



# Challenges to International HRM

Presentation Slides

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# Human Resource Management International HRM

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## Sources

Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises*. NY: Routledge.

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# International HR Information Systems

(Briscoe, Schuler & Claus, 2009)

- Computer programs that help manage HR related data
- Problems:
  - Keeping track of work forces in each country of operation
  - Keeping track of long-term international assignees, including home country contact information as well as foreign addresses, etc.
  - Keeping track of short-term international assignees who may be commuting, on extended business trips or on assignment that last only a few months
  - Keeping track of international assignee compensation & benefits packages in some form of comparable information, since most international assignees have unique compensation packages

## Problems with International HR Information Systems (Briscoe, Schuler & Claus, 2009)

- Providing identification numbers for all employees around the globe (and a way to standardize these, since many countries have their own identification numbers)
- Having multilingual capabilities & fields that accommodate diverse requirements (length of names, addresses, multiple spouses, etc.)
- Foreign currency conversions for payroll, which can vary daily
- Standard formatting for compensation & benefits variations from country to country
- Budgeting & tracking payroll, given various currencies & currency fluctuations
- Government vs. private health & pension benefits in various countries

## Problems with International HR Information Systems (Contd.) (Briscoe, Schuler & Claus, 2009)

- Major variances in leave of absence & paid time off from country to country (even standard definition of what constitutes time off & when someone is included in the active head count)
- Employment contracts (with their major variances from country to country)
- No. of hours worked & vacation days
- Termination liabilities
- Tracking visas (for various types of international assignees & families & business travellers, schedules for renewal, etc.)
- Tracking family information for international assignees, including educational support

## **Problems with International HR Information Systems (Contd.)** (Briscoe, Schuler & Claus, 2009)

- International job postings – locations, timing, job responsibilities, applicable employment contracts
- Terms & conditions of employment variances from country to country
- Keeping track of all the firm's union contracts & their variances
- Data privacy laws that protect personal information residing in HR Information Systems & the backup systems (often in another country)
- Laws regarding the transfer of personal data from one country to another



## Global HR Challenges (Briscoe, Schuler & Claus, 2009)

- Not enough opportunities perceived to be in HR because of higher priority to other aspects of businesses
- Increased no. of employee relations issues
- Globalization and freer trade are leading many countries to change their legal frameworks, which impacts International HR practices & local country management
- There is very little consistency in HR infrastructure for delivery of International HR programs around the world

## Global HR Challenges (Contd.)

(Briscoe, Schuler & Claus, 2009)

- What employees want in various locations around the world is constantly changing & often creates new & difficult challenges:
  - Global work forces want top level leadership from within their own countries not just from headquarters
  - Local work forces & local HR staffs want their local office dynamics to be respected by corporate headquarters
  - Local subsidiary & joint venture managements want expatriates to take ownership of becoming part of the country they are assigned to.

## Continuous change in needs of employees worldwide (Contd.) (Briscoe, Schuler & Claus, 2009)

- Local employees want defined career paths for themselves & want to be included in corporate career planning, as well. They expect the parent firm to initiate development opportunities for local employees.
- Local offices often feel left out of corporate planning
- Local business units expect to be included in executive visits from headquarters, not to be taken for granted
- Employees in foreign subsidiaries around the globe want:
  - Variable compensation schemes to include them
  - To be included in parent company decisions regarding total rewards planning

## **Challenges to IHR functions in evolving multinational enterprises** (Briscoe, Schuler & Claus, 2009)

- True globalization and standardization of IHR functions
- Global redistribution & relocation of work due to changing organizational design
- Absorption of acquired businesses, merging of existing operations on a global scale, staffing of strategic integration teams, & attempts to develop & harmonize core HR processes within these merged businesses
- Rapid start-up of international operations & organization development as they mature through different stages of the business cycle
- Changing capabilities of international operations with increased needs for up-skilling of local operations & greater complexity

## Challenges to IHR functions in evolving MNEs (Contd.) (Briscoe, Schuler & Claus, 2009)

- Need to capitalize on the potential of technology to facilitate HR functions, while ensuring that social & cultural insights are duly considered when required
- Changes to the need of intermediaries in HR service supply chain due to increased dependence on web-based HR related services
- Articulation of appropriate pledges about the levels of performance that can be delivered to the business by the IHR function, & the requirement to meet these pledges under conditions of tight cost control
- Learning about operating through formal or informal global HR networks, acting as knowledge brokers across international operations, & avoiding a “one best way” HR philosophy

## Challenges to IHR functions in evolving MNEs (Contd.) (Briscoe, Schuler & Claus, 2009)

- Offering a compelling value proposition to the employees of the firm, & understanding & then marketing the brand that the firm represents across global labor markets that in practice have different values & different perceptions
- Identification of problems faced by HR professionals as they experience changes in the level of decentralization/ centralization across constituent international businesses.

## Opportunities for strengthening International HR

(Briscoe, Schuler & Claus, 2009)

- Professionalization of International HR
  - Global HR certification: Human Resource Certification Institute (HRCI) - <http://www.hrci.org/>
  - Society for Human Resource Management: <http://www.shrm.org/pages/default.aspx>
- Narrowing the international HR competency gap
- Development of organizational initiatives that can effectively attract, retain, & engage employees on a global scale who can achieve the organization's strategic global objectives
- Developing international HR sustainability

## International HR Jobs of the future

(Briscoe, Schuler & Claus, 2009)

- Ability to educate & influence line managers on IHR policies, practices & importance
- Being computer & technology-literate, so as to be able to create & use global databases for IHR advice & decision making & delivery worldwide of IHR transactional services
- Being able to anticipate internal & external changes, particularly of importance to the availability & qualification of HR talent around the world
- Exhibiting leadership for the IHR function & within the corporation, at headquarters level & at the business unit level



## **International HR Jobs of the future (Contd.)**

(Briscoe, Schuler & Claus, 2009)

- **Focusing on the quality of IHR services within the enterprise**
- **Defining an IHR vision of the future & communicating that to the IHR department & to the organization**
- **Developing broad knowledge of many IHR functions**
- **Being willing to take appropriate risks in the development & implementation of innovative IHR policies & practices**
- **Being able to demonstrate the financial impact of IHR policies & practices**

## What must the IHR department do

(Briscoe, Schuler & Claus, 2009)

- Hire people with international experience as far as possible
- Disperse people with international experience throughout the firm
- Learn how to recruit and assign on a global basis
- Increase the firm's international information inputs
- Train everyone in cross-cultural communication, etiquette, protocol, negotiation styles & ethics
- Ensure international developmental assignments
- Pursue Global Programs in HR certification
- Understand and appreciate the importance of developing themselves to better carry out the global objectives of the organization