International Human Resources Cheat Sheet

by Natalie Moore (NatalieMoore) via cheatography.com/19119/cs/2201/

Importance of HRM

Great people are a major resource in sucessful MNEs
Need to get right person in right job at right time for right $$$

Types of expatriates

Home country nationals
Third-country nationals

Geocentric benefits

Managers may move between countries and cultures without losing their personal effectiveness
Difficult to develop and maintain

How MNE HRM

Expatriate selection	Screening execs re: desire and potential for foreign assignment. Screen for tech exp, ability to adapt (self-monitoring, social skills, sensitivity) leadership.
Expatriate failure	Manager goes home due to bad results, rate of failure is droping, higher in emergin econs (India / China). Cost can be high
Expat failure reasons	Often failure of spouse / family to adapt
Preventing failure	Prep programs for general country understanding, cultural sensitivity, practical skills

How MNE HRM (cont)

Comp packages should	Motivate, maintain standard of living, reflect responsibilities, ensure after tax $$$ won't fall, maintain $$ equity among peers, compete with industry packages, be easy to admin
Repatr-iation	reintegrating the expatriate into the home country. Can pose work, $$, social problems. Find right job for returning manager.

Types of compensation plans

Balance sheet approach	Equals $$$ so expats have same purchasing power / living standard
Typical package includes	Base salary, foreign service allowance, fringe benefits, tax differentials

Define HRM

Activities to staff a company
Difficult in international companies because of environmental, strategic and org challenges

Trends in expatriate assignments

Time	< 1 year
Age	Trend to younger and older workers
Gender	Mostly male but female is rising

Polycentric: Key Benefits

Economical	Local hire usually requires less $$$ than an expat
Nationalism	Host countries prefer local managers
Management development	Giving top jobs to locals attracts and motivates local workers
Employee Morale	Local workers like to work for local managers for many social and cultural reasons
Expat failure	Expat failure can be $$$ and negative exp. Ceteris paribus locals less likely to fail
Local innovation	Locals understand local markets so a sense of innovation ops

Polycentric

Assump-tions	adapts to differences between home & host, HQ strategy DM, local adapts to local market
Advantages	Acknowledges unique merits of country, least $$ staffing, makes host govt and staff happy
Drawbacks	Complicates controlling and coordinating, isolates ops, reduces incentive for global perspective
Appropriate if	Multidomestic

By **Natalie Moore** (NatalieMoore)

cheatography.com/nataliemoore/
www.jchmedia.com/

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HRM strategy

Great HR = high productivity, comp advantage, value creation	
Company strategy and HRM should be integrated	

3 types of staff policy

Ethnocentric	Fill key positions with home country nationals
Polycentric	Host country nationals
Geocentric	Best people for key jobs regardless of nationality

Ethnocentric: Key Benefits

Command & control	Expatriates are familiar with home country so can be counted upon to transfer processes
Local talent gaps	If shortage locally
Social integration	Symbolically and operationally integrates policies, fortifies culture
Local implementation	Expats offset breakdown of policies in transfer
High turnover locals	Expats have lower liklihood of defecting to a local company, Reduces IP loss.
Management development	Expat hard earned exp boosts knowledge and promotes exec leadership

Ethnocentric

Assumptions	Presumes ideals, values and proactices superior, HQ are DM locals follow orders
Advantages	Leverages core competance, developes MGMT team
Drawbacks	Superiority complex, arrogance, cultural illiteracy, may overlook local innovation ops
Appropriate if	International

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