



# **Global Human Resources**

**Author: M. Louise Walters**

**Editor: William Griffin**

The Leadership Center, LLC

912-349-7989

E-mail address: [louisewalters@theleadershipcenter.com](mailto:louisewalters@theleadershipcenter.com)

Web site: [www.theleadershipcenter.com](http://www.theleadershipcenter.com)

Mailing address: 1 Diamond Causeway, Suite 21, PMB 335, Savannah, GA 31406

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# ABOUT THE AUTHORS

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## M. Louise Walters

PhD Scholar, MMBA, BS, AAS, IOM

Louise is President and CEO of The Leadership Center, LLC. She is also majority owner of the woman-owned firm that is headquartered

in Savannah, GA USA.

A career executive in the organization management field, Louise provides management of and training to professional societies, trade associations, and foundations as well as various sized Chambers of Commerce. She coaches and mentors organization executives and staffs as well as leaders in business, government and academia.

As a PhD scholar in Capella University's School of Public Service Leadership, Louise is working on her Doctorate in Organizational Leadership with an emphasis in nonprofit leadership. Her dissertation topic is:

*To what extent do characteristics of the relationship between the CEO and the board chair impact the nonprofit organization?*

Louise has three decades of experience as an organization executive – as a staff professional and as the head of one of the west coast's top association management firms. For the past twenty years, she has led The Leadership Center and its predecessor, the MacWalters Company (a California-based corporation).

Louise is an experienced CEO and troubleshooter. On behalf of her clients, she provides management reviews, strategic visioning, board of directors training and staff training.

She is a national communications award winner, a successful advocate for nonprofit groups, and a change agent that has performed a number of high profile organization turn-arounds.

She has presented to, trained and advised some of the most prestigious non-profit, governmental, educational and business organizations.

Louise holds a Master's degree in Management, a Bachelor of Science degree in Legal Studies and an Associate of Applied Science degree in Legal Studies -- all from National American University.



## William R. Griffin

JD, MMBA, MS, BS

Bill is Vice President and minority owner of The Leadership Center. For the past decade, Bill has worked in higher education as a manager and instructor -- he teaches courses in business, management, law, math and science. He has been executive director of a national trade association, and has served on boards of directors of nonprofit organizations. Currently he divides his time between The Leadership Center and teaching at four universities.

Bill's education includes a Juris Doctor, MS in Management, MS in Environmental Engineering, and BS in Civil Engineering. He has strong analytical and writing skills, and he has a reputation as a producer and a communicator. On behalf of small businesses, he has provided business plans, market analyses, valuation analyses, regulatory analyses, and other services. He conducted a survey to determine the economic impact of higher education in western South Dakota.

He has extensive experience in sales and marketing for professional services firms, especially proposal writing. He worked in industry and government for three decades. As an environmental engineer and regulatory lawyer with many years in the energy industry, he has strong skills in sustainability.

Bill's experience includes:

- Leader of the regulatory compliance effort on the nation's largest construction project
- Manager of engineering subcontractor teams as large as 350 people
- Manager role in over 100 technical services projects
- Worker on over 200 proposals for professional services contracts (win rate above 50%)
- Technical writer, editor, and book project manager
- Manager during the launch of new organizations (Sales Manager, Project Manager, VP)
- VP, General Counsel and Corporate Secretary of a successful startup firm
- Experience with governance and corporate boards
- Business consultant to small companies
- Leader of graduate and undergraduate programs in business and management
- Executive Director and organizer of a new, national trade association
- Founder of the Center for Business and Economics, a regional "think tank"

## ABSTRACT

The field of HR management has expanded over the last century in response to the needs of organizations and people. With trends embracing up-sizing, downsizing, and rightsizing, HR is at the center of this job-related turbulence. The field of HR management has come a long way from being an order-taker, merely matching people and jobs, to that of a strategic partner participating in important business decisions made not just on a local or regional level, but on a global one as well. This paper examines the role of HR in a global organization. It discusses the risks that a global environment presents to HR professionals. Meanwhile, it identifies the benefits and opportunities that globalization has created for HR managers. It discusses effective practices that the wise global HR manager/department would embrace.

