



INTERNATIONAL HUMAN RESOURCES MANAGEMENT: A NEW CHALLENGE

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Abstract

One of the greatest challenges facing international organizations lies in their capacity to adapt their human resources management to the norms and values of different cultures. Organizations often confuse international human resources management and expatriate management. In doing so, they involuntarily block out scores of employees who are also active in the organizations. Country of origin, locations of recruitment and work, and geographical mobility constitute the fundamental elements of a complete managerial system. In essence, the communication and exchange capacities between the various groups - some of which are more sedentary and others mobile - are main considerations of international human resources as described by Huault (1998). This article proposes the review of four pillars to global human resources management for international organizations.

Keywords: Human Resources, Human Resources Management Practices, International Organizations

1. INTRODUCTION

The emergence of international or transnational organizations is no longer in doubt when we consider the efforts displayed by some of the larger organizations to pursue a strategy of expansion of their markets as a means to reach new opportunities for their goods and services. The international dimension is a rapidly growing reality, and the same phenomenon is expanding to the smaller organizations that now perceive their development outside what they had considered to be their natural boundaries. With the globalization of economies, the capacity for

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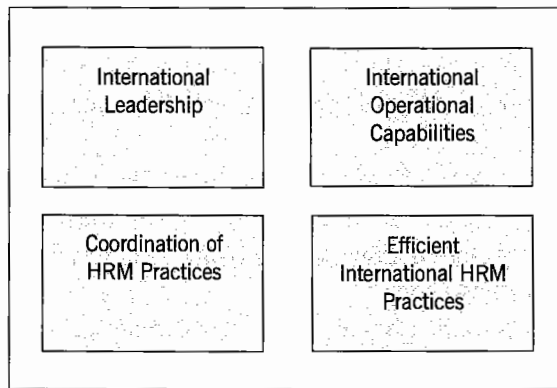
small-to-medium size organizations to expand their activities outside their natural frontiers has now become an important issue for their survival (Pantin, 2006). The Province of Quebec (ten in all in Canada) represents a structure of choice for the establishment of small-to-medium size organizations. In 2003, Quebec accounted for more than 234,000 firms on its territory, amongst which only 1.2% employed more than 200 people. More than 70% of the organizations located in Quebec during the same period employed less than 5 employees. In 2004, the Quebec Statistical Institute (2006) revealed that total exportation values amounted to 66 billion (Canadian dollars), while close to half of this amount came from organizations with less than 2000 employees. More than 80% of exports are destined for the US market and only 8% go to the European countries. Emerging markets such as those of Brazil, India and China could change this profile in years to come. Numerous articles have concentrated on the particulars of the internationalization of organizations over the years, but few of them have touched upon the issue of human resources management in such a context. This article intends to enrich the comprehension of human resources management in a context of internationalization by small-to-medium firms in Quebec. The annual classification of small-to-medium firms in Quebec includes only organizations with up to 300 employees. The article is based on a personal reflection of some fifteen years as a mobile international professional and studies conducted recently in small-to-medium firms looking at international avenues for their products or services.

2. UNDERSTANDING THE HUMAN RESOURCES MANAGEMENT PROCESS

Few studies have been completed on the concepts of human resources management in an international context, and those that do almost invariably cover major firms. There exists a noticeable shortage of sound research into the smaller firms according to Gankema *et al.* (2000). Various works have been presented to explain best practices related to the management of expatriates, training of employees who have to deal with different cultures daily, or difficulties in line with the return of expatriates to the home base company. But these efforts are not sufficient to give a thorough understanding of how an organization intent on internationalizing its products or services should proceed to manage a diversified workforce. Hence, our desire to present a model of human resources management in an international context by proposing a four-prong structure that we believe conducive to respect good human resources governance (*Figure 1*).

FIGURE 1

Human Resources Management in an International Context



2.1. International Leadership

Any serious organization wishing to internationalize its business must be able to count on its top management to instil into its employees the desire to internationalize and offer the directional support to make it happen. Reference is made to an International leadership style that comes from the top managerial team: global thinking, relevant intercultural competencies, and ideally its members come from different cultures in order to favour globalization and integration of the mission, values and vision of the organization. Laabs (1997) believes that leadership is a question of determination and competence. The degree of confidence shown by the employees towards top management to guide them in the realization of the corporate mission is undoubtedly one of the greatest challenges for the modern manager. What distinctions can be made between traditional managers and leaders? First, managers are individuals who will very often favour doing good work (results oriented), while leaders will favour doing the right things or being efficient. Also, efficient leaders spend time in judgmental and visionary activities while the activities of managers mostly cover routine activities. Lastly, leaders display good listening skills for employees and colleagues alike, a distinction which is of great significance considering that various studies have demonstrated that managers spend most of their professional time in interrelations with other people (Laabs, 1997).

