GLOBAL HUMAN RESOURCE MANAGEMENT:
MANAGING THE GLOBAL WORKFORCE AND MNEs

Spring 2013, Tuesdays
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COURSE OVERVIEW

The Environment

Wage disparities, intense competition and fluctuating currency values make it challenging for MNEs/SMEs worldwide to compete in markets with products requiring a great deal of labor, and make it harder for some MNEs/SMEs to maintain employees abroad. The successes of multinational enterprises such as Novartis, Wal-Mart, Starbucks, Infosys, Wipro, HCL, Samsung, LG, IBM, Cisco, Lenovo, Haier, Baidu, TCL, Huawei, and Johnson & Johnson, however, show it is possible; it simply takes a lot of hard work and a global perspective.

Huge markets for products and services are not the only things enticing companies to enter the global arena. Foreign labor markets also attract interest. At year 2000 growth rates, the labor force in developing nations alone will expand by about 1 billion people by the year 2015, while the U.S. labor force will grow by only 35 million. Furthermore, opportunities for productivity growth are much greater in developing countries. Between 1996 and 2010, for example, U.S. productivity increased by about four percent and China's by more than eight percent. The reasons for these differences in productivity potential are many, but simple demographics tell much of the story. The workforce is generally older in developed countries and younger in developing countries. Furthermore, education levels are rising more rapidly in developing countries. For example, in 1970, less than 25 percent of all college students were from developing countries. Today, about 50 percent of all college students are from developing countries.

For employers seeking flexible and adaptable workers, the young and newly educated workforces in developing countries are particularly attractive. Thus, it is not surprising that many firms headquartered in developed countries now have a large proportion of their workforce located elsewhere. For example:

- The Ford Motor Company has half its employees outside the United States.
- Philips Electronics, N. V., has three-fourths of its employees working outside The Netherlands.

- More than half of Matsushita Electric's employees are outside Japan
- Just over half of L. M. Ericsson's staff work outside Sweden

The same is happening in other developed countries such as Germany, and at an increasing rate. This is due in large part to the huge wage cost disparities that exist between Germany and the world. The figures support the estimate made by BMW that labor costs are between 30 and 40 percent less in Spartanburg, S.C. than in Munich, Germany. For Toyota, they employ more than 200,000 workers in the U.S. because of transportation and manufacturing costs, it is also cheaper to build autos in the U.S. than in Japan. For both MNEs/SMEs, quality can still be maintained regardless of country.

Clearly then, for many firms, developing a global perspective is no longer an option. Consequently, organizational structures that reflect and support globalization are becoming a necessity, and the workforce to staff them mandatory. HR managers can aid their organization's transition into the arena of more intense worldwide as well as domestic competition.

The Course

This course introduces you to the impact of global conditions described above on the management of human resources at home and abroad. It discusses the expansion of international trade and the growth of US and non-US MNEs/SMEs. It considers globalization and multinational human resource management *issues* in the context of overseas subsidiaries, domestic locations and their use of immigrants, international joint ventures, international mergers and acquisitions and the multinational enterprise itself.

As we explore these *issues*, country differences due to such factors as country culture, socio-political differences, legal regulations, economic and educational levels, and business customs are addressed. There are many opportunities to learn about all these aspects of international (global) human resource management. Because this field is so large, however, we can only begin to cover it, and therefore, focus mostly on *issues* rather than *techniques*, but we will do the best job we can with your dedication, interest and involvement. Many of the techniques used in such HR policies and practices as staffing, training, etc. are already familiar to you from your work in earlier courses in the Rutgers HRM program.

Key words and expressions that will fill each class are: Information, Issues and Implications. In each class we will also add key terms/words that are central to that discussion and assigned readings.

Overall this course is about: 1) Global strategy/structure and the HR linkage; 2) modes of entry and expansion; and 3) the HR function/structure/professionals

Learning Objectives

Throughout the classes we have together, our learning objectives will be to:

- Understand and manage the realities and trends in MNEs/SMEs

- Provide opportunities to develop you "cultural intelligence"
- Know and understand the internal and external realities and trends that are important to MNEs/SMEs and GHRM
- Know and understand the use of IHRM policies and practices
- Understand the linkages between MNEs/SMEs and IHRM
- Manage the HR issues in IM&As and IJVs (CBAs)
- Share ideas, perspectives and suggestions on all issues

Assumptions

1. You enjoy learning about global conditions and their implications for managing people.
2. You think, as an HR professional, that it is important to know about global conditions and their implications for MNEs/SMEs and IHRM.
3. You know global conditions will only increase in importance and will always change.
4. Working as effectively as possible requires effective teamwork.
5. You appreciate feedback, autonomy and the opportunity to participate and contribute.
6. That you will use the laptops, smart phones, tablets, etc., in the classroom for work only related to our class activities: ***Audio or video recording of classes done only through permission of instructor. Please, no texting for non-classes purposes.***

