

# Week 4

Different Selection Tests you can use  
How to select a candidate for a second interview  
Job Previews  
Job Offers  
References  
Conditions in Offers of Employment  
Rejecting Candidates  
Eladia Posthill, M.A., B.A. (Oxford)

# 1

- The selection process consists of five distinct aspects:
- The first aspect to **selection is planning the interview** process, which includes criteria development.
- **Criteria development** means determining which sources of information will be used and how those sources will be scored during the interview. The criteria should be related directly to the job analysis and the job specifications”. This process usually involves discussing which skills, abilities, and personal characteristics are required to be successful at any given job.
- By developing the criteria before reviewing any CVs, the HR manager can be sure he or she is being fair in selecting people to interview.

# 2

- **Application and CV review.** Once the criteria have been developed (step one), applications can be reviewed. People have different methods of going through this process, but there are also computer programs that can search for keywords in CVs and narrow down the number of CVs that must be looked at and reviewed.
- **Interviewing.** After the HR manager have determined which applications **meet the minimum criteria**, he or she must select those people to be interviewed. Most people do not have time to review twenty or thirty candidates, so the field is sometimes narrowed even further with a phone interview.

# 3

- **Test administration.** Any number of tests may be administered before a hiring decision is made. These include drug tests, physical tests, personality tests, and cognitive tests. Some organizations also perform reference checks, credit report checks, and background checks. Once the field of candidates has been narrowed down, tests can be administered.
- **Making the offer.** The last step in the selection process is to offer a position to the chosen candidate. Development of an offer via e-mail or letter is sometimes a more formal part of this process. Compensation and benefits will be defined in an offer.

# 4

- There are five main steps in the selection process. First, criteria are developed to determine how the person will be chosen.
- Second is a review of the applications and CVs, often done via a computer program that can find keywords.
- Next is interviewing the employee. The last steps involve testing, such as a personality test or drug test, and then finally, making the offer to the right candidate.

# 5

- *Fortune* 500 Focus
- In a 2010 interview (Bryant, 2010), Robert Selander, then CEO of MasterCard, cited **presence** as one of the most important aspects to do well in an interview. He describes how, in any large organization, an employee will be expected to engage with a variety of stakeholders, from a member of Congress to a contractor replacing the carpet in the building. He says that a good employee—at any level of the organization—should be able to communicate well but also be able to communicate to a variety of stakeholders”. Selander also says he will always ask the candidate about his or her weaknesses, but more importantly, how the candidate plans to address those weaknesses to make sure they do not become a barrier to success. He always asks the question “What can you do for us?”

# 6

- Share with me two situations, work related - that you are proud of, where something was achieved based on your own personal initiative and the other where the achievement was a result of the team getting something done that you could not have done alone.”
- In other words, Selander is looking for not only personal ability but the ability to work within a team to accomplish tasks. Selander offers advice to new college grads: try to find an organization where you can be involved and see all aspects of the business and be provided training to help you with certain skills that will be needed.

# 7

- Different Tests
- *Assessments* - Some should have been done early in the recruitment process while others, more specific, later. Psychometric (mental measure): Ability, aptitude, personality.
- KSAO: Knowledge, Skills, Abilities, Others



# 8

- Knowledge refers to the body of factual or procedural information that can be applied, such as knowledge of foreign languages or computer programming
- Skills are the capabilities required to perform tasks accurately.
- Abilities are more stable characteristics that can include cognitive, sensory and physical abilities, such as empathy.
- Other characteristics are traits that do not fit into the other categories, including values, work style, personality and degrees and certifications.

# 9

- Cognitive ability tests
- Personality tests
- Physical ability tests
- Job knowledge tests
- Work sample
- Once the interview process is complete, some companies use other means of measuring candidates. For example, work samples are an excellent way of seeing how someone might perform at your company

# 10

- An *aptitude test* or *achievement test* can be given. An aptitude test measures how well someone might be able to do something, while an achievement test measures what the candidate already knows. Tests that measure cognitive ability and personality are examples.
- Some organizations also perform drug tests and physical tests. Honesty tests are also given; these measure the honesty level of the candidate. However, these tests may not be reliable, since someone can guess the “right” answer.
- Facebook, Twitter, and other social networking websites are also used to gather information about a candidate.
- Calling references is another option.
- Every person interviewing the candidate should have a selection model; this method utilizes a *statistical approach* as opposed to a *clinical approach*. The selection table lists the criteria on the left and asks interviewers to provide a rating for each. This method can allow for a more consistent way of measuring candidates.

# 11

- A number of written tests can be administered. *A cognitive ability test* can measure reasoning skills, math skills, and verbal skills. *An aptitude test* measures a person's ability to learn new skills, while an *achievement test* measures someone's current knowledge. Depending on the type of job, one or both will be better suited.

# 12

- A cognitive ability test measures intelligences, such as numerical ability and reasoning. The Scholastic Aptitude Test (SAT) is an example of a cognitive ability test. It is important to note that some cognitive ability tests can have disparate impact.
- Reasoning questions
- Mathematical questions and calculations
- Verbal and/or vocabulary skills

# 13

- *Aptitude tests* can measure things such as mechanical aptitude and clerical aptitude (e.g., ability to use a particular computer program). Usually, an aptitude test asks specific questions related to the requirements of the job. To become a police officer, for example, an aptitude test is required before an application will be considered. The test measures cognitive skills and observational skills (aptitude test) required for the job<sup>2</sup>.

- *Presentations* – a selection tool especially for senior jobs. Candidate presented with a topic and given a time frame to make a presentation.
- *Group exercises* – candidates given a topic and ask to discuss it, or role-play, in a group. (Assessing leadership skills, etc.)

# 14

- *Personality tests* such as Meyers-Briggs and the “Big Five” personality factors may be measured and then compared with successful employee scores. For example, The University of Missouri Health Care system recently launched a patient satisfaction initiative as part of its strategic plan. The plan includes training for current employees and personality testing for nursing, managerial, and physician candidates (Silvey, 2011). The goal of the test is to assess talent and to see if the candidate has the potential to meet the expectations of patients. They hired a private company, Talent Plus, who conducts the test via phone interviews. However, many companies administer tests themselves, and some tests are free and can be administered online.



# 15

- *The Big Five* personality test looks at extroversion, agreeableness, conscientiousness, neuroticism, and openness. Self-assessment statements might include the following:
  - I have an assertive personality.
  - I am generally trusting.
  - I am not always confident in my abilities.
  - I have a hard time dealing with change.