Based on the research studies of MacMillan (1987) on transformational leadership as well as the works of Sanchez-Arias (2004) on the roles of leaders, we are proposing a renewed model for organizations wishing to implement and maintain an international vision. The proposed model is comprised of seven behaviour types believed to be at the base of good international leadership, which leaders should master to better promote an international strategy.

- *Change Agent*: create an international vision, know how to communicate efficiently, with emotions and rationality to inspire team members, as well as play a role of change agent;
- *Promotion of an International Vision*: progressive but continuous pressure on the need to promote international vision within each unit. International aspects incorporated in daily activities as well as measurement of individual performance;
- *Apparent Personal Commitment*: top managers have to demonstrate the importance they place on questions linked with the internalization of their markets by concrete actions and by being available to discuss matters of international dimensions;
- *Long Term Personal Commitment*: developing an international culture is likely to require time, hence the need for leaders to perpetuate their commitment. Although first efforts may not produce immediate results, good leaders must persevere in their commitment;
- *Promotion of High-Potential Employees*: the quality of the employees assigned to the international markets gives a clear indication of the serious intentions of the organization to compete for a predominant place on these markets;
- *Role of Coach and Trainer*: acquiring the talents, developing replacement measures, increasing the potential with training activities, transferring information, knowledge and experience, developing team work and intellectual competence of the organization;
- *Information Intelligence*: success of international leaders comes from sound knowledge of the markets and immediate competition, and keeping this information up-to-date. Radar-type mechanisms offer first-hand knowledge of opportunities.

Situation A

The executive manager of this organization is considered to be an *informal leader*: he is not a well-educated person, nor does he have a solid background in international markets; however, he compensates for this with good listening abilities and a sense for international business. Based on the elements of contextual analysis for organizational cultures of Vanderlinden (2003), the organizational cultural of this small to medium-size organization corresponds to a group culture. This means that a strategic vision is supported and displayed by top management making human resources development its main object. Fundamental values of the organization correspond to elements of participation, confidence, team work, and a strong sense of belonging to the organization. The development of an international leadership is

not done in a formal way. The organization started its internationalization process with the development of new markets essentially carried out by employees of the home office in Quebec. Over the years, expatriate employees are being replaced with local managers in order to minimize turnover rate inside the centres as well as to respond better to local needs and culture. Over and above the requirement of having to insure the efficient running of projects, managers, sometimes with minimal knowledge of HRM, also have to take care of the local staff. They are also expected to promote the corporate culture of the organization with minimal preparation.

2.2. International Operational Capabilities

A second pillar concerns the development of *international operational capabilities*. It entails maintaining operational capabilities to function efficiently in different areas of the world at the same time. Huault (1998) describes international management as being continuously divided between two extreme positions: standardisation or adaptation to diversity. High-performance organizations know how to create operational procedures compatible with diversity of the environment. Coordination needs generally follow the level of control expected in order to reduce uncertainty, raise the level of predictable actions, and foster a certain form of standardization in the behaviours coming from different parts of the organization in a quest for reaching common goals. The chosen structure has to reflect the type of internalization chosen by the organization, but be flexible enough to accommodate situations never encountered before by the organization. Bureaucratic structures have to be avoided as much as possible because of their administrative complexities. Putting together a structure that is sufficiently flexible to be able to serve different styles and philosophies of management that coexist in enlarged organizations represents the greatest challenge. Managerial mechanisms group together information systems, performance measures, procedures for allocating resources, strategic and budgetary planning, performance evaluation, and direct supervision. Lelarge (2003) believes that besides administrative tools, an international organization has to maintain an efficient communication system that serves to convince its employees to adhere to its values, those basic principles that members of the organization share and which guide their conduct and their judgement. Managers have a predominant role to play in the transfer of organizational values grouped under the culture of the organization, which permits the integration of all colleagues. In a general way, the challenge is to help each and every employee to go beyond his/her partial vision to acquire a more global view of the organization. Internationalization of organizations generally entails a geographical dispersion that reinforces the need to have its members share a common vision. Cultural integration can then be more easily realized through

