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International HRM

Human Resource Management
International HRM

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Sources


The internationalization of business
(Briscoe, Schuler & Claus, 2009)

- Increased travel
- Rapid and extensive global communication
- Rapid development and transfer of new technology
- Free trade
- Education
- Migration
- Knowledge sharing
- Pressure on costs
- Search for new markets
- Homogenization of cultures
- E-commerce
International orientation

(Briscoe, Schuler & Claus, 2009)

- Ethnocentrism
- Polycentrism or regiocentrism
- Geocentrism
Internationalization of HRM

(Briscoe, Schuler & Claus, 2009)

- IHRM is the study and application of all human resource management activities as they impact the process of managing human resources in enterprises in the global environment.

- Challenges to HRM in multinational enterprises (MNEs):
  - Developing a global mindset inside the HR function, particularly awareness and understanding of the new global competitive environment and the impact it has on the management of people worldwide
  - Aligning core HR processes and activities with the new requirements of competing globally, while simultaneously responding to local issues and requirements
  - Enhancing global competencies and capabilities within the HR function
The development of IHRM

(Briscoe, Schuler & Claus, 2009)

- Country selection
- Global staffing
- Recruitment and selection
- Compensation
- Standardization or adaptation
Differences between international and domestic HRM

- More HR functions and activities
- A broader expertise and perspective
- More involvement in people’s lives
- Managing a much wider mix of employees
- More external factors and influences
- Greater risk
Creating the international organization: Strategy and structure

Opportunities available to firms in the global environment:

- Adapting to local market differences
- Exploiting global economies of scale
- Exploiting global economies of scope
- Tapping into the best locations for activities & resources
- Maximizing knowledge and experience transfer between locations
Stages in the development of MNEs

(Briscoe, Schuler & Claus, 2009)

- Evolution of MNEs: Geographic spread: Bartlett and Ghoshal (....) stages of internationalization of companies:
  - Domestic
  - International
  - Multinational
  - Global
  - Transnational
Stages in the development of MNEs (continued)

- Internationalization through export
- International division or global product division
- Multi-country/ multi-domestic strategy
- Regionalization
- The global firm
- The transnational firm
- The born global firm
- The globally integrated enterprise
Choice of method for entry into International Business

- Licensing and subcontracting
- Outsourcing
- Offshoring
- Wholly owned subsidiary:
  - Greenfield: “Acquisition of an open (green) “field” in order to build the subsidiary facilities from scratch”
  - Brownfield: “Purchase of existing facilities (buildings) & developing the subsidiary inside those facilities” (sometimes referred to as a turnkey operation)
  - “Acquisition of an existing enterprise that is already established in the target country”
Choice of method for entry into International Business (Contd.)  (Briscoe, Schuler & Claus, 2009)

- Mergers and Acquisitions
- International Joint Ventures
- Strategic alliances, partnerships and consortia
- *Maquiladoras* (Mexican): Special form of foreign subsidiary with special characteristics favorable to foreign parents
Factors influencing how MNEs organize for global business (Briscoe, Schuler & Claus, 2009)

- Strategies
- Goals
- Environment
- Technology
- People
- Size
Factors influencing how MNEs organize for global business (Contd.) (Briscoe, Schuler & Claus, 2009)

- Firm’s forms and stages of international development
- Amount of cross-border coordination required by the firm’s strategy (i.e. degree of desired standardization & centralization vs. degree of acceptable and/or necessary localization & decentralization)
- Nature of host governments’ involvement in the economic process
- Diversity and complexity of the MNE’s business operations
Stages of international involvement

(Gomez-Mejia, Balkin & Cardy, 2012)

■ Stage 1: Primarily domestic market
■ Stage 2: “Firm expands its market to include foreign countries but retains its production facilities within domestic borders”
■ Stage 3: “Firm physically moves some of its operations out of the home country”
■ Stage 4: “Firm becomes a full fledged ‘multinational corporation ... with assembly and production facilities in several countries and regions of the world”