

SIXTH EDITION



INTERNATIONAL HUMAN RESOURCE MANAGEMENT



Policies and Practices for Multinational Enterprises

Ibraiz Tarique, Dennis R. Briscoe, and Randall S. Schuler

Global HRM



“The sixth edition of *International Human Resource Management*, written by world class scholars, continues to set the standard for texts in the area. It is comprehensive in its coverage and critically examines the complexities of managing people across borders. The book deepens and extends our knowledge of the field providing new insights, up-to-date cases from across the globe and a valuable update on emerging issues in the field reflecting recent changes in the global business environment. I highly recommend the book which will continue to enlighten academics, students, and practitioners across the globe for years to come.”

Hugh Scullion, *Hull University Business School,
University of Hull, UK*

“Organizations that ‘go international’, face a number of strategic choices, many of which involve people. HR strategy in all its dimensions must therefore complement and support the broader business strategy. That is a key theme in this sixth edition of *International Human Resource Management*, and the authors use theory, research, and lots of practical examples to show how to do that at HQ as well as at local levels. If you are looking for current theory and practice in IHRM, consider this book a ‘go-to’ resource.”

Wayne Cascio, *University of Colorado, USA*

“This provides the perfect compendium of knowledge for today’s practitioner working in international contexts. The editions have charted IHRM for nearly 30 years. Now we are in the post-pandemic era of globalization there is no place to hide. Global business is changing shape. This book lays out the new strategic, national, and cultural context and brings together what we know about each of the key HR processes under the banner of global talent management.”

Paul Sparrow, *Lancaster University Management School, UK*

“Written by three of the leading scholars in the area, the volume is distinguished by its combination of insights from academic research and rich insights into IHRM in practice. It is comprehensive, accessible, and authoritative, and should be required reading for any student or reflective practitioner of IHRM.”

David Collings, *Dublin City University, Ireland*



Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

International Human Resource Management

The updated sixth edition of *International Human Resource Management* is an authoritative resource that focuses on international human resource management (IHRM) within multinational enterprises (MNEs). The book includes fifteen chapters with rich pedagogy students have come to expect and is organized into four sections:

- Strategic Context
- National and Cultural Context
- Global Talent Management
- Role and the Future of IHRM

Each chapter has been designed to lead readers through key topics in a highly engaging and approachable way with learning goals, relevant data, exhibits, figures, vignettes, end-of-chapter case studies, discussion questions, up-to-date content, and numerous references. The sixth edition includes discussions on evolving IHRM topics such as international experiences and adult third culture kids, expanded analyses on health and safety statistics and global workforce analytics, as well as updated and revised illustrations, cases, references, and instructor resources.

Uncovering precisely why IHRM is essential for success in international business and how IHRM policies and practices function within the multinational enterprise, this comprehensive textbook provides an excellent foundation for understanding the theory and practice of IHRM. It is essential reading for all students, instructors, and IHRM professionals.

Ibraiz Tarique is Chair of the Department of Management and Management Science and Professor of Human Resources and Talent Management at the Lubin School of Business at Pace University, USA. He is also a Fellow of the Wilson Center for Social Entrepreneurship, USA, and editor of the *Routledge Focus on Issues in Global Talent Management* series. His recent publications include *The Routledge Companion to Talent Management* (Routledge, 2021) and *Contemporary Talent Management: A Research Companion* (Routledge, 2021).

Dennis R. Briscoe is Professor Emeritus of International Human Resource Management at the University of San Diego, USA, and owner/consultant at International Management and Personnel Systems (IMAPS).

Randall S. Schuler is Distinguished Professor Emeritus of Strategic International Human Resource Management at the School of Management and Labor Relations at Rutgers University, USA, and Research Professor at the University of Lucerne, Switzerland.

Routledge Global Human Resource Management Series

Edited by David G. Collings, Dublin City University, Ireland, Elaine Farndale, Penn State University, USA, and Fang Lee Cooke, Monash University, Australia

The Global HRM Series has for over a decade been leading the way in advancing our understanding of Global HRM issues. Edited and authored by the leading and highest-profile researchers in the field of human resource management (HRM), this series of books offers students and reflective practitioners accessible, coordinated and comprehensive textbooks on global HRM. Individually and collectively, these books cover the core areas of the field, including titles on global leadership, global talent management, global careers, and the global HR function, as well as comparative volumes on HR in key global regions.

The series is organized into two distinct strands: the first reflects key issues in managing global HRM and the second, comparative perspectives on human resource management.

Taking an expert look at an increasingly important area of global business, this well-established series has become the benchmark for serious textbooks on global HRM.

The Publisher and Editors wish to thank the Founding Editors of the series – Randall Schuler, Susan Jackson, Paul Sparrow and Michael Poole.

Dedication: The late Professor Michael Poole was one of the founding series editors and the series is dedicated to his memory.