regular communication means and exchange of common values. Following this logic, Huault (1998) suggests that mobile international personnel appear as one of the fundamental assets of an organization pursuing an international strategy. It becomes important for such an organization to motivate and mobilize its workforce so that they acquire the pertinent behaviours in complex environments. It is the global performance of the organization that becomes of utmost importance. Managers must be able to motivate the individuals and mobilize the troops. G elinier (1986) defines a mobilized employee as one who integrates his energies in the global challenges of the organization. International mobility represents a means of coordination that can help the circulation of information and the transfer of common values. According to Huault (1998), mobile managers would have larger communication networks than their more sedentary colleagues. Organizations must provide support, assistance, and financial incentives to increase the interest of high-performing employees for international assignments. These measures touch upon three critical areas: career development, financial aspects and family considerations according to Haines III and Saba (1999). Some authors argue that the presence of an international compensation package is the most important activity of any HRM program and the most time-consuming activity for the managers in international organizations. Key objectives of an international compensation plan would not be any different from domestic plans, in that they aim to acquire, retain and mobilize employees so that they represent a competitive edge for the organization. However, Lowe *et al.* (2002) strongly believe that these plans have to provide more than simple adjustments to domestic plans to really make a difference on international mobile employees.

Situation B

In the context of this small-to-medium size organization, it is important to stipulate that the structure permitting it to operate on the international scene comes as a direct response to an accelerated growth of 50% per year over the last ten years. In order to survive in such a situation, an *informal structure* has emerged as a way to manage international activities efficiently. In fact, those who chose to become project managers overseas had not been identified as such before internationalization became a reality. They represent internal resources who had worked on developing certain foreign markets and who saw their efforts being recognized with the opening of a centre in a foreign place. Since they knew the culture, the different partners and the characteristics of the markets, they immediately became unquestionable resources for these markets. Upon returning to the home office some years later, they in turn became invaluable sources of information and coaching for those called upon to replace them on these international assignments.

2.3. Efficient International HRM Practices

The third pillar concerns efficient international human resources management practices. First, before an international assignment, the human resources department must be actively involved in the recruiting and hiring process by ensuring that proper recruiting criteria are applied throughout the process. Adler (1994) believes that besides the necessary technical abilities, candidates to an international posting should also possess other abilities in line with their job expectations: a global perspective of international business in different countries; being able to work with various types of individuals from different countries and cultures; being able to adapt to work with other cultures and develop multicultural abilities throughout the course of a career; develop the capacity to treat colleagues as equals; and know how to avoid superior attitudes and behaviours with foreign colleagues, as well as a strong relationship between the home office and other offices. It is also rather important to plan familiarization sessions with the new environment before a candidate to an international posting effectively joins the place of work. This is one way to avoid misunderstandings, frustration, incomprehension and deception over unmet expectations. Runnion (2005) argues that organizations have to clearly stipulate the objectives and offer a high level of communication and support throughout the assignment, in order to increase the chances of success of an international relocation. It is imperative to keep the mobile international resources apprised of the channels of communication dedicated to them at all times in order to maintain a strong link with the home base of the organization whether it is for administrative, professional, technical, or personal matters. The assignment of a coach on site is also an efficient way to reassure the newcomers about the ways and customs in a foreign environment that may sometimes appear hostile. An international organization would benefit from a structure capable of providing real time answers to all the queries of a mobile workforce that may even feel estranged from the decision making centres. An efficient repatriation process is also essential as it sends a clear message of the importance given to the experiences acquired in foreign postings, which in turn favours the development of an international culture and encourages employees to show greater mobility. According to Saba and Chua (1999), international organizations sometimes display great efforts to manage their expatriate employees while on a foreign assignment, but show little consideration for their repatriation, which should always be part of the whole process. A study conducted in France among expatriate managers found that the employees assigned to foreign places acquire valuable competencies for the organization such as decision-making skills, technical, managerial, linguistic and intercultural knowledge as well as the creation of a personal network, which may be quite valuable to the organization upon their return (Smida, 2006).