# 16

- Some institutions also require *physical ability* tests; for example, to earn a position in a fire department, you may have to be able to carry one hundred pounds up three flights of stairs.
- If you use tests in your hiring processes, the key to making them useful is to determine a minimum standard or expectation, specifically related to the requirements of the job. An HR manager should also consider the legality of such tests. In the *EEOC v. Dial Corp.* case<sup>1</sup>, women were disproportionately rejected for entry-level positions. Prior to the test, 46 percent of hires were women, but after implementation of the test, only 15 percent of the new hires were women. *The Equal Employment Opportunity Commission (EEOC) established that the test was considerably more difficult than the job, resulting in disparate impact. Physical ability tests need to show direct correlation with the job duties.*

# 17

- *A job knowledge test* measures the candidate's level of understanding about a particular job. For example, a job knowledge test may require an engineer to write code in a given period of time or may ask candidates to solve a case study problem related to the job.
- Work sample tests ask candidates to show examples of work they have already done. In the advertising business, this may include a portfolio of designs, or for a project manager, this can include past project plans or budgets. When applying for a pharmaceutical representative position, a "brag book" might be required. A *brag book* is a list of recommendation letters, awards, and achievements that the candidate shares with the interviewer. Work sample tests can be a useful way to test for KSAOs. These work samples can often be a good indicator of someone's abilities in a specific area. As always, before looking at samples, the interviewer should have specific criteria or expectations developed so each candidate can be measured fairly.

# 18

- Once the interview is completed and testing occurs, other methods of checking KSAOs, including checking references, driving records, and credit history, can be performed. Some companies even use Facebook as a way of gauging the candidate's professionalism.

# 19

- Reference checking is essential to verify a candidate's background. It is an added assurance that the candidate's abilities are parallel with what you were told in the interview. While employment dates and job titles can be verified with previous employers, many employers will not verify more than what can be verified in the employment record because of privacy laws. However, if you do find someone who is willing to discuss more than just dates and job titles, a list of questions is appropriate. Some of these questions might include the following:
  - What was the title and responsibilities of the position the candidate had while at your company?
  - Do you think the candidate was qualified to assume those responsibilities?
  - Does this person show up on time and have good attendance?
  - Would you consider this person a team player?
  - What are the three strongest and weakest characteristics of this candidate?
  - Would you rehire this person?

- *References*: The peril of seeing References as simply a Formality.
- Source of much information if used effectively, they also provide perspective on the candidate's "strengths and limitations" so that you can "support the person" if they are hired.
- How to get the most of your phone call to referees.
- Avoiding open-ended questions.
- Sticking to facts, but evaluating reaction responses, pauses, hesitations.
- One example: Start with the premise 'We are seriously considering X for the post of...We think she's a good candidate and will make a good employee, so it would be useful to 'know as much as possible' about her to "confirm whether she has a high chance of success".
- Asking about skills/experience and candidate's soft skills, and social and emotional-intelligence-based capabilities

# 20

- If a candidate will be driving a company car or vehicle, such as a UPS truck, driving records may be checked. Criminal background checks may also be used if the position will include interaction with the public.
- If the position requires handling of money, a credit check may be required, although a written notice is required to be given to the candidate before the credit check is carried out.
- In addition, written permission must be provided to the credit agency, and the applicants must receive a copy of the report and a copy of their rights under the Consumer Credit Reporting Reform Act (CCRRA). All these types of tests can be used to determine if someone has been honest about their past employment.

# 21

- Some companies require drug testing, which causes some debate. While some organizations say this is a safety issue (and pay lower insurance premiums), others say it is an invasion of privacy. As long as drug tests are administered for a defensible reason (safety), many organizations will continue to require them.
- Some organizations will also require physical examinations to ensure the candidate can perform the tasks required. A final form of testing is the honesty test. A number of “what would you do” questions are asked. The challenge with this type of test is that many people know the “right” answer but may not be honest in their responses.



# 22

- *A clinical selection approach* is probably the most common selection method, and it involves all who will be making the decision to hire a candidate.
- The decision makers review the data and, based on what they learn from the candidate and the information available to them, decide who should be hired for a job.
- Because interviewers have a different perception about the strengths of a candidate, this method leaves room for error. One consideration is disparate treatment, in which one's biases may result in not hiring candidates based on their age, race, or gender. One way to handle this and limit the personal stereotypes and perceptions of the interviewers is to use a statistical method in hiring.

# 23

- In the *statistical method*, a selection model is developed that assigns scores and gives more weight to specific factors, if necessary. For example, for some jobs, the ability to work in a team might be more important, while in others, knowledge of a specific computer program is more important. In this case, a weight can be assigned to each of the job criteria listed. For example, if the job is a project manager, ability to work with the client might be more important than how someone dresses for the interview.

# 24

- A statistical method may work like this: you and the hiring team review the job analysis and job description and then determine the criteria for the job.
- You assign weights for each area and score ranges for each aspect of the criteria, rate candidates on each area as they interview, and then score tests or examine work samples.
- Once each hiring manager has scored each candidate, the hiring team can compare scores in each area and hopefully hire the best person in the best way

# 25

- Summary
- The *selection process* refers to the steps involved in choosing someone who has the right qualifications to fill a current or future job opening.
- There are five main steps in the selection process. First, criteria should be developed to determine how the person will be chosen. Second, a review of the applications and CVs is conducted, often via a computer program that can find keywords. Next, interview the employee. The last steps involve administering tests, such as a personality test, and making the offer to the right candidate.
- The first step in selection is to review CVs. Even before you do this, though, it is important to develop criteria against which each candidate will be measured. Criteria can come from the job description as well as the job qualifications.
- Other tools, such as cognitive ability tests, credit checks, or personality tests, can be used to determine qualifications. When developing your criteria for interviewing, determine the level the applicant needs to meet to meet the minimum criteria—for example, a minimum score for a personality test.

# 26

- We should be concerned with *validity and reliability* of measurement tools. *Validity* refers to how valid the test is—that is, how well a test measures a candidate’s abilities to do a job. *Reliability* refers to which selection techniques yield similar data or results over time. It is important to choose the right measurement tool used to determine whether the candidate meets the criteria.
- Use of criteria before the interview process starts is also important to make sure *disparate impact* or *disparate treatment* do not occur in the interview process.
- When hiring, there is the option of internal and external candidates. Each has its own set of advantages and disadvantages. Internal candidates may be able to “hit the ground running” but external candidates may come in with new perspectives. Even if an internal candidate seems to be the best hire, it is best to still perform the process of posting the job and interviewing, since other less vocal employees might be qualified internal candidates as well. In other words, don’t assume one person is the obvious choice for the promotion.

- Traditional, telephone, panel, informational, meal, group, and video are types of interviews. A combination of several of these may be used to determine the best candidate for the job. A *structured interview* format means the questions are determined ahead of time, and *unstructured* means the questions are based on the individual applicant. The advantage of a structured interview is that all candidates are rated on the same criteria. Before interviewing occurs, criteria and questions for a structured interview should be developed.
- Interview questions can revolve around *situational questions* or *behavioral questions*. Situational questions focus on asking someone what they would do in a given situation, while behavioral questions ask candidates what they would have done in certain situations.