*Keywords:* human resources, HR, global human resources, HR risks and benefits of globalization, best practices

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## **Introduction: Historical Context**

In response to the needs of organizations and people, the field of human resource (HR) management has exploded over the last century. A discussion of HR management is not complete without acknowledging the laws and labor union initiatives that created ways for employees and employers to address wages and working conditions. In 1866, the United States saw the founding of the nation's first labor union, the National Labor Union (NLU). NLU would go on to become one of several labor US unions formally organized following decades of random rebellions and loosely arranged strikes over low wages and poor working conditions. Through the years, the influence of labor unions has ebbed and flowed. Labor, however, is not the sole champion of the worker. Another interested party is the government of the United States, which, through the years, has adopted important laws and regulations that provide a wide array of protections and benefits to workers.

It is on this stage that the field of HR evolved during the Nineteenth and Twentieth Centuries. In the Twenty First Century, globalization may be the most important development in the HR field.

## **The Role of Human Resources in a Global Organization**

Up-sizing, downsizing, rightsizing -- HR is smack-dab in the middle of all of this job-related turbulence. Human resources management has come a long way from that of an order-taker merely matching people and jobs, to that of a strategic partner participating in important business development decisions that are made not just on a local or regional level, but on a global level as well.

In her paper "Managing Talent in a Global Work Environment," Anna Bohara says, "The combination of a globalized workforce with massive mobility is compelling organizations to work with growing numbers of people from different cultures, with different customs, values, beliefs and practices. The free movement of products, communication, capital, services, and, increasingly, labor is accelerating worldwide. These market and workforce trends are having a dramatic impact on where and how business is done" (2007, Bohara).

That the HR evolution affects every country in the world is an understatement. Donna Bear points out "...the stages of HR evolution differ globally" (2005, Bear). Why is that? It is because some countries are far more developed, thus their HR needs are more plentiful and complex. Other countries are in the midst of, or are just beginning, their relationships with HR.

In general, within the typical US company, the HR department is trying to position itself as a strategic player in the corporate structure. In Europe, companies are struggling with a growing HR field that is trying to become more efficient in providing HR services. Meanwhile, China and other fast-growing countries in Asia are just beginning their HR evolution. For comparison purposes, we can use the family unit as a metaphor for the development of HR worldwide. If the United States is the eldest daughter (and, by virtue of age, has the most experience) and Europe is the middle brother, then China would be the younger sister, having the least amount of exposure to modern industry and to HR matters.

The classic role of HR in global organizations is one of development and sustainability. Another way to look at it is that HR departments provide support to other departments by recruiting and developing employees to satisfy the functional needs of the organization. It is a fact that employees are the key to the success or failure of organizations. This is where employee development steps in. By arming employees with the skills necessary for them to succeed (and not merely to function), the organization develops a distinct competitive advantage.

The HR function is taking on a more strategic, high profile role. Richard Torraco and Richard Swanson focus on HR functions, “The strategic roles assumed by HR ...offer a key contribution to their organizations – the development of employee expertise that is vital to optimal business performance” (1995, Torraco and Swanson). The authors advance the idea that, although in the past HR has played a supporting role, now HR “...can offer even greater strategic value as a key determinant of business strategy” (1995, Torraco and Swanson). That emerging role places HR management on the same level as an organization’s legal and finance, indeed, as a partner in strategic business formulation and development. This new initiative requires HR managers to be more than merely order takers, cheerleaders, and interveners.

Over the last twenty years, our world has evolved into a global marketplace. During that time, the function of HR professionals has dramatically changed. Today’s HR managers need to understand global business customs and cultural customs along with learning how to navigate through other HR related issues. “As international managers work together, they bump into different assumptions about leadership, competition, the value of assertiveness, the meaning of silence, rules for group work, reward systems, decision making, hierarchy, age, and time.... When U.S. managers cannot read the signals correctly, or are not even aware they must do so, the consequences are often lost business opportunities” (1989, Marsick, Turner, and Cederholm).

## **Risks Placed on Human Resources Managers Because of Globalization**

When an employee is sent on a foreign assignment and is not successful, the organization's HR personnel may be blamed. Simply put, the biggest risk globalization has placed on HR managers is being ineffective in providing the guidance and help that employees need when they are placed in a different culture. This may be more the case if the HR manager is located in the home country (say, the United States) and has no background or little connectivity with the host country (or assignment country). Assimilation into another culture is not easy. Some of the risks that HR managers face are: language barriers, differences in customs, a lack of 'safety net' support that friends and family had provided in the home country, and overcoming biases held by those native to the host country.