Lastly, upon returning from an international posting, organizations would be expected to offer administrative, financial, technological and informational means to returning employees in order to accelerate their reintegration into their original environment. Dowling *et al.* (1998) insist that international organizations would benefit from integrating a repatriation process in the management of mobile workforce as well as to offer a real career development file for these individuals. The objective would be to facilitate the return of expatriates, benefit from their newly acquired experiences and knowledge, and send a message that foreign postings are part of the progression in the organization. For expatriates and their families, repatriation can create frustration and delusion (Smida, 2006). It is inevitable that upon returning to the home office, a mobile employee does not necessarily recognize his environment, the contact networks have changed, and expectations may not all be met.

Situation C

In the case of this small-to-medium size organization, top management seems to have displayed great consideration to its international employees. Before expatriation, employees have to go through a thorough screening process before being selected, at which time a letter of intent is signed by both parties, highlighting the expectations and the mandate. Assistance is provided before leaving. Formal meetings with the manager responsible for the region are held, making it possible to acquire some insights about the region he or she is about to discover. Language courses are optional and the candidate can request a preliminary field trip before accepting the posting. During the expatriation, a real time communication channel is established with the home base office (*e.g.*, Internet, direct telephone lines). Managers responsible for a region will invariably visit the site three to four times per year to provide support and keep the employees posted on important issues. When being repatriated, the mobile employee will be offered hotel facilities and transportation means for the period required to relocate. Those returning from an international posting will be offered a job equivalent to the one they held before leaving.

2.4. Coordination of HRM Practices

Huault (1998) suggests that the coordination of recruiting, training, career development and international geographical mobility as well as institutionalization of multicultural work teams and the capacity to manage diversity are crucial to the organization. This represents a model supported by the works of Dowling *et*

al. (1998) who insist on the need for managerial mechanisms to favour a global approach to HRM with no apparent frontiers between home base employees and the mobile workforce. The fourth and last pillar deals with the coordination of HRM practices. Once again it is worth mentioning that the HRM model may vary according to the particular needs of an organization, but in general, firms wishing to pursue international exposure, would benefit from integrating international human resources management with other resources of the organization. An organization pursuing a strategy of internationalization of its markets could envisage restructuring its new organizational culture around an integrated HRM structure. This is one way to identify, develop and follow the progress of those who will be called upon to intervene more on the international scene or keep close business ties with foreign markets. By capitalizing on an organizational culture shared by all, an international organization literally makes a bet that a common HRM structure will bring them closer to acceptance by the employees of its global values since organizational values are a prelude to the effective realization of the business strategy. Sparrow *et al.* (2004) believe that corporate values have the ability to bring together talented employees, since values represent ethical practices pursued by the organization and around which employees recognize themselves. More and more, Human Resources managers have to be mandated to take care of the international mobile employees in the same way they manage their national resources. This way, an organization has a greater pool of high-talented individuals to choose from and to prepare for eventual international postings. No organization can afford to wait until the last minute to identify candidates for international postings. They must be identified well in advance, their progress within the organization monitored, and their international skills developed ahead of time. Moreover, HRM specialists are increasingly required to constantly scrutinize developments in international environments so that HRM policies and practices remain competitive. Dowling and Welch (1991) insist on claiming that there is clear evidence for the fact that international HRM are at the forefront of all decisions concerning the growth of international businesses. In other words, HRM professionals have the mandate to get involved in the decision-making processes of all employees in the organization for a better alignment of HR activities with a global strategy of the organization.

Situation D

In the case of this base reference organization, it appears pertinent to mention that top management demonstrates the great importance placed on global HRM; the manager responsible for the function is directly connected to the office of the President. Participative management is at the base of all decisions and is constantly aligned on the base values of the top management team. We are referring to an organization

employing some 250 employees around the world, and close ties exist between the functions. Top management clearly believes in the role HRM can play and places the function at the centre of its considerations. All HRM practices are thought of at the home office in Quebec. Up until recently, three HR specialists were assigned to national employees (Canada and USA), but are now also responsible for expatriate employees. The HR department has recently provided a practical guide for expatriate managers, based on the one already in use at the local level. This guide has been adapted to the environment whenever needed: as an example, those responsible for the preparation of the guide for France were required to go through training sessions in order to acquire a better understanding of the local laws and regulations, and in some cases they have utilized consultants to assist in their work.

