

# INTERNATIONAL MANAGEMENT

## 5<sup>TH</sup>. PART: THE SPECIFICS OF HUMAN RESOURCES MANAGEMENT IN INTERNATIONAL ENVIRONMENT

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# 5. Human Resources Management in International Environment

- 5.1 Characteristics of international management of human resources
- 5.2 Strategy of international management of human resources in light of national preference
- 5.3 Foreign employment - guest worker

# 5.1 Characteristics of International Management of Human Resources

Intercultural management:



Cultural aspects of  
International  
management

International management  
of human resources

# 5.1 Characteristics of International Management of Human Resources

Employees in multinational corporations **come** from different countries.



The issue of human resources in the international environment has many specifics.



Human resources management in multinational corporations is significantly different from human resource management in local firms.

# 5.1 Characteristics of International Management of Human Resources

- Specifics of the international character of human resources management:
  - language (misunderstanding);
  - religion (other priorities and values);
  - daily routine (work activity at different times);
  - **gastronomy** (different length of **gastronomy**, different form of **gastronomy**).
- Choosing international HR management strategy is a significant factor of the success of business in an international environment.

## 5.2 Strategy of International Management of HR in Light of National Preference

- Basic issues solved by HR management in the international environment is national preferences in multinational corporations.
- International management of HR always tends to **give** preference one of the following ethnic groups within the company:
  - a) nationality of the country of origin of the firm;
  - b) nationality of the country of the branch office;
  - c) third nationality.

# 5.2 Strategy of international management of HR in light of national preference

## ad a) Nationality of the country of origin of the firm

- sending staff of headquarters for branch management;
- the headquarters prefers control, knowledge of the product and principles of the central management system;
- necessity:
  - good preparation of **managers sent to branches**;
  - the waiver of cultural prejudices both on the part of the sending **headquarters** and the receiving **branches**;
- mainly East Asian corporations (Hyundai a.s.).

## 5.2 Strategy of international management of HR in light of national preference

### ad b) Nationality of the country of the branch office

- prioritising local market knowledge;
- gradual building-up into management of the branch;
- mainly West European and American corporations (Wolkswagen).

### ad c) Third nationality

- the demand of specific skills;
- e.g. international gastronomy corporations.



## 5.2 Strategy of international management of HR in light of national preference

- Factors influencing the choice of the strategy of the national preference (will have a decisive influence on management of branch office the nationality of the headquarters or nationality of branch offices):
  - way of communication;
  - cultural aspects
  - ways of making decisions;
  - links between competences and responsibilities;
  - control rate;
  - knowledge appraisal;
  - performance evaluation, etc.

# 5.3 Foreign employment – Guest worker

- Distinctions affecting **the** employees by foreign employment
  - cultural aspects (language, religion, daily routine, **gastronomy**, etc.);
  - technological advancement (availability of state-of-the-art apparatuses and knowledge of effective practices);
  - legislative background and bureaucratic barriers (protecting employees at work vs. obstacles to effective cooperation);
  - climatic conditions (temperature, humidity, sunshine, etc.).

Companies sending employees to work abroad need to analyse all the above factors



It is necessary to have a strategy to achieve the success **in** sending an employee abroad

# 5.3 Foreign employment – Guest worker

- Factors affecting the nationality of manager:
  - system of company management
    - centralised - manager from parent company;
    - decentralised - a branch office manager (from country of subsidiary company);
  - differentiation
    - high product differentiation of the entire holding (parent company) - manager from the country of the parent company;
    - high product differentiation - a branch office manager;
  - complexity and technological demands of production
    - high complexity of production of the entire holding (parent company) - manager from the country of the parent company;
    - high complexity of branch production - manager from branch office;
  - economic level of the country of the branch
    - unskilled domestic staff - manager from the parent company;
    - qualified home staff - a manager from a branch office.

# 5.3 Foreign employment – Guest worker

- **Tasks of foreign managers in branches (reasons for their sending):**
  - branch management;
  - Implementation of product on the branch market;
  - information transfer and development of communication skills;
  - transfer of knowledge and technology;
  - transfer of corporate standards, values and cultures, etc..
- **Risks related to the activity of foreign managers in affiliates:**
  - demotivating domestic employees in terms of:
    - career growth;
    - financial rewards;
  - failure of foreign managers (loss about 2 - 2.5 mil CZK / expatriate):
    - professional (inefficient performance);
    - human (personal non-fulfillment of residence).