COURSE REQUIREMENTS

1. **Individual Work**

a. Individual case analysis. We will actively discuss the cases in class and need to analyze both of them: Wal-Mart and Novartis (3 parts, 5 points each). In total each case is worth 15 points. Both cases should be analyzed from the viewpoint of the questions asked in the Case Analysis Guidelines. You are expected to specifically use and cite the materials in the related readings that accompany the particular case. **Use websites as much as possible and provide them in the references to your cases. Becoming aware of all the relevant websites for IHRM is a very important asset for an HR professional. An example is provided on Sakai for style to follow. For both cases, please be prepared to discuss them in class: you will be called upon and this will form the basis for part of the 10 points of your participation grade. Use the Case Analysis Guidelines to prepare for our class discussion. Because you only write in total only two case analyses, this class discussion part is very important.**

b. Participation in class. The other part of your participation grade will be based on your one article that you present as "Current Events". **The date of your presentations will be randomly selected on the first day we meet. Presentation skills are *very important* for HR professionals. Select an article that fits for the day you present. You can find many on**

websites and in the papers and magazines. First presentations (approx. 5-10 slides) begin on the 3rd class meeting (2/12). Please see examples posted on our Sakai sessions. PLEASE SEND ME YOUR SLIDES ONE DAY BEFORE CLASS or lose points.

Participation is also determined by your involvement in all of your group's activities. *Failure to make a positive and regular contribution to your team and to our class discussions will reduce your participation points and most likely your grade, up to half a grade per daily basis.* Please be ready to volunteer your analysis as well as respond to questions from the instructor. Dysfunctional (non-classroom applications) and inappropriate use of laptops/cell phones/smart phones/tablets and side conversations are counter to our understanding of trust and consequently may result in significant points lost. To maximize your participation and learning, daily attendance is necessary. Plan on each missed class being up to -4 points.

2A. Team Work: Written MNE Project

Part One: For the first part **select** a company, preferably one that is big and global (at least multinational). But selecting an SME is also acceptable. Describe in 5 pages the company's strategy, structure, vision, values, culture, top management style, and goals. Then **describe** in another 5-10 pages all its IHRM policies and practices. In some cases you may need to make assumptions such as: "What are the IHRM policies and practices of our MNE/SME?" To answer this (if you can't find out from the company itself) is "What are the exemplary IHRM policies and practices of a firm in this industry?" Then describe some characteristics the home country of this company (so this is 1 company and 1 country) relevant to HR professionals.

Part Two: For the second part of your group paper, please **select**: 1) One country for your company to enter using an acquisition; and 2) Another country for your company to enter using an international joint venture. Then **describe**: 3) the country (same characteristics as above) of the company you are acquiring; and 3) the country of the company you are forming an international joint venture with. Each of these can be done using 2-3 pages or exhibits. Then **describe**: 4) all the IHRM implications for the acquisition and for the international joint venture (mainly using the *Cross Border Alliances* book and the *IHRM 4e* book). For the acquisition part this will include describing the process of integration and what the final HR policies of the acquired company will be and how they will fit in the country it is operating: This might be 5-10 pages. It will also include describing all the other IHRM implications for the three stages (steps) of acquisition: About 5 -10 pages. For the international joint venture part this will include describing all the IHRM implications associated with the four stages (steps) of forming the international joint venture: Another 5-10 pages. In doing this you may need to describe the IHRM policies of the other company with which you are forming the joint venture and how you would resolve any differences: Up to 5 pages. For the IJV, assume it is a 50/50 arrangement.

2B. Team Work: Presentations on Your Project.

Plan to make: 1) an oral team progress report to the class on: **2/26** and then again on **4/9** of 3-5 minutes (perhaps just 6-7 power point slides will do; and 2) an oral presentation on **4/30** of about 20 minutes. For your oral presentation on the last class day and in your paper, please make liberal use

of exhibits. Use a common set of power point slides, font type, etc. Please use and cite as many sources as possible. Include all slides in final presentation (include first two as an appendix).

You must submit one copy of the completed and signed form, "Team Project Work Report," and one copy per person of the "Personal Activities Log" for your team's MNE Project. (Due on or before **5/7/13**, 5pm, 202 Levin).

BEING A RESPONSIBLE TEAM MEMBER IN THIS CLASS AND ALL OTHERS IN SMLR IS A MARK OF A TRUE PROFESSIONAL, SO WE EXPECT NOTHING LESS! So please meet early with your team and decide how things will be done, e.g., file sharing and editing of others comments/suggestions; and who will do them by what time.

