



## Course Learning Outcomes for Unit VI

Upon completion of this unit, students should be able to:

6. Discuss new demands leaders face in relation to human rights and ethical conduct.
  - 6.1 Examine the challenges involved in staffing operations in emerging market countries.

## Reading Assignment

### Chapter 9:

Staffing, Training, and Compensation for Global Operations

## Unit Lesson

Throughout the course, you have learned the importance of being culturally literate. Companies are continually negotiating sales and investments, and you might be hired to run the new enterprise. Recently, Citigroup sold its stake in a Turkish bank, a move that would affect several employees (Bray, 2015). Managers have to handle the challenges that arise at all levels of that organization.

Staffing and training personnel taking jobs overseas require very good intercultural communication skills. As a manager, your ability to listen will be tested and your ability to interpret messages will determine whether you employ staff who will make your global operations successful. International Human Resource (IHR) managers generally undertake these challenges.

Deresky (2014) presented four approaches to hiring managers; ethnocentric, polycentric, regiocentric, and global approaches. Hiring a manager from headquarters (ethnocentric) may occur when questions of loyalty and equipment safety come up. The polycentric approach occurs when the corporation hires people locally to fill managerial positions. Hiring based on the regiocentric approach means that the regional method is used. The person hired may be from Trinidad and Tobago and be responsible for the entire Caribbean area. Using the global approach, the pool of applicants might be larger than with any other approach, since there are no boundaries that prohibit applications for the job.

An expatriate employee is a person who works in a foreign country. An expatriate employee could be someone from the United States who accepts a job overseas, or someone who is hired from overseas to work in the United States. Punit Soni, formerly employed by Google, has accepted a job with Flipkart and travelled to India to meet his new employers. Although he will be working in Silicon Valley, he has to understand his employer's culture to be successful (De La Merced, 2015, para 1.).

Once a manager is chosen to work in an office overseas, staffing and training become extremely important. If staff is moved overseas, their first challenge might be dealing with culture shock. Culture shock is a term that many people use to describe their disorientation when travelling to other countries for the first time. Culture shock can be lessened by prior knowledge of the language and the differences in nonverbal communication and cultural cues. For example, when one does not know the language, they rely more on nonverbal actions. In some countries, using the fingers to beckon or to point to an item seems trivial in the United States might be offensive in other countries. Not knowing or having a full grasp of the language can be problematic when you have to rely on nonverbal signals to communicate with someone in the host country. All the excitement of moving to another country can quickly deteriorate if communication fails.

IHR managers have several priorities to consider:

- How to develop a business plan and an e-business strategy.
- How to develop the partnerships and in-house expertise for e-business.

- How to finance e-business initiatives.
- Addressing security and privacy concerns.
- How to develop good customer relations on the Internet.
- Training in technology management.
- How to collect marketing intelligence online (Deresky, 2014, p. 289).

HR managers have to consider how the spouses and children of the selected expatriate will adjust. As Deresky (2014) pointed out, “the inability of the spouse to adjust to the new environment has been found to be a major—in fact, the most frequently cited—reason for expatriate failure” (p. 279). IHR managers must ensure that if the entire family is moving overseas, the entire family should receive some training regarding the new culture and its differences.

Learning about intercultural interactions includes a knowledge of living arrangements and educational availability in the host country. It is important to be aware of the cost of living and currency conversions. IHR managers have to help staff decide whether they will rent or purchase homes. For example, the information you are asked when renting in another country might involve more documentation than is necessary in the United States. IHR should be working with the families, especially if an attorney has to be involved. Discussions might also include whether the organization will pay the costs.

Various compensation plans are created, based on marketing conditions and legal practices at home and in foreign countries. Expatriates are usually given compensation packages which include: “relocation expenses, cost-of-living adjustments (COLA), housing allowance for assignment and allowance to maintain house at home; trips home for expatriate and family; [and] private education for children” (Deresky, 2014, p. 287).

Multinational corporations, (MNCs) want to hire managers who are culturally aware and who will make their businesses successful. As discussed in a previous unit, some corporations move overseas to avoid taxes. When they do so, they use one of the approaches discussed above. If managers are asked to travel overseas, they are expected to keep revenues up and engage in any merger deals that will help the corporation. Similarly, foreign corporations might acquire U.S. holdings and, using the ethnocentric approach, send their managers to control their acquisitions. Some well-known U. S. acquisitions include IBM ThinkPad and Firestone. Financial regulations also have to be clearly understood. Recently, the European banks have made their policies clear (Anderson, 2015).

Overall, when entering the global market, the IHR team becomes very involved in staffing, training, and working out compensation for those who will work in their organizations. Training is especially important when entire families are asked to move overseas so that expatriation occurs. IHR managers must ensure that their training programs are complete. Awareness of cultural differences is a great advantage and it minimizes the risk of expatriate failures.

## References

- Anderson, J. (2015, March 4). European banking authority clarifies rules on pay. *The New York Times*. Retrieved from [http://www.nytimes.com/2015/03/05/business/dealbook/european-banking-authority-clarifies-rules-on-pay.html?emc=edit\\_dlbkam\\_20150305](http://www.nytimes.com/2015/03/05/business/dealbook/european-banking-authority-clarifies-rules-on-pay.html?emc=edit_dlbkam_20150305).
- Bray, C. (2015, March 5). Citigroup sells stake in Turkish bank for \$1.16 billion. *The New York Times*. Retrieved from [http://www.nytimes.com/2015/03/06/business/dealbook/citigroup-akbank.html?emc=edit\\_dlbkam\\_20150305](http://www.nytimes.com/2015/03/06/business/dealbook/citigroup-akbank.html?emc=edit_dlbkam_20150305).
- De La Merced, M. J. (2015, March 4). Flipkart of India, to bolster its tech credentials, hires former Google executive [Bits Blog]. Retrieved from <http://bits.blogs.nytimes.com//2015/03/04/flipkart-of-india-to-bolster-its-tech-credentials-hires-former-google-executive/>.
- Deresky, H. (2014). *International management: Managing across borders and cultures* (8th ed.). Boston, MA: Pearson.

## Suggested Reading

The article below is suggested reading that can provide further information on intercultural human resource planning. The article can be located through the CSU Online Library in the Business Source Complete database.

Stopper, W. G., Ezzedeen, S. R., Swiercz, P. M., Philip, R., Conner, J., & Plasman, J. (2003). Current Practices. *Human Resource Planning*, 26(3), 5-13.