



Introduction to International Human Resource Management

Presentation Slides

Table of Contents

International HRM	3
Sources.....	4
The internationalization of business.....	5
International orientation	6
Internationalization of HRM	7
The development of IHRM.....	8
Differences between international and domestic HRM	9
Creating the international organization: Strategy and structure	10
Stages in the development of MNEs.....	11
Stages in the development of MNEs (continued).....	12
Choice for method for entry into International Business	13
Choice for method for entry into International Business (continued)	14
Factors influencing how MNEs organize for global business.....	15
Factors influencing how MNEs organize for global business (continued)	16
Stages of international involvement.....	17



Human Resource Management International HRM

Aradhna Malik
Assistant Professor
VGSOM, IIT Kharagpur

Sources

- Briscoe, D.R., Schuler, R. S. & Claus, L. (2009). *International human resource management: Policies and practices for multinational enterprises*. NY: Routledge.
- Gomez-Mejia, L. R., Balkin, D. B. & Cardy, R. L. (2012). *Managing human resources (7th Ed.)*. New Delhi: PHI Ltd.

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 (Briscoe, Schuler & Claus, 2009)

- 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 & structure (Briscoe, Schuler & Claus, 2009)

- 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 (Contd.) (Briscoe, Schuler & Claus, 2009)

- 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 (Briscoe, Schuler & Claus, 2009)

- 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’”