The Global Human Resource Management Casebook (second edition)

Edited by Liza Castro Christiansen, Michal Biron, Elaine Farndale, and Bård Kuvaas

Global Leadership (third edition)

Research, practice, and development

Mark E. Mendenhall, Joyce S. Osland, Allan Bird, Gary R. Oddou, Michael J. Stevens, Martha L. Maznevski, and Günter K. Stahl

Macro Talent Management

A Global Perspective on Managing Talent in Developed Markets

Vlad Vaiman, Paul Sparrow, Randall Schuler and David Collings

Macro Talent Management in Emerging and Emergent markets

A Global Perspective

Vlad Vaiman, Paul Sparrow, Randall Schuler and David Collings

Global Talent Management (second edition)

Edited by David G. Collings, Hugh Scullion and Paula M. Caligiuri

International Human Resource Management (sixth edition)

Policies and Practices for Multinational Enterprises

Ibraiz Tarique, Dennis R. Briscoe and Randall S. Schuler

For more information about this series, please visit: www.routledge.com/Global-HRM/book-series/SE0692

INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Policies and Practices for Multinational Enterprises

Sixth edition

Ibraiz Tarique,
Dennis R. Briscoe,
and Randall S. Schuler

Cover image: Getty images Zuberka

Sixth edition published 2022
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon, OX14 4RN

and by Routledge
605 Third Avenue, New York, NY 10158

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2022 Ibraiz Tarique, Dennis R. Briscoe and Randall S. Schuler

The right of Ibraiz Tarique, Dennis R. Briscoe and Randall S. Schuler to be identified as authors of this work has been asserted in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

British Library Cataloguing-in-Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

Names: Briscoe, Dennis R., 1945– author. | Tarique, Ibraiz, author. | Schuler, Randall S., author.

Title: International human resource management : policies and practices for multinational enterprises / Ibraiz Tarique, Dennis R. Briscoe and Randall S. Schuler.

Description: 6th edition. | Abingdon, Oxon ; New York, NY : Routledge, 2022. | Series: Global HRM | Dennis Briscoe is first named author on earlier editions. | Includes bibliographical references and index.

Identifiers: LCCN 2021032308 | ISBN 9781138489493 (hardback) | ISBN 9781138489509 (paperback) | ISBN 9780429441462 (ebook)

Subjects: LCSH: International business enterprises—Personnel management.

Classification: LCC HF5549.5.E45 B74 2022 | DDC 658.3—dc23

LC record available at <https://lcn.loc.gov/2021032308>

ISBN: 978-1-138-48949-3 (hbk)

ISBN: 978-1-138-48950-9 (pbk)

ISBN: 978-0-429-44146-2 (ebk)

DOI: 10.4324/9780429441462

Typeset in Times New Roman
by Apex CoVantage, LLC

Access the companion website: www.routledge.com/cw/tarique

Contents

<i>List of figures</i>	<i>ix</i>
<i>List of exhibits</i>	<i>x</i>
<i>List of case studies</i>	<i>xii</i>
<i>List of IHRM in action</i>	<i>xiii</i>
<i>List of end-of-book integrative cases</i>	<i>xiv</i>
<i>List of acronyms</i>	<i>xv</i>
<i>Acknowledgments</i>	<i>xvii</i>
<i>Foreword</i>	<i>xix</i>
Introduction	1
Section 1 Overview: strategic context	11
1 The internationalization of human resource management	13
2 Strategic international human resource management	35
3 Design and structure of the multinational enterprise	63
4 International mergers and acquisitions, international joint ventures, and alliances	87
Section 2 Overview: national and cultural context	113
5 Country and company culture and international human resource management	115
6 International employment law, labor standards, and ethics	147
7 International employee relations	189
Section 3 Overview: global talent management	211
8 International workforce planning and staffing	213
9 International recruitment, international selection, and repatriation	235
10 International training and management development	279
11 International compensation, benefits, and taxes	319

12	International employee performance management	365
13	Well-being of the international workforce and international HRIS	393
14	Comparative IHRM: operating in other regions and countries	411
Section 4 Overview: role and future of IHRM		453
15	The IHRM department, global workforce analytics, professionalism, and future trends	455
	<i>Integrative cases</i>	<i>481</i>
	<i>Index</i>	<i>490</i>