In order to ease the transition, many consultants, like Bob Scott of ExpatRepat Services, work with organizations and their employees who are assigned to foreign countries. A big challenge for HR professionals is to be able to identify and tap into resources like those that Scott provides. This is especially true if the company's HR professionals are not located in the employee's host country. What kinds of issues might an employee face? "One would never send an employee on an expatriate assignment who possesses inadequate professional competence to complete the assignment half-a-world away from home. Yet, many employees with professional competence are sent who are at risk... as expatriates"... in being unwilling, or unable, to adjust well to a host culture. (2011, Scott)

Results could be disastrous: the employee might perform at a substandard level, or (if bad enough) the employee would stand the chance of being recalled and the assignment abandoned. Either way, this could reflect poorly on the HR manager.

## **Benefits and Rewards of Globalization for Human Resources Managers**

Human resource professionals operating in an international environment can look to an exciting future. Some of the functions that HR professionals perform will be enhanced, and new competencies will be developed. Enhancement of global perspectives will also occur. "Taking the lead in developing global leaders provides HR executives with an excellent opportunity to become an integral player in implementing global business strategy and influencing the organization's competitiveness" (1998, Pucik and Saba).

Working in a foreign country and learning the customs and ways of doing business is yet another opportunity that globalization provides to HR specialists. When an HR professional completes a foreign assignment, this experience allows the person to provide added value to their organization. It can position them to be promoted upward in their organization or accept a better position with another firm.

### **Effective Practices in Global Human Resources Management**

Human resource management has the opportunity to develop into a valuable strategic partner within the organization by being attentive to "...streamlining their HR processes, providing good customer service to employees, making effective use of technology, and shifting more resources to performing value-added activities" (2006, Anonymous).

A recent survey conducted by management consultant Watson Wyatt "...found that most employers have adopted best practices including formal yearly reviews, helping poor performers improve, and offering coaching and feedback." Meanwhile "...normal goal-setting linked to business objectives is a design component of most performance management programs" (2006, Anonymous).

When employees are confronted with an opportunity to work on a foreign assignment, they may have money concerns. They may worry that the compensation will not be adequate to support their current lifestyle. The organization can provide a number of things to respond.

- Counseling on tax questions so that the employees do not find themselves experiencing financial problems caused by the host country's tax code
- Income uplifts to make sure the employee does not face a lower net income while on assignment
- Incentive pay in the form of increased salary, overtime pay, or bonuses
- Cost of living allowances and housing allowances

Workers can also have career concerns. While they are on assignment for two years, will managers back in the home country forget about them? When they return from the foreign assignment, will there be a good assignment waiting for them in the home country? The organization can provide a number of things to respond to these concerns.

- Provide a written guarantee that, when the foreign assignment has been completed, the employee will be moved back to the home office at company expense, and there will be an interesting assignment waiting for them when they return.
- Create a mechanism whereby the employee documents what they have learned and accomplished while on assignment (e.g., write a foreign assignment report). Publicize the employee's accomplishments in the home office before they return. This will help connect them to a new, attractive assignment. Use the foreign assignment report and presentations in meetings to familiarize home country personnel with the employee's accomplishments and incorporate the results of the foreign assignment into the corporate knowledge base.

## **Conclusions**

Twenty years ago, a small percentage of US-based companies were involved in doing business in foreign countries. Companies such as Exxon, Bechtel, American Express, Fluor-Daniel, and Caterpillar assigned employees to countries like Saudi Arabia, Canada, Brazil, France, and Mexico. Today, many more companies do business across borders. These cross-culture opportunities have created an environment that can push HR up the corporate organizational chart.

Over the years, HR professionals have evolved from functioning as clerks collecting time sheets and working with personnel files, to functioning as employee assistance counselors, to the roles of business strategists and advisors to top management. Not only do HR managers need to be versed in a plethora of laws and regulations, but they now need to have a good understanding of the customs and nuances of how business is transacted within the host countries to which their employees are assigned. There are risks, but there are also benefits and rewards associated with evolution in this important and vital field of HR.

William Shakespeare coined the phrase, "The world is my oyster." That is, indeed, the case with regard to HR professionals -- the future holds bright promise.

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