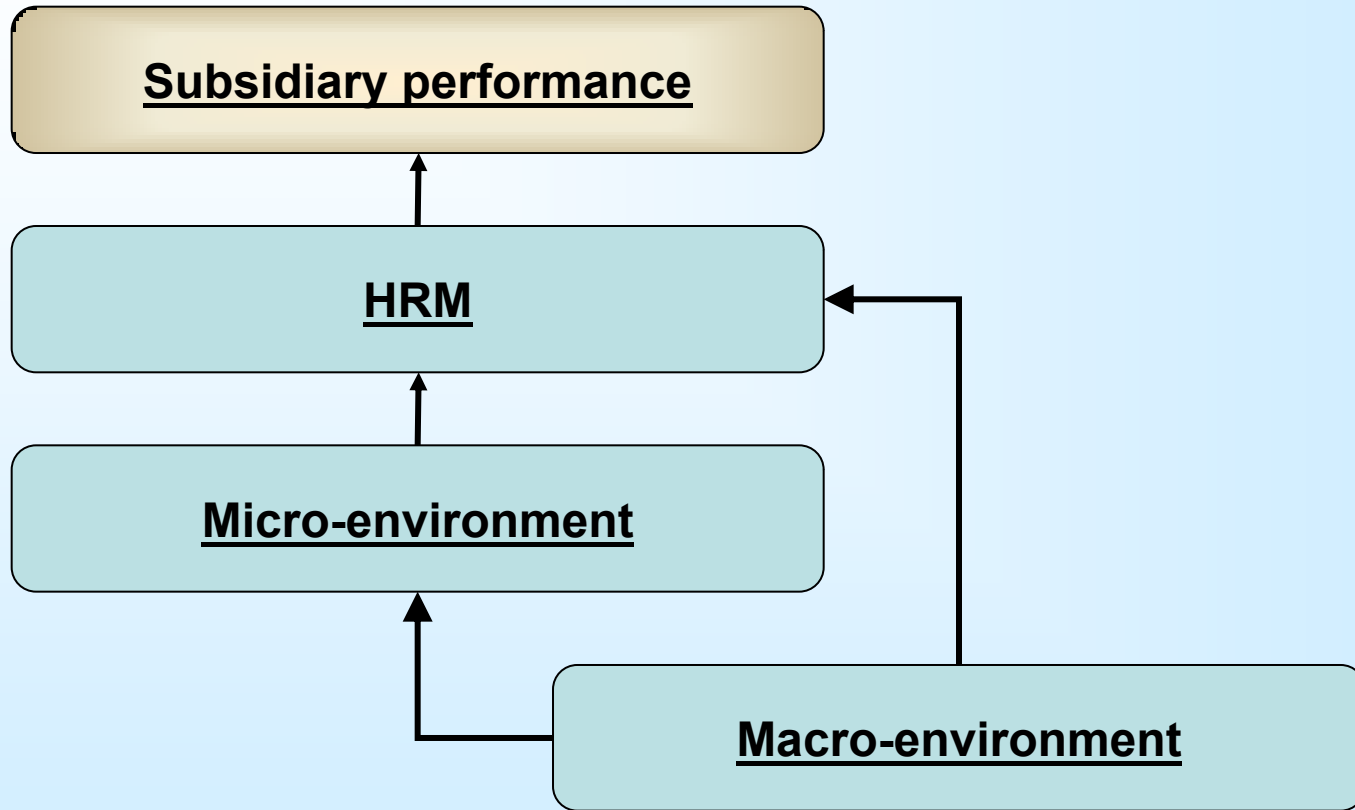
Prediction: 75000 business leaders will be needed in China in the next ten years



In a recent survey, 600 CEOs of multinational companies with businesses across Asia said a shortage of qualified staff ranked as their biggest concern in China and South-East Asia.

The Economist

- Reasons for the shortage of upper-level managers vary by country
  - Brain drain
  - A result of a planned economy
- Not only to recruit, but to retain managers
  - Growing your own
  - Tailoring employment packages



## Micro-environment

- Internal labour markets
- Availability of managerial competence in the region
- Regional wage level in comparable companies (vs. remuneration policy in the MNC)
- Teamwork in the MNC (vs. practices of competing firms)
- ...

## Macro-environment

- Legal regulations
- Degree of bureaucracy in society
- Minimum wage policies
- Availability of services
- Pressure to recruit locals
- Public educational policy
- ...

**See Gooderham & Nordhaug ch. 3 (p.87 – 101) and case 3 (p. 103-129)**

# Staffing for global operations

- Trends toward more flexible assignment policies
- Staffing modes
  - ethnocentric
  - polycentric
  - global
  - regiocentric

# Ethnocentric staffing approach

- PCNs
- advantages
- disadvantages
- associated with higher incidence of IHRM problems

*P&G – routinely appointed managers from its headquarters for foreign assignments. After several unfortunate experiences in Japan, they realized that such a practice was insensitive to local cultures and underutilized its pool of high-potential managers*

# Polycentric staffing approach

- HCNs
- more likely to be effective when implementing multinational strategy
- advantages
- disadvantages



# Global staffing approach

- TCNs
- advantages
- disadvantages



**PHILIPS**

# Regiocentric staffing approach

# What factors influence the staffing policy?

- Strategy
- Organizational structure
- Duration of particular foreign operation
- Types of technology used
- Host country factors
- Availability of qualified managers
- Pressure from local governments to hire locals
- Cost of staffing
- Home-country culture influence

The choice of staffing policy has a considerable influence on organizational variables in the subsidiary!