- Interview questions about national origin, marital status, age, religion, and disabilities are illegal. To avoid any legal issues, it is important for interviewers to be trained on which questions cannot be asked. The *halo effect*, which assumes that one desirable trait means all traits are desirable, should also be avoided.
- interview the candidates and perform any necessary testing; and once all results are back, meet with the hiring team to discuss each candidate and make a decision based on the established criteria. Finally, put together an offer for the candidate.

- The job of the HR professional isn't finished once the selection is made. The next step is to make the offer. This step is important, because if it isn't done properly, you could lose the candidate or have ill feelings at the onset of the employment relationship.
- Once you have made the decision to hire someone, make the offer to the candidate right away. Normally this is done through a phone call and a follow-up e-mail, outlining the details of the offer.
- It is not unusual for someone to negotiate salary or benefits. Know how far you can negotiate, and also be aware of how your current employees will be affected if you offer this person a higher salary.
- If you are having trouble coming to an agreement, be creative in what you can offer; for example, offer flextime instead of higher pay.
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- So far, we have discussed the process for strategic plan development and the recruitment and selection process. The next aspect of HRM is to develop compensation plans that will help in the recruitment and retention of employees

- Offer the Job
- A compensation package is an important part of the overall strategic HRM plan, since much of the company budget is for employee compensation.
- *A compensation package* can include salary, bonuses, health-care plans, and a variety of other types of compensation.
- The goals of compensation are to attract people to work for your organization and to retain people who are already working in the organization.
- Compensation is also used to motivate employees to work at their peak performance and improve morale.
- Employees who are fairly compensated tend to provide better customer service, which can result in organizational growth and development

- Before beginning work on your compensation packages, some analysis should be done to determine your organization's philosophy in regard to compensation. Before development of your compensation philosophies, there are some basic questions to address on your current compensation packages.
- From the employee's perspective, what is a fair wage?
- Are wages too high to achieve financial health in your organization?
- Do managers and employees know and buy-into your compensation philosophy?
- Does the pay scale reflect the importance of various job titles within the organization?
- Is your compensation good enough to retain employees?
- Are state and federal laws being met with your compensation package?
- Is your compensation philosophy keeping in line with labor market changes, industry changes, and organizational changes?

- Once these basic questions are addressed, we can see where we might have “holes” in our compensation package and begin to develop new philosophies in line with our strategic plan, which benefits the organization. Some possible compensation policies might include the following:
- Are salaries higher or lower depending on the location of the business? Reasons could include cost of living in the area and fewer qualified people in a given area, giving them leverage to ask for a higher salary.

- Are salaries lower or higher than the average in your region or area? If the salary is lower, what other benefits will the employee receive to make up for this difference? For example, wages might not be as high, but offering flextime or free day care might offset the lower salary.
- Should there be a specific pay scale for each position in the organization, or should salaries be negotiated on an individual basis? If there is no set pay scale, how can you ensure individual salary offers are fair and nondiscriminatory?

- What balance of salary and other rewards, such as bonuses, should be part of your compensation package? For example, some organizations prefer to offer a lower salary, but through bonuses and profit sharing, the employee has the potential to earn more.
- When giving raises, will the employee's tenure be a factor, or will pay increases be merit-based only, or a combination of both?
- Let's discuss some internal and external factors in determining compensation in more detail.

- One major internal factor is the compensation strategy the company has decided to use.
- Some organizations choose a market compensation policy, market plus, or market minus philosophy. A market compensation policy is to pay the going rate for a particular job, within a particular market based on research and salary studies. The organization that uses a market plus philosophy will determine the going rate and add a percentage to that rate, such as 5 percent. So if a particular job category median pays \$57,000, the organization with a market plus of 5 percent philosophy will pay \$59,850. A market minus philosophy pays a particular percentage less than the market; so in our example, if a company pays 5 percent less, the same job would pay \$54,150.

- An example of an organization with a market plus philosophy is Cisco Systems, listed as one of the top-paying companies on *Fortune's* annual list. For example, they pay \$131,716 for software engineers, while at Yahoo! software engineers are paid an average of \$101,669, using a market philosophy. The pay at Cisco reflects its compensation philosophy and objectives:
- Cisco operates in the extremely competitive and rapidly changing high-technology industry. The Board's Compensation Committee believes that the compensation programs for the executive officers should be designed to attract, motivate, and retain talented executives responsible for the success of Cisco and should be determined within a framework based on the achievement of designated financial targets, individual contribution, customer satisfaction, and financial performance relative to that of Cisco's competitors. Within this overall philosophy, the Compensation Committee's objectives are to do the following:



- Offer a total compensation program that is flexible and takes into consideration the compensation practices of a group of specifically identified peer companies and other selected companies with which Cisco competes for executive talent.
- Provide annual variable cash incentive awards that take into account Cisco's overall financial performance in terms of designated corporate objectives, as well as individual contributions and a measure of customer satisfaction
- Align the financial interests of executive officers with those of shareholders by providing appropriate long-term, equity-based incentives

- An example of an organization with a market minus philosophy is Whole Foods. The executive compensation for Whole Foods is a maximum of nineteen times the average store worker (or \$608,000), very low by *Fortune* 500 executive pay standards, which average 343 times.
- Whole Foods CEO, paying on a market minus philosophy makes good business sense: “Fewer things harm an organization’s morale more than great disparities in compensation. When a workplace is perceived as unfair and greedy, it begins to destroy the social fabric of the organization”.
- Another example of an organization with a market minus philosophy is Southwest Airlines. Despite the lower pay (and more hours), the organization boasts just a 1.4 percent turnover rate, which can be attributed not to pay but to the workplace culture and, as a result, loyalty to the company

- There are many reasons why an organization would choose one philosophy over another. A market minus philosophy may tie into the company's core values, as in Whole Foods, or it may be because the types of jobs require an unskilled workforce that may be easier and less expensive to replace. A company may use a market plus philosophy because the industry's cutting-edge nature requires the best and the brightest.
- Other internal pay factors might include the employer's ability to pay, the type of industry, and the value of the employee and the particular job to the organization.

- External pay factors can include the current economic state. As a result of surplus workers, compensation may be reduced within organizations because of oversupply of workers. Inflation and cost of living in a given area can also determine compensation in a given market.
- Once an organization has looked at the internal and external forces affecting pay, it can begin to develop a pay system within the organization.