3. DISCUSSION

This paper examines how best to deal with human resources management in a context of internationalization by small-to-medium size organizations. Whereas in the past this subject has been approached by authors in a piece-meal fashion, we favour a global approach perspective that could have a greater impact on organizations. A first observation can be made on the need to have a top rank executive showing real international leadership in an organization. As already noted by many authors, it is now considered insufficient to express a desire for internationalization, unless this desire is supported by concrete and continuous actions in order to instil and share an international vision with other organization members. From this perspective, the example given of a small-to-medium size organization shows that a dynamic organization with global leadership and proper communication channels can achieve positive international results. Promoting the mobility of its highly talented employees in different international postings will favour the dissemination of an international culture. Short to medium term assignments serve to establish contact networks and communication channels. Organizations also benefit from international postings as employees returning are given strategic assignments at the home office. However, maintaining an international leadership also requires the organization to demonstrate a global perspective from its principal leaders: intercultural competencies, abilities to participate actively in the objectives of the organization, including those associated with the international vocation of the organization. From that point of view, real example B presented in this article does not show that everyone will see it as necessary to modify the organizational structure, and sometimes coordination mechanisms will mostly rely on interpersonal relations. One of the greatest challenges facing small-to-medium size organizations is to adapt their structure to the new managerial realities of international markets. Managing in different contexts and cultures requires more than a few resources: one

or two unexpected departures from the international group could severely damage the ability of the organization to pursue international activities. A third observation suggests that an organization following an international strategy is also required to place emphasis on the training and development of its high potential employees in order to facilitate access to multicultural competencies before they are even considered for international assignments or for work related closely with other cultures. In the same manner, those high potential employees must be confronted with work experience permitting them to develop a global view of the organization. Such a strategy requires reconsidering hiring criteria and identification of high potential employees early in their career. In that respect, it appears crucial to look for people who are capable and eager to join an organization with a multicultural environment and oriented towards a global managerial model with no apparent frontiers, referred to as a "Boundaryless Organization" by Ashkenas *et al.* (1995). A fourth observation illustrates the fact that an international organization has to be able to manage employees of different origins beyond its natural boundaries efficiently. Vidal (1991) points to the capacity of an organization to take advantage of these differences and turn them into a competitive edge. The challenge of an organization is to recognize the diversity of its workforce and to encourage communication measures between the groups who have to work together. As early as 1998, Trompenaars and Hampden-Turner (1998) were claiming that organizations that ventured into cultures that were distant from their own without possessing a good understanding of those cultures would experience great difficulties communicating efficiently with these cultures. This highlights a need for an early opening to other cultures and an equal need for a better understanding of our own culture before hoping to have conclusive comprehension and appreciation of others. Knowing only one foreign culture may appear insufficient in cases where the organization is pursuing international markets on different fronts. In pursuing a global HRM policy, an international organization has to acquire the sensitivity and flexibility to satisfy the needs of a multicultural workforce while at the same time, maintaining its focus on organizational objectives. To achieve a boundaryless HRM approach, an organization would have to break down barriers created by prejudices that are sometimes persistent without really knowing the reason behind such behaviours. Our research has some limitations as it is essentially based on personal reflections and years as a mobile international professional. This proposed four-prong HRM model has not been validated following a traditional scientific empirical model. However, we are confident that this paper begins an important conversation for organizations contemplating internationalization of their services or products. The aim of this article was to make an initial contribution in that respect. We are hopeful that future research work may attempt to verify this theoretical and practical framework by examining what the trends are on the market scene and how this four-prong approach might be adapted to ever changing world markets.

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Resumo

Um dos maiores desafios colocados às organizações internacionais reside na sua capacidade de adaptar a gestão de recursos humanos às normas e aos valores das diferentes culturas. As organizações internacionais confundem, muitas vezes, a gestão dos recursos humanos e com a gestão de expatriados. Ao fazê-lo, bloqueiam involuntariamente a acção de empregados bastante activos nas organizações. País de origem, locais de recrutamento e de trabalho e mobilidade geográfica constituem alguns dos elementos fundamentais de um sistema mais completo de gestão de recursos humanos. Na sua essência, a comunicação e a troca de capacidades entre os vários grupos - dos quais alguns são mais sedentários e outros mais móveis - são as principais considerações de recursos humanos internacionais, como descrito por Huault (1998). Este artigo propõe a revisão dos quatro pilares de uma gestão global de recursos humanos para as organizações internacionais.

Palavras-chave: Recursos Humanos, Práticas de Gestão para Recursos Humanos, Organizações Internacionais.