# Managing expats

- Employees who assign to positions in other countries
- Underestimation of the importance of expats management
- Factors that cause expats failure
- Expats selection criteria

## Kerry Smith (England, moved to Vienna, Austria)

*What advice would you give to anyone following in your footsteps?*

- Learn German. Learn German. Learn German. I have read some opinions that knowledge of the German language is not required to live here but I would tend to disagree. Obviously we have got by with little German over the past 10 months but I believe we will continue to be treated and feel like tourists whilst we speak English. Understandably it appears many Austrians are of the opinion that if you are to live in their country then you should speak their language.*
- It is important to have a clear idea about your future employment plans. From experience it is not easy to gain employment here unless you have a niche skill or can speak German.*
- Make use of the expat communities and websites out there and gather as much information as possible.*
- Be prepared for the ups and downs of acclimatizing to a unfamiliar country but most of all, enjoy it!*



- Most challenging countries for assignments :

1. China
2. Brazil
3. India
4. Indonesia
5. Japan
6. Russia
7. Mexico
8. Saudi Arabia
9. South Korea
10. France

- Culture shock

<http://www.kwintessential.co.uk/resources/quiz/cross-cultural-japan.php>

**HW – read Expat to Japan**

- Subculture shock

- Expats Training techniques





## EXHIBIT 9-6 Corporate Programs to Develop Global Managers

- ABB (Asea Brown Boveri) rotates about 500 managers around the world to different countries every two to three years in order to develop a management cadre of transpatriates to support their global strategy.
- PepsiCo has an orientation program for its foreign managers, which brings them to the United States for one-year assignments in bottling division plants.
- British Telecom uses informal mentoring techniques to induct employees into the ways of their assigned country; existing expatriate workers talk to prospective assignees about the cultural factors to expect ([www.FT.com](http://www.FT.com)).
- Honda of America Manufacturing gives its U.S. supervisors and managers extensive preparation in Japanese language, culture, and lifestyle and then sends them to the parent company in Tokyo for up to three years.
- General Electric likes its engineers and managers to have a global perspective whether or not they are slated to go abroad. The company gives regular language and cross-cultural training for them so that they are equipped to conduct business with people around the world ([www.GE.com](http://www.GE.com)).





## MANAGEMENT FOCUS

### Citibank Gives Advice on Career Planning

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#### **Be Mobile: to Get Somewhere, You Have to go Places!**

As Citibank continues to expand globally, there is a growing need for a cadre of professionals with the global perspective to lead the organization. Two-thirds of Citibank's current management team have already had international experience. While living and working in other countries are probably the most direct ways to gain a global perspective, there are alternate routes to accomplish this objective. These are well worth exploring if your road to career growth lies over Citibank's global horizons.

#### **A Global Move is a Good Career Move**

Expatriate assignments offer an extraordinary opportunity for experience, learning, and personal and career enrichment. Our goal is to have each expatriate assignment fulfill a business need and to provide each person who accepts an expatriate assignment with professional as well as personal growth opportunities.

#### **Some Career Advantages Offered by an Expatriate Assignment**

- Develop a global business outlook and an understanding of how to leverage the bank's global position.
- Gain the broader perspective through working in different cultures, geographies, businesses, and functions.
- Interact with a wide range of customers and work with globally focused managers and colleagues, so you can stretch beyond your current environment and add breadth and depth to your work experience.
- Apply your solutions to truly unique problems within different cultures and environments.
- Take on new challenges that stretch and develop your skills by requiring you to take educated risks.

#### **Other Ways to Gain a Global Perspective**

While advantageous for some, international assignments aren't right for everyone. Only you and those close to you can decide if you want to live and work in a different country, and if so, at which point in time. If success on your career path requires international experience and you are unable to take on an international assignment at this time for any reason, there are other ways to gain global exposure. These might include short-term assignments in other locations, jobs that involve cross-border interaction, or a task force made up of a global team.





# In class exercise

Make a list of the reasons you would want to accept a foreign assignment and a list of the reasons you would want to reject it.

- Compensating expats
  - salary,
  - taxes
  - allowances
  - benefits
- The balance sheet approach
- Expat centres



# Starbucks



- *When we first started, people didn't know who we were and it was rough finding sites. Now landlords are coming to us.*

*David Sun, President of Beijing Mei Da Coffee company (former Starbucks partner), 2001*

Starbucks global presence as of March 2009 :

- US stores 50 states
- over 7000 company operated stores
- over 4000 licensed stores
- international stores 43 countries
- almost 2000 company operated stores
- licensed and JV almost 3000



- Lack of managers – chinese managers trained in the US

# Global management teams

- collections of managers from several countries who must rely upon group collaboration if each member is to experience the optimum of success and goal achievement
- “GLOCAL” structure
- VIRTUAL TRANSNATIONAL TEAMS
- Building and Managing Global Teams
- advantages of synergy
- disadvantages of international teams

**HW: Read Susan's case**

# Motivating

- Are effective motivational and leadership techniques universal or culturally based?
- Based on Hofstede's work on motivation, we can make some generalized assumptions about cross-cultural motivation
  - HIGH UNCERTAINTY AVOIDANCE - suggests the need for job security
  - HIGH POWER DISTANCE - suggests motivators in the relationship between subordinates and their boss
  - HIGH INDIVIDUALISM - suggests people would be motivated by opportunities for individual advancement and autonomy
  - HIGH MASCULINITY - suggests that most people would be more comfortable with the traditional division of work and roles

<http://www.geert-hofstede.com/>

No matter what their nationality or cultural background, people are driven to fulfill needs and to achieve goals.

# Homework

- For the seminar, please, read through two cases (Expat, Teamwork)
- The cases are in the Information system IS



Thank you for attention!