- To sum up: Before beginning work on a pay system, some general questions need to be answered. Important starting points include questions ranging from what is a fair wage from the employees' perspectives to how much can be paid but still retain financial health.
- After some pay questions are answered, a pay philosophy must be developed, based on internal and external factors. Some companies implement a market compensation philosophy, which pays the going market rate for a job. Other companies may decide to utilize a market plus philosophy, which pays higher than the average. A company could decide its pay philosophy is a market minus philosophy, which pays less than the market rate. For example, an organization may decide to pay lower salaries but offer more benefits.
- Once these tasks are done, the HR manager can then build a pay system that works for the size and industry of the organization

- Job Evaluation Systems
- As mentioned when we discussed internal and external factors, the value of the job is a major factor when determining pay. There are several ways to determine the value of a job through job evaluation.
- One of the simplest methods, used by smaller companies or within individual departments, is a job ranking system. In this type of evaluation, job titles are listed and ranked in order of importance to the organization. A paired comparison can also occur, in which individual jobs are compared with every other job, based on a ranking system, and an overall score is given for each job, determining the highest-valued job to the lowest-valued job

- Obligatory – Medical Insurance, Pension schemes.....
- Voluntary: Health Care Plan? Pension?
- Paid Time Off: Time off is a benefit we should address, since this type of benefit varies greatly, especially in other parts of the world. French companies, for example, are mandated by law to provide five weeks of paid vacation time to employees (Leung, 2009). In the United States, the number of days off provided is a major budget item worth considering. Here are the general types of time off:
- The number of sick leave days can vary greatly among employers. The average in the United States is 8.4 paid sick days offered to employees per year

- Paid Vacation
- With full-time employment, many organizations also offer paid vacation to employees, and it is generally expected as part of the compensation package. According to a survey performed by Salary.com, the average number of paid vacation days in the United States is nine days for one year of service, fourteen days for five years of service, and seventeen days for ten years of service to the organization (Yang, 2011).
- Organizations vary greatly in how vacation time is accrued. Some organizations give one hour for a certain number of days worked, while others require a waiting period before earning any paid time off (PTO). In addition, some organizations allow their employees to carry over unused vacation time from one year to the next, while other employees must use their vacation every year or risk losing it.
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- Paid Time Off (PTO)
- One option is to provide a set number of days off, which can be used for vacation time, holidays, and/or sick leave.
- To promote longevity, some organizations offer paid (or for example, 60 percent of salary paid) sabbaticals. For example, after five years of employment, the employee may take a paid sabbatical for one month.
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- Summary
- A *compensation package* is an important part of the overall strategic HRM plan, since much of the company budget is for employee compensation.
- A compensation package can include salary, bonuses, health-care plans, and a variety of other types of compensation.
- The goals of compensation are first to attract people to work for your organization. Second, they can be used to retain people who are already working in the organization.
- Compensation is also used to motivate employees to work at their peak performance and improve morale of the organization.
- Employees who are fairly compensated tend to provide better customer service, which can result in organizational growth and development.
- Several types of pay systems can be implemented. A *pay grade system* sets up specific pay levels for particular jobs, while a *going rate system* looks at the pay throughout the industry for a certain job title. *Management fit* gives maximum flexibility for managers to pay what they think someone should earn.

- HR managers can also develop pay systems based on skills and competency and utilize a broadbanding approach, which is similar to pay grades. Another option might include variable pay.
- There are several motivational theories in regard to pay. First, the *equity theory* says that people will evaluate their own satisfaction with their compensation by comparing it to others' compensation. The *expectancy theory* says people will put in only as much work as they expect to receive in rewards. Finally, the *reinforcement theory* says that if high performance is followed by a reward, high performance is likely to happen in the future.
- Other pay considerations include the size of the organization, whether the company is global, and the level of communication and employee involvement in compensation. HR managers should always be aware of what others are paying in the industry by performing market surveys.

- Besides salary, one of the biggest expenses for compensation is medical benefits. These can include health benefits, vision, dental, and disability benefits.
- The *Consolidated Omnibus Budget Reconciliation Act (COBRA)* was enacted to allow employees to continue their health insurance coverage, even if they leave their job.
- There are three main types of health-care plans. A fee-based plan allows the insured to see any doctor and submit reimbursement after a visit. An HMO plan restricts employees to certain doctors and facilities and may require a copayment and/or deductibles. A PPO plan is similar to the HMO but allows for more flexibility in which providers the employee can see.
- Pension funds were once popular, but as people tend to change jobs more, 401(k) plans are becoming more popular, since they can move with the employee.

- *Profit sharing* is a benefit in which employees receive a percentage of profit the organization earns. *Stock ownership plans* are plans in which employees can purchase stock or are granted stock and become an owner in the organization.
- Team rewards are also a popular way to motivate employees. These can be in the form of compensation if a group or the company meets certain target goals.
- Social Security and unemployment insurance are both required by federal law. Both are paid as a percentage of income by the employee and employer.
- Depending on the state, workers' compensation might be a requirement. A percentage is paid on behalf of the employee in case he or she is hurt on the job.
- Paid time off, or PTO, can come in the form of holidays, vacation time, and sick leave. Usually, employees earn more days as they stay with the company.
- Communication with employees is key to a successful benefits strategy. This includes communication before implementing the plan as well as communication about the plan.

- One word before you invite candidates for a second interview:
- Consider (and watch out for):
- Communication takes many different forms. You are trying to hire someone that, not only do the job well, and will fit in in the organization.
- *Emotional intelligence* can be improved over time, unlike IQ, which stays stable throughout life.
- Emotional intelligence includes knowing and managing your emotions, motivating yourself, recognizing and understanding other people's emotions, and managing relationships.
- There are four types of communication at work: *downward*, *upward*, *horizontal*, and *diagonal*. All types of communication can happen at once, especially with the use of blogs and social networking sites.
- Companies that use good communication tend to have less turnover and less absenteeism.
- There are four main types of communication styles: *expresser*, *driver*, *relater*, and *analytical*. The better we can understand our own style of communication and the communication styles of others, the easier it will be to communicate with them.

- **Organizational Communication Flows**
- The size, nature, and structure of the organization dictate which direction most of the information flows. In more established and traditional organizations, much of the communication flows in a vertical—downward and upward—direction. In informal firms, such as tech start-ups, information tends to flow horizontally and diagonally. This, of course, is a function of the almost flat organizational hierarchy and the need for collaboration. Unofficial communications, such as those carried in the company grapevine, appear in both types of organizations.