CASE PREPARATION

Page Limits: Individual Cases (2) 5-8 pages max., plus references, exhibits, and websites. PLEASE: Use New Times Roman or something similar; 1.5 line spacing; and 12 point font size. Thanks. Please turn a hard copy the day of the case discussion. Please put in your Team Envelope.

LATE CASES CANNOT BE ACCEPTED UNDER ANY CIRCUMSTANCES because ample choice has been provided and in fairness to others.

Grading Structure

1.Individual Case Analysis (2) (2/19/13 **and** (3/12; 4/16 & 4/16) (each Novartis is 5 pts each) (15 points each for Walmart and Novartis cases)	30%	(30 points)
2. CE Presentation (15 pts) and daily/group participation (15 pts)	30%	(30 points)
3. Team MNC Project		
a. Written	25%	(25 points)
b. oral presentation	15%	(15points)
Total	100%	(100 points)

PLEASE NOTE: You are expected to be a full participant in team cases and projects both within and outside of class. Attending class but not participating (or engaging in side conversations or using your laptop for non-class work) does not provide us with a basis for giving you a satisfactory

grade and will subtract points. Not carrying your weight in your team can also have detrimental impact on your grade that may go well beyond your regular participation grade.

GRADING

We're all here because effectively managing human resources is important and exciting. You can do as well as you want to. The grading scale, which has to be followed precisely, is as follows:

- A 100-95
- B+ 94-91
- B 90-84
- C+ 83-81
- C 80-74
- F 73-0

READING MATERIALS

To facilitate our intense discussion of the key topics we will use two books:

1. TEXTS: Required (paperback)

D. Briscoe, R. Schuler and I. Tarique (2012) *International Human Resource Management 4e*, (Routledge: London). (B, S&T) ISBN 978-0-415-88476-1 (www.routledge.com/books/details/9780415884761/

R. Schuler, S. Jackson, and Y. Luo (2004) *Managing Human Resources in Cross-Border Alliances (*Routledge: London). (S, J &L) ISBN 978-0-415-36947-3

2. Cases:

a. Wal-Mart: Managing Globalization

b. Global Talent Management at Novartis: purchase for class. This is a Harvard Business School case # 9-708-486 (2008) please order through: http://hbr.org/search/9-708-486

3. TEXTS: Review

It is also recommended that you refer back to your HR 1 textbook for further discussion of international topics, e.g., international selection, compensation and training, as well as the definitions of basic HR terms such as strategy, recruitment, selection, etc. Please note that other courses cover some international topics such as compensation and rewards.

4. SAKAI: Articles/Power Point Slides

You will find many additional resources for our class discussions and your longer term career as an HR professional posted on our SAKAI site for class. Because events are constantly changing, our SAKAI is constantly updated to reflect these new events. This applies to our syllabus as well, so please check the latest revised date on a regular basis.

SCHEDULE OF EVENTS
FOR OUR CLASS MEETINGS
Spring 2013

SESSIONS (please check SAKAI each week for latest versions):

1. Class Welcome, Introductions, Overview, Syllabus Discussion; 1/22
Formation of teams (email please); Dates for CEs

2. Team Project Information and Resources 1/22
(Sessions 2, 2a-2r)

3. Overview of IHRM: Realities and Trends 2/5
Readings: B, S & T: Chapter 1
Applications to your Team Project

4. Our Model of SIHRM; Top Management; HQ Orientation; Strategy; 2/12
Form of Entry; Business Model; KPCs; Implications for IHRM
Start CE presentations
Readings: B, S & T: Chapter 2
Applications to your Team Project

5. Our Model of SIHRM; Structure and Implications for IHRM 2/19

Readings: B, S & T: Chapter 3; S, J&L: Chapters 1-3;
Case: Wal-Mart
Applications to your Team Project

6. HR Issues and Activities in International
Joint Ventures; Team Project Presentations; 2/26
HR Issues and Activities in International Mergers & Acquisitions
Readings: S, J&L: Chapters 1-6
Applications to your Team Project

Team Presentations on the status of their Team Project (no more than 10 slides)
Please describe your mother company (name, size, products, etc.) and your mother country: list 12 Competitiveness pillars; country's economic statistics; population size; education levels (PISA); employing worker information from www.doingbusiness.org; see the list of websites at the end of this syllabus too

7. Our Model of SIHRM: Cultural, Legal, Social; Labor Conditions 3/5
Readings: B, S & T: Chapters 5, 6 and 7
Applications to your Team Project

8. Global Talent Challenges: The Environment 3/12
Readings: B, S & T: Chapter 8; "Framework for Global Talent Management: HR Actions

for Dealing with Global Talent Challenges," Schuler, Jackson and Tarique; "
Case: Global Talent Management at Novartis Part I (5 Points)