# 5.3 Foreign employment – Guest worker

## Typology of expatriates:

### 1. According to the form of the business trip:

- a) traditional;
- b) young;
- c) provisory;
- d) virtual;
- e) Commuter (mobile, moving).

### 2. According to reason of sending:

- a) technical;
- b) operational;
- c) developing;
- d) strategical.

# 5.3 Foreign employment – Guest worker

## ad 1a) Traditional expatriate:

- reason for sending: on the basis of experience and expertise;
- sending time: about 1 - 5 years;
- the extreme case are persistent expatriates (they change one foreign destination by one, or stay in one almost forever).

## ad 1b) Young expatriate:

- reason for sending: obtaining the experience;
- sending time: approx. 0.5 - 3 years.

# 5.3 Foreign employment – Guest worker

## ad 1c) Provisory expatriate:

- reason for sending: transfer and obtaining the experiences;
- posting period: till 1 year;
- gradually **acquires importance** (over 70 % of all expatriates).

## ad 1d) Virtual expatriate:

- reason for sending: transfer and obtaining the experiences;
- use of social networks, videoconferencing and telephone calls;
- a sharp increase of this form of expatriation.

## ad 1e) Commuter expatriate:

- different commuting intervals (depending on the distance of the branch).

# 5.3 Foreign employment – Guest worker

## ad 2a) Technical expatriate:

- reason for sending: special, skilled, mostly technical task (without the need for social and intercultural skills);
- example: engineers, statics, software programmers, analysts and designers, etc.

## ad 2b) Operational expatriate:

- reason for sending: business (managerial, marketing) task;
- middle management level - the demand for social and intercultural skills;
- example: sales representative, marketing specialist, trainer, etc.



# 5.3 Foreign employment – Guest worker

## ad 2c) Developing expatriate:

- reason for sending: obtaining the experience (eg social and intercultural skills);
- example: operation managers, project managers (lower management).

## ad 2d) Strategical expatriate:

- reason for sending: management of a branch (achievement of a strategic position in its chairmanship);
- the highest level of management - the demand for large social, managerial and intercultural skills;
- example: individual division manager, regional manager, etc..

## 5.3 Foreign employment – Guest worker

- Reasons for giving preference to short-term business trips abroad:
  - security issues;
  - the parallel careers of both partners;
  - fear of repatriation (returning to the original workplace);
  - less financial burden for employer (lower tax burden, insurance, accommodation, table-money, family expences - payments for family members of expatriate etc).

## 5.3 Foreign employment – Guest worker

- Compensation of the business trip abroad (not only wage conditions comparable to wage on domestic land):
  - wages;
  - equivalence of the living standard;
  - protection against currency risk;
  - tax optimisation (offsetting other tax rates in a foreign country);
  - health and social insurance (in the case of insufficient in a foreign country);
  - risk premiums (worse environment, lower security, higher crime);
  - accommodations;
  - table-money;
  - other benefits (education, travel costs, family expences, etc.).

# 5.3 Foreign employment – Guest worker

- Criteria for selecting a worker for a business trip:
  - language skills
  - adaptability;
  - flexibility;
  - intercultural skills (cultural empathy);
  - professional a special skills;
  - personal preconditions (extrovertness, adventure, etc.);
  - willingness, motivation, etc.

## 5.3 Foreign employment – Guest worker

- Immediately after the selection and during the whole period of business trip abroad, the company would have to provide training for expatriate, this training should consist mainly of this parts:
  - socio-personal skills for solving problems related to foreign culture (intercultural training, cultural assimilators, meetings foreign workers, etc.);
  - language teaching;
  - psychological stress;
  - ethnographic studies;
  - professional and special prerequisites, etc..
- **There are** software tools for expatriate training - the possibility of self-education.

## 5.3 Foreign employment – Guest worker

- After completing business trip abroad it is necessary to incorporate the worker again into the work process at the workplace from which he / she moved (headquarters, other branch) - repatriation.
- The position must be the same (or at the same level) and equally paid (or better)
- Problems related to repatriation (about **1 / 4** repatriants leave the company in the year):
  - undervaluation by the employer (last-minute solutions);
  - unsatisfactory **communication** between employer and the repatriate (the repatriate **has** no information about business trip);
  - non-respecting conditions of the same position or salary (**feeling that the time was lost abroad**);
  - insufficient use of repatriated experience;
  - jealous attitude of co-workers (exotic holiday, good earnings) – frustration.

Thank You for Your Attention