- **Downward Communication Flows**
- Downward communication is when company leaders and managers share information with lower-level employees. Unless requested as part of the message, the senders don't usually expect (or particularly want) to get a response. An example may be an announcement of a new CEO or notice of a merger with a former competitor. Other forms of high-level downward communications include speeches, blogs, podcasts, and videos. The most common types of downward communication are everyday directives of department managers or line managers to employees. These can even be in the form of instruction manuals or company handbooks.
- Downward communication delivers information that helps to update the workforce about key organizational changes, new goals, or strategies; provide performance feedback at the organizational level; coordinate initiatives; present an official policy (public relations); or improve worker morale or consumer relations.



- **Upward Communication Flows**

- Information moving from lower-level employees to high-level employees is upward communication (also sometimes called vertical communication). For example, upward communication occurs when workers report to a supervisor or when team leaders report to a department manager. Items typically communicated upward include progress reports, proposals for projects, budget estimates, grievances and complaints, suggestions for improvements, and schedule concerns. Sometimes a downward communication prompts an upward response, such as when a manager asks for a recommendation for a replacement part or an estimate of when a project will be completed.
- An important goal of many managers today is to encourage spontaneous or voluntary upward communication from employees without the need to ask first. Some companies go so far as to organize contests and provide prizes for the most innovative and creative solutions and suggestions. Before employees feel comfortable making these kinds of suggestions, however, they must trust that management will recognize their contributions and not unintentionally undermine or ignore their efforts. Some organizations have even installed “whistleblower” hotlines that will let employees report dangerous, unethical, or illegal activities anonymously to avoid possible retaliation by higher-ups in the company.

- **Horizontal and Diagonal Communication Flows**
- Examples of channels that carry external communication include press briefings, fact sheets, press kits, newsletters, magazines, brochures, news releases, annual reports, invoices and purchase orders.
- Horizontal communication involves the exchange of information across departments at the same level in an organization (i.e., peer-to-peer communication). The purpose of most horizontal communication is to request support or coordinate activities. People at the same level in the organization can work together to work on problems or issues in an informal and as-needed basis. The manager of the production department can work with the purchasing manager to accelerate or delay the shipment of materials. The finance manager and inventory managers can be looped in so that the organization can achieve the maximum benefit from the coordination. Communications between two employees who report to the same manager is also an example of horizontal communication. Some problems with horizontal communication can arise if one manager is unwilling or unmotivated to share information, or sees efforts to work communally as threatening his position (territorial behavior). In a case like that, the manager at the next level up will need to communicate downward to reinforce the company's values of cooperation

- Diagonal communication is cross-functional communication between employees at different levels of the organization. For example, if the vice president of sales sends an e-mail to the vice president of manufacturing asking when a product will be available for shipping, this is an example of horizontal communication.
- But if a sales representative e-mails the vice president of marketing, then diagonal communication has occurred. Whenever communication goes from one department to another department, the sender's manager should be made part of the loop. A manager may be put in an embarrassing position and appear incompetent if he isn't aware of everything happening in his department. Trust may be lost and careers damaged by not paying attention to key communication protocols.
- Diagonal communication is becoming more common in organizations with a flattened, matrix, or product-based structure. Advantages include:
- Building relationships between senior-level and lower-level employees from different parts of the organization.
- Encouraging an informal flow of information in the organization.
- Reducing the chance of a message being distorted by going through additional filters.
- Reducing the workloads of senior-level managers.

- Passive, aggressive, and passive-aggressive behaviors are not healthy ways of communicating. Assertive behavior, on the other hand, respects one's own rights and the rights of others.
- *Nonverbal communication* is one of the most important tools we can use to communicate how we feel. Watching others' body language can give us signals as to how they may really feel.
- Listening is also an important part of communication.
- *Active listening* occurs when we are interested in what the other person has to say, and we check with the speaker to make sure we understand what they have said.
- *Competitive or combative listening* is when we are focused on sharing our own point of view.
- *Passive listening* is when we listen to someone, but do not verify that we understand what someone is saying.

- Strategic human resource management (HRM) in a global environment.
- Consider taking the WorldatWork Global Remuneration Professional certification (GRP). The GRP consists of eight examinations ranging from global rewards strategy to job analysis in a global setting<sup>1</sup>.
- To discuss HRM in a global environment, it is important to define a few terms, some of which you may already know. First, *offshoring* is when a business relocates or moves some or part of its operations to another country.
- *Outsourcing* involves contracting with another company (onshore or offshore) to perform some business-related task. For example, a company may decide to outsource its accounting operations to a company that specializes in accounting, rather than have an in-house department perform this function. Thus a company can outsource the accounting department, and if the function operates in another country, this would also be offshoring.

- The Global Environment
- Although the terms *international*, *global multinational*, and *transnational* tend to be used interchangeably, there are distinct differences.
- First, a domestic market is one in which a product or service is sold only within the borders of that country.
- An international market is one in which a company may find that it has saturated the domestic market for the product, so it seeks out international markets in which to sell its product.
- A global organization is one in which a product is being sold globally, and the organization looks at the world as its market. The local responsiveness is high with a global organization.
- A multinational is a company that produces and sells products in other markets, unlike an international market in which products are produced domestically and then sold overseas.

- A transnational company is a complex organization with a corporate office, but the difference is that much of the decision making, research and development, and marketing are left up to the individual foreign market.
- The advantage to a transnational is the ability to respond locally to market demands and needs. The challenge in this type of organization is the ability to integrate the international offices. Coca-Cola, for example, engaged first in the domestic market, sold products in an international market, and then became multinational. The organization then realized they could obtain certain production and market efficiencies in transitioning to a transnational company, taking advantage of the local market knowledge

<b>Global</b>	<b>Transnational</b>
Centrally controlled operations	Foreign offices have control over production, markets
No need for home office integration, since home office makes all decisions	Integration with home office
Views the world as its market	High local responsiveness
Low market responsiveness, since it is centrally controlled	
<b>International</b>	<b>Multinational</b>
Centrally controlled	Foreign offices are viewed as subsidiaries
No need for home office integration, as home office makes all decisions	Home office still has much control
Uses existing production to sell products overseas	High local responsiveness
Low market responsiveness	



- Globalization has had far-reaching effects in business but also in strategic HRM planning. The signing of trade agreements, growth of new markets such as China, education, economics, and legal implications all impact international business.
- Trade agreements have made trade easier for companies. A trade agreement is an agreement between two or more countries to reduce barriers to trade. The result of these trade agreements and many others is that doing business overseas is a necessity for organizations. It can result in less expensive production and more potential customers.
- Because of this, along with the strategic planning aspects of a global operation, human resources needs to be strategic as well. Part of this strategic process can include staffing differences, compensation differences, differences in employment law, and necessary training to prepare the workforce for a global perspective.

- The level of education in the countries in which business operates is very important to the HR manager. Before a business decides to expand into a particular country, knowledge of the education, skills, and abilities of workers in that country can mean a successful venture or an unsuccessful one if the human capital needs are not met.
- Much of a country's human capital depends on the importance of education to that particular country. In Denmark, for example, college education are free and therefore result in a high percentage of well-educated people. In Somalia, with a GDP of \$600 per person per year, the focus is not on education but on basic needs and survival.