Spring Break 3/16-3/24/2013

9. Human Resource Planning for MNE Operations **3/26**
Reading: B, S & T: Chapter 8; "The Global Talent Management Challenge…" by Schuler, Jackson and Tarique;
Applications to your Team Project

10. Staffing and Repatriation **4/2**
Readings: B, S & T: Chapter 9
Applications to your Team Project

11. Training, Development, Leadership; Knowledge and Career Management; and Team Progress Reports **4/9**
Readings: B, S & T: Chapter 10
Applications to your Team Project

Team Presentations on the status of their Team Projects. Use materials from 2/26, and information country cultures and customs for all countries; also some information about your IVJ, IM&As. Again, not need more than 10 slides

12. Performance Management **4/16**
Readings: B, S & T: Chapter 12
Case: Global Talent Management at Novartis Part II (5 points)
Applications to your Team Project

13. Compensation and Benefits **4/16**
Readings: B, S &T: Chapter 11
Case: Global Talent Management at Novartis Part III (5 points)
Applications to your Team Project

14a. Well Being of the Int'l Workforce **4/23**
Reading: B, S & T: Chapter 13

14b. GHRM Professionals and their HR Organizations **4/23**
Readings: B, S&C: Chapter 15; SJ&L: Chapter 8
Applications to your Team Project

15. Presentations of Team Projects on MNE Project **4/30**
Teams give 20 minute presentations with power point slides (hard and e-copies pls) **4/30**
Team Project paper on analysis due on or before (hard and e-copies pls) **5/7**
Team Project Case Work Report due (1 per team) **5/7**
Personal Activities Log Sheets for Group analysis paper due (1 per person) **5/7**

HIGHLY USEFUL WEBSITES FOR YOUR TEAM PROJECT

The following websites are those maintained by government and nongovernmental organizations. They contain a lot of good information about nations that are important for IHRM professionals to know about and check on a regular basis. They can help companies in many decisions, such as where to locate, etc. Most importantly for now, they can help your teams find the information can use! Many of these are listed on our Sakai site in various sessions. So there is a good chance you will see some references more than once!

On this page are perhaps the most frequently used for the first two team projects presentations, but certainly not the only ones:

https://www.cia.gov/library/publications/the-world-factbook/index.html
(country economic, size information)

www.pisa.oecd.org (educational attainment levels across countries)

http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2010-11.pdf (12 pillars)

www.economist.com/countries/ (country economic, political, population data here)

http://www.eiu.com/site_info.asp?info_name=about_eiu&rf=0 (country information here too)

www.doingbusiness.org www.ilo.org/dyn/natlex http://www.worldemploymentlaw.com/
(good for information on labor market regulations and labor laws)

http://news.bbc.co.uk/2/hi/country_profile/default.stm (country profiles)

http://www.weforum.org/pdf/GCR09/GCR20092010fullreport.pdf (12 pillars are here)

http://www.atkearney.com/images/global/pdf/2010_Global_Retail_Development_Index.pdf (people skills and availability around the world)

http://www.bls.gov/fls/chartbook/chartbook2010.pdf (wages around the world)

http://www.mckinsey.com/mgi/publications/role_of_us_multinational_companies/index.asp
(competitiveness of MNEs and data on US MNEs)

https://sakai.rutgers.edu/access/content/group/92b2d77a-9674-4525-a918-ccc097bc68da/Session%208/achievement_gap_report.pdf (educational attainment gaps)

http://www.bls.gov much good information about countries for comparisons

www.geerthofstede.com www.worldbusinessculture.com www.ediplomat.com www.getcustoms.com www.worldbusinessculture.com http://www.cyborlink.com/ (good country culture, traditions and business customs information)

www.asianamerica.com

http://europa.eu.int/comm/enlargement/index_en.html

www.expatriates.com www.unctad.org **www//unstats.un.org** www.oecd.org

www.unsustainable.org www.worldbank.org www.imf.org

www.fedee.com/index.shtml

www.allafrica.com www.oas.org www.littleindia.com http://knowledge.wharton.upenn.edu.india

www.labour.nic.in/ www.aflcio.org www.cyborlink.com

www.indiagov.org www.eurunion.org www.aseansec.org www.apec.org

The following are consulting companies that often publish important papers related to GHRM, so it is good to check their websites on a regular basis:

www.atkearney.com www.mckinsey.com www.pwc.com www.towerswatson.com www.bcg.com

www.mckinseyquarterly.com http://knowledge.wharton.upenn.edu www.deloitte.com

www.kpmg.com www.ddi.com www.booz.com

www.strategy+business.com www.ocrworld.com www.bna.org www.adl.com

www.businessweek.com

The following are websites of HR professional organizations around the world.

www.shrmglobal.org/ www.shrm.org www.cipd.org.uk www.ahri.com.au www.wfpma.org

www.hrci.org