- The legal system practiced in a country has a great effect on the types of compensation; union issues; how people are hired, fired, and laid off; and safety issues. Rules on discrimination, for example, are set by the country. In China, for example, it is acceptable to ask someone their age, marital status, and other questions that would be considered illegal in the United States. In another legal example, in Costa Rica, “aguinaldos” also known as a thirteenth month salary, is required in December<sup>2</sup>. This is a legal requirement for all companies operating in Costa Rica.

- When discussing HRM from the global perspective, there are many considerations. Culture, language, management styles, and laws would all be considerations before implementing HRM strategies.
- multinational companies, identifying the best HRM processes for the entire organization isn't the goal, but rather finding the best fit between the firm's external environment (i.e., the law) and the company's overall strategy, HRM policies, and implementation of those policies. To this end, Adler and Bartholomew developed a set of transnational competencies that are required for business to thrive in a global business environment (Adler & Bartholomew, 1992).

- A transnational scope means that HRM decisions can be made based on an international scope; that is, HRM strategic decisions can be made from the global perspective rather than a domestic one.
- With this HRM strategy, decisions take into consideration the needs of all employees in all countries in which the company operates. The concern is the ability to establish standards that are fair for all employees, regardless of which country they operate in.
- A transnational representation means that the composition of the firm's managers and executives should be a multinational one. A transnational process, then, refers to the extent to which ideas that contribute to the organization come from a variety of perspectives and ideas from all countries in which the organization operates. Ideally, all company processes will be based on the transnational approach. This approach means that multicultural understanding is taken into consideration, and rather than trying to get international employees to fit within the scope of the domestic market, a more holistic approach to HRM is used.

- Culture as a Major Aspect of HRM Overseas
- Culture is a key component to managing HRM on a global scale. Understanding culture but also appreciating cultural differences can help the HRM strategy be successful in any country. Geert Hofstede, a researcher in the area of culture, developed a list of five cultural dimensions that can help define how cultures are different (Hofstede, 2011).

- The first dimension of culture is individualism-collectivism. In this dimension, Hofstede describes the degree to which individuals are integrated into groups. For example, in the United States, individualist society; that is, each person looks after him- or herself and immediate family. There is more focus on individual accomplishments as opposed to group accomplishments.
- In a collective society, societies are based on cohesive groups, whether it be family groups or work groups. As a result, the focus is on the good of the group, rather than the individual.
- One of the factors of culture is nonverbal language, such as the use of handshakes, kissing, or bowing.

- Power distance, Hofstede's second dimension, refers to the extent to which the less powerful members of organizations accept that power is not distributed equally. For example, some societies may seek to eliminate differences in power and wealth, while others prefer a higher power distance.
- From an HRM perspective, these differences may become clear when employees are asked to work in cross-functional teams. A Danish manager may have no problem taking advice from employees because of the low power distance of his culture, but a Saudi Arabian manager may have issues with an informal relationship with employees, because of the high power distance.



- Uncertainty avoidance refers to how a society tolerates uncertainty. Countries that focus more on avoidance tend to minimize the uncertainty and therefore have stricter laws, rules, and other safety measures.
- Countries that are more tolerant of uncertainty tend to be more easygoing and relaxed. Consider the situation in which a company in the United States decides to apply the same HRM strategy to its operations in Peru. The United States has an uncertainty avoidance score of 46, which means the society is more comfortable with uncertainty.
- Peru has a high uncertainty avoidance, with a score of 87, indicating the society's low level of tolerance for uncertainty. Let's suppose a major part of the pay structure is bonuses. Would it make sense to implement this same compensation plan in international operations? Probably not.

- Masculinity and femininity refers to the distribution of emotional roles between genders, and which gender norms are accepted by society. For example, in countries that are focused on femininity, traditional “female” values such as caring are more important than, say, showing off. The implications to HRM are huge. For example, Sweden has a more feminine culture, which is demonstrated in its management practices. A major component in managers’ performance appraisals is to provide mentoring to employees. A manager coming from a more masculine culture may not be able to perform this aspect of the job as well, or he or she may take more practice to be able to do it.

- The last dimension is long-term–short-term orientation, which refers to the society’s time horizons.
- A long-term orientation would focus on future rewards for work now, persistence, and ordering of relationships by status. A short-term orientation may focus on values related to the past and present such as national pride or fulfillment of current obligations.
- We can see HRM dimensions with this orientation in succession planning, for example. In China the person getting promoted might be the person who has been with the company the longest, whereas in short-term orientation countries like the United States, promotion is usually based on merit. An American working for a Chinese company may get upset to see someone promoted who doesn’t do as good of a job, just because they have been there longer, and vice versa.

Culture refers to the socially accepted ways of life within a society. Some of these components might include language, norms, values, rituals, and material culture such as art, music, and tools used in that culture.

Language is perhaps one of the most obvious parts of culture. Often language can define a culture and of course is necessary to be able to do business. HRM considerations for language might include something as simple as what language (the home country or host country) will documents be sent in? Is there a standard language the company should use within its communications?

- Part of understanding HRM internationally is to understand culture.
- Hofstede developed five dimensions of culture. First, there is the *individualism-collectivism* aspect, which refers to the tendency of a country to focus on individuals versus the good of the group.
- The second Hofstede dimension is *power distance*, that is, how willing people are to accept unequal distributions of power.
- The third is *uncertainty avoidance*, which means how willing the culture is to accept not knowing future outcomes.
- A *masculine-feminine* dimension refers to the acceptance of traditional male and female characteristics.
- Finally, Hofstede focused on a country's *long-term orientation* versus *short-term orientation* in decision making.
- Other aspects of culture include norms, values, rituals, and material culture. *Norms* are the generally accepted way of doing things, and values are those things the culture finds important. Every country has its own set of *rituals* for ceremonies but also for everyday interactions. *Material culture* refers to the material goods, such as art, the culture finds important.
- Other HRM aspects to consider when entering a foreign market are the economics, the law, and the level of education and skill level of the human capital in that country.

- To re-cap: *Offshoring* is when a business relocates or moves part of its operations to a country different from the one it currently operates in.
- *Outsourcing* is when a company contracts with another company to do some work for another. This can occur domestically or in an offshoring situation.
- *Domestic* market means that a product is sold only within the country that the business operates in.
- An *international* market means that an organization is selling products in other countries, while a *multinational* one means that not only are products being sold in a country, but operations are set up and run in a country other than where the business began.
- The goal of any HRM strategy is to be transnational, which consists of three components.
- First, the *transnational scope* involves the ability to make decisions on a global level rather than a domestic one.
- *Transnational representation* means that managers from all countries in which the business operates are involved in business decisions.
- Finally, a *transnational process* means that the organization can involve a variety of perspectives, rather than only a domestic one.

- Part of understanding HRM internationally is to understand culture. Hofstede developed five dimensions of culture. First, there is the *individualism-collectivism* aspect, which refers to the tendency of a country to focus on individuals versus the good of the group.
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- Types of Staffing Strategy
- There are three main staffing strategies a company can implement when entering an overseas market, with each having its advantages and disadvantages.
- The first strategy is a home-country national strategy. This staffing strategy uses employees from the home country to live and work in the country. These individuals are called expatriates.
- The second staffing strategy is a host-country national strategy, which means to employ people who were born in the country in which the business is operating.
- Finally, a third-country national strategy means to employ people from an entirely different country from the home country and host country.

- In an international environment, as long as proper research is performed, most HRM concepts can be applied. The important thing to consider is proper research and understanding of cultural, economic, and legal differences between countries.
- considerations for an international business, keeping in mind that with awareness, any HRM concept can be applied to the international environment. In addition, it is important to mention again that host-country offices should be in constant communication with home-country offices to ensure policies and practices are aligned with the organization.

- “Staffing Internationally”
- Understanding which staffing strategy to use is the first aspect of hiring the right person for the overseas assignment. The ideal candidate for an overseas assignment normally has the following characteristics:
- Managerial competence: technical skills, leadership skills, knowledge specific to the company operations.
- Training: The candidate either has or is willing to be trained on the language and culture of the host country.
- Adaptability: The ability to deal with new, uncomfortable, or unfamiliar situations and the ability to adjust to the culture in which the candidate will be assigned.

- Because success on an overseas assignment has such complex factors, the selection process for this individual should be different from the selection process when hiring domestically. The process should start with the job analysis.
- The job analysis and job description should be different for the overseas assignment, since we know that certain competencies (besides technical ones) are important for success. Most of those competencies have little to do with the person's ability to do the job but are related to his or her ability to do the job in a new cultural setting. These additional competencies (besides the skills needed for the job) may be considered:
  - Experience working internationally
  - Extroverted
  - Stress tolerance
  - Language skills
  - Cultural experiences
- Once the key success factors are determined, many of which can be based on previous overseas assignments successes, we can begin to develop a pool of internal candidates who possess the additional competencies needed for a successful overseas assignment.

- To develop the pool, career development questions on the performance review can be asked to determine the employee's interest in an overseas assignment. Interest is an important factor; otherwise, the chance of success is low. If there is interest, this person can be recorded as a possible applicant.
- An easy way to keep track of interested people is to keep a spreadsheet of interested parties, skills, languages spoken, cultural experiences, abilities, and how the candidates meet the competencies you have already developed.
- Once an overseas assignment is open, you can view the pool of interested parties and choose the ones to interview who meet the competencies required for the particular assignment.
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- Training
- Much of the training may include cultural components, which were cited by 73 percent of successful expatriates as key ingredients to success (The Economist Intelligence Unit, 2010).
- Training isn't always easy, though. The goal is not to help someone learn a language or cultural traditions but to ensure they are immersed in the sociocultural aspects of the new culture they are living in. Roger N. Blakeney, an international business researcher, identifies two main pathways to adapting to a new culture.

- First, people adjust quickly from the psychological perspective but not the social one.
- Adjusting solely from the psychological perspective does not make an effective employee. Although it may take more time to adjust, to be fully immersed and to fully understand and be productive in a culture, the expatriate must also have sociocultural adaptation. In other words, someone who can adjust from a sociocultural perspective ends up performing better because he or she has a deeper level of understanding of the culture. Determining whether your candidate can gain this deeper level would figure in your selection process.
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- One of the key decisions in any global organization is whether training should be performed in-house or an outside company should be hired to provide the training. For example, Communicaid offers online and on-site training on a variety of topics listed. Whether in-house or external training is performed, there are five main components of training someone for an overseas assignment:
  - Language
  - Culture
  - Goal setting
  - Managing family and stress
  - Repatriation



- Training on languages is a basic yet necessary factor to the success of the assignment. Although to many, English is the international business language, we shouldn't discount the ability to speak the language of the country in which one is living.
- Part of language isn't only about what you say but also includes all the nonverbal aspects of language.
- Consider the following examples:

- In the United States, we place our palm upward and use one finger to call someone over. In Malaysia, this is only used for calling animals. In much of Europe, calling someone over is done with palm down, making a scratching motion with the fingers (as opposed to one finger in the United States). In Columbia, soft handclaps are used.
- In many business situations in the United States, it is common to cross your legs, pointing the soles of your shoes to someone. In Southeast Asia, this is an insult since the feet are the dirtiest and lowest part of the body.

- Spatial differences are an aspect of nonverbal language as well. In the West, we tend to stand thirty-six inches (an arm length) from people, but in Chile, for example, the space is much smaller.
- Proper greetings of business colleagues differ from country to country.
- The amount of eye contact varies. For example, in the United States, it is normal to make constant eye contact with the person you are speaking with, but in Japan it would be rude to make constant eye contact with someone with more age or seniority.

- The goal of cultural training is to train employees what the “norms” are in a particular culture. Many of these norms come from history, past experience, and values. Cultural training can include any of the following topics:
  - Etiquette
  - Management styles
  - History
  - Religion
  - The arts
  - Food
  - Geography
  - Logistics aspects, such as transportation and currency
  - Politics

- Cultural training is important. Although cultural implications are not often discussed openly, not understanding the culture can harm the success of a manager when on overseas assignment. For example, when Revlon expanded its business into Brazil, one of the first products it marketed was a Camellia flower scented perfume. What the expatriate managers didn't realize is that the Camellia flower is used for funerals, so of course, the product failed in that country (Roy, 1998).
- Cultural implications, such as management style, are not always so obvious. Consider the US manager who went to Mexico to manage a production line. He applied the same management style that worked well in America, asking a lot of questions and opinions of employees. When employees started to quit, he found out later that employees expect managers to be the authority figure, and when the manager asked questions, they assumed he didn't know what he was doing.

- Compensation and Rewards
- There are a few options when choosing compensation for a global business. The first option is to maintain companywide pay scales and policies, so for example, all sales staff are paid the same no matter what country they are in. This can reduce inequalities and simplify recording keeping, but it does not address some key issues.
- First, this compensation policy does not address that it can be much more expensive to live in one place versus another. A salesperson working in Japan has much higher living expenses than a salesperson working in Peru, for example. As a result, the majority of organizations thus choose to use a pay banding system based on regions, such as South America, Europe, and North America. This is called a localized compensation strategy. Microsoft and Kraft Foods both use this approach. This method provides the best balance of cost-of-living considerations.

- However, regional pay banding is not necessarily the ideal solution if the goal is to motivate expatriates to move. For example, if the employee has been asked to move from Japan to Peru and the salary is different, by half, for example, there is little motivation for that employee to want to take an assignment in Peru, thus limiting the potential benefits of mobility for employees and for the company.
- One possible option is to pay a similar base salary companywide or regionwide and offer expatriates an allowance based on specific market conditions in each country . This is called the balance sheet approach. With this compensation approach, the idea is that the expatriate should have the same standard of living that he or she would have had at home. Four groups of expenses are looked at in this approach:

- Income taxes
- Housing
- Goods and services
- Base salary
- Overseas premium
- The HR professional would estimate these expenses within the home country and costs for the same items in the host country. The employer then pays differences. In addition, the base salary will normally be in the same range as the home-country salary, and an overseas premium might be paid owing to the challenge of an overseas assignment.
- An overseas premium is an additional bonus for agreeing to take an overseas assignment. There are many companies specializing in cost-of-living data, such as Mercer Reports. It provides cost-of-living information at a cost of \$600 per year.



- Other compensation issues, which will vary greatly from country to country, might include the following:
- **The cost of benefits in another country.** Many countries offer universal health care (offset by higher taxes), and therefore the employee would have health benefits covered while working and paying taxes in that country. Canada, Finland, and Japan are examples of countries that have this type of coverage. In countries such as Singapore, all residents receive a catastrophic policy from the government, but they need to purchase additional insurance for routine care (Countries with Universal Healthcare, 2011). A number of organizations offer health care for expatriates relocating to another country in which health care is not already provided.
- **Legally mandated (or culturally accepted) amount of vacation days.** For example, in Australia twenty paid vacation days are required, ten in Canada, thirty in Finland, and five in the Philippines. The average number of US worker vacation days is fifteen

- **Legal requirements of profit sharing.** For example, in France, the government heavily regulates profit sharing programs (Wilke, et. al., 2007).
- **Pay system that works with the country culture, such as pay systems based on seniority.** For example, Chinese culture focuses heavily on seniority, and pay scales should be developed according to seniority.
- **Thirteenth month (bonus) structures and expected (sometimes mandated) annual lump-sum payments.** Compensation issues are a major consideration in motivating overseas employees. A systematic system should be in place to ensure fairness in compensation for all expatriates

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- The International Labor Environment
- As we have already alluded to, understanding of laws and how they relate to host-country employees and expatriates can vary from country to country. Because of this, individual research on laws in the specific countries is necessary to ensure adherence:
- Worker safety laws
- Worker compensation laws
- Safety requirements
- Working age restrictions
- Maternity/paternity leaves
- Unionization laws
- Vacation time requirements
- Average work week hours
- Privacy laws
- Disability laws
- Multiculturalism and diverse workplace, antidiscrimination law
- Taxation

- Personality traits are a key component to determining whether someone is a good fit for an overseas assignment. Since 73 percent of overseas assignments fail, ensuring the right match up front is important.
- The ideal expatriate is able to deal with change, is flexible, and has the support of his or her family. Ideal expatriates are also organized, take risks, and are good at asking for help.
- The adjustment period an expatriate goes through depends on his or her initial preparation. Blakeney said there are two levels of adjustment: psychological adjustment and sociocultural adjustment. Although the psychological may take less time, it is the sociocultural adjustment that will allow the assignment to be successful.
- Training is a key component in the HRM global plan, whether expatriates or host-country nationals are to be hired. Both will require a different type of training. Training can reduce culture shock and stress.

- Consideration of the expatriate's family and their ability to adjust can make a more successful overseas assignment
- Compensation is another consideration of a global business. The *balance sheet approach* pays the expatriate extra allowances, such as living expenses, for taking an international assignment.
- Other considerations such as vacation days, health-care benefits, and profit-sharing programs are important as well.
- Laws of each country should be carefully evaluated from an HRM strategic perspective. Laws relating to disabilities, pregnancy, and safety, for example, should be understood before doing business overseas.

- Summary
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- The goal of any HRM strategy is to be transnational, which consists of three components. First, the *transnational scope* involves the ability to make decisions on a global level rather than a domestic one. *Transnational representation* means that managers from all countries in which the business operates are involved in business decisions. Finally, a *transnational process* means that the organization can involve a variety of perspectives, rather than only a domestic one.
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- Other HRM aspects to consider when entering a foreign market are the economics, the law, and the level of education and skill level of the human capital in that country.
- There are three types of staffing strategies for an international business. First, in the *home-country national strategy*, people are employed from the home country to live and work in the country. These individuals are called *expatriates*. One advantage of this type of strategy is easier application of business objectives, although an expatriate may not be culturally versed or well accepted by the host-country employees.

- In a *host-country strategy*, workers are employed within that country to manage the operations of the business. Visas and language barriers are advantages of this type of hiring strategy.
- A *third-country national staffing strategy* means someone from a country, different from home or host country, will be employed to work overseas. There can be visa advantages to using this staffing strategy, although a disadvantage might be morale lost by host-country employees.
- Personality traits are a key component to determining whether someone is a good fit for an overseas assignment. Since 73 percent of overseas assignments fail, ensuring the right match up front is important.

- The ideal expatriate is able to deal with change, is flexible, and has the support of his or her family. Ideal expatriates are also organized, take risks, and are good at asking for help.
- The adjustment period an expatriate goes through depends on his or her initial preparation. Blakeney said there are two levels of adjustment: psychological adjustment and sociocultural adjustment. Although the psychological adjustment may take less time, it is the sociocultural adjustment that will allow the assignment to be successful.
- Training is a key component in the HRM global plan, whether expatriates or host-country nationals are to be hired. Both will require a different type of training. The expatriate should receive extensive training on culture, language, and adjustment.

- Compensation is another consideration of a global business. Most companies keep a standard regional salary but may offer allowances for some expenses. Cost of living, taxes, and other considerations are important.
- Performance should be evaluated by both host-country and home-country managers and employees. The criteria should be determined ahead of time.
- Laws of each country should be carefully evaluated from an HRM strategic perspective. Laws relating to disabilities, pregnancy, and safety, for example, should be understood before doing business overseas.

- Logistical help can be important to ensuring the successful overseas assignment. Help with finding a place to live, finding a job for a spouse, and moving can make the difference between a successful assignment and an unsuccessful one.
- The *Visa Waiver Program (VWP)* is a program in which nationals of thirty-six countries can enter the United States for up to a ninety-day period. This type of visa may not work well for expatriates, so it is important to research the type of visa needed from a particular country by using that country's embassy website.