Figures

I.1	Chapter Map	2
1.1	Different Settings of International Human Resource Management	25
2.1	Basic Elements of the Strategic Management Process	37
2.2	Evolution of the Multinational Enterprise	40
2.3	Auxiliary Methods of Internationalization	43
2.4	MNE Business Strategy	47
2.5	Headquarters' International Orientation (Senior Executives)	49
2.6	MNE IHRM Strategy	52
2.7	Integrative Framework of Strategic International Human Resource Management in MNEs	54
3.1	MNE Organizational Structure	67
3.2	Functional Structure	72
3.3	Product Structure	72
3.4	Geographic Structure	73
3.5	Matrix Structure	74
4.1	International Mergers and Acquisitions Process of Combination	91
4.2	HR Issues in the Three Stages of IM&As	92
4.3	Four Approaches to Integration in International Mergers and Acquisitions	96
4.4	Four-Stage Model of HR Issues in International Joint Ventures	100
5.1	The Three Layers of Culture	119
5.2	Development of Cross-Cultural Competence	120
6.1	Umbrella of CSR Programs	178
8.1	The International Workforce Planning and Staffing Process	214
8.2	Factors that Impact International Workforce Planning	216
9.1	Successful Expatriate Experience	243
9.2	Organizational Support for Repatriates	263
10.1	Effectiveness of Homogeneous and Hetrogeneous Teams	290
11.1	The Balance Sheet	341
12.1	A Model of IPM in MNEs	372

Exhibits

I.1	End of Chapter/Book Cases Matrix	8
I.2	“IHRM in Action” Matrix	10
1.1	The Drivers of Internationalization of Business	16
1.2	The World’s Top 100 Non-Financial TNCs (Ranked by Foreign Assets) 2019	21
1.3	IHRM Questions for International Strategy	28
3.1	Best Practices for the Effective Management of Cross-Border and Virtual Teams	78
5.1	Geert Hofstede’s Cultural Dimensions	122
5.2	Trompenaar’s and Hampden-Turner’s Cultural Dimensions	125
5.3	Global Leadership and Organizational Behavior Effectiveness (GLOBE): Cultural Dimensions	127
6.1	ILO Declaration on Fundamental Principles and Rights at Work (Adopted in 1998)	150
6.2	United Nations Global Compact Principles of Interest to IHRM	151
6.3	The Scope of Selected European Union Directives Affecting the Labor and Social Policies of Businesses Operating in Member States	159
6.4	Protected Classes for Discrimination Prohibition in Select Countries	166
6.5	Guidance on How an MNE Might Design a Code of Conduct and Ensure an Effective Implementation of Ethical Standards for Worldwide Operations	175
7.1	Trade Union Density Rate in Selected Countries	191
7.2	Seven Approaches to Labor/Employee Relations in the Global Context	198
7.3	Local Union Environment Issues That MNEs Need to Consider	201
8.1	International Staffing Approaches	220
8.2	Traditional International Assignees and Local Nationals	222
8.3	Types of International Assignees	224
8.4	Questions to Better Manage a Global Workforce	228
9.1	Employment Options for International Transfers	237
9.2	The 21st-Century Expatriate Manager Profile	244
9.3	Definition of Expatriate Failure	251
9.4	Reasons for Expatriate Failure	251
9.5	Best Practices in IA Selection	258
10.1	The Match of Training Techniques to Country Culture	284
10.2	Skills of the Transnationally Competent Manager Versus Those of the Traditional International Manager	296
10.3	Five-Phase Process for Designing Effective CCT Programs	305
11.1	Hourly Manufacturing Earnings Index, 2020 (OECD)	323
11.2	Average Annual Hours Per Year Per Person in Employment (Most Recent Data as of 2020)	328
11.3	Statutory Minimum Paid Leave and Public Holidays, 2020 (Working Days)	330
11.4	Types of Equity Compensation	334

11.5	The Ten Most Expensive Countries/Cities in the World	344
11.6	Foreign Assignment Balance Sheet	345
11.7	Tax Wedge (Total % of Labor Cost)	351
12.1	Shifts in Western PM	367
12.2	Guidelines to Improve the Effectiveness of an MNE's IPM System	373
12.3	Criteria for Appraisal of International Assignees	379
12.4	Raters of International Assignee Performance	380
12.5	Use of Different Types of Raters in PAs of Expatriates	381
13.1	Issues to Consider When Designing Expatriate Crisis Management Programs	400
14.1	World's 30 Largest Cities (2030 and 2035)	414
14.2	Population and Labor Force Characteristics (Europe)	416
14.3	Population and Labor Force Characteristics (North America)	420
14.4	Population and Labor Force Characteristics (Asia)	423
14.5	Population and Labor Force Characteristics (Latin America and Caribbean)	427
14.6	Population and Labor Force Characteristics (Africa)	431
15.1	International Relocation Services	459
15.2	The Datafication of HR	463

Case studies

1.1	Yarn Paradise: The World's Biggest Online Yarn Store (Turkey)	31
2.1	The Early Evolution of Manufacturing Firms: Ford Motor Company Goes International (USA)	56
3.1	Capgemini: A Transnational Organization (France)	80
4.1	BCE's Acquisition of Teleglobe International (Canada)	105
5.1	Internationalization and Cross-Cultural Expansion of a Local Manufacturer: Barden (USA) and FAG (Germany)	136
6.1	Non-Compete Agreements and Intellectual Property: The Value Partners SA (Italy) and Bain & Company (USA) Conflict in Brazil	182
7.1	Global Industrial Relations at Ford Motor Company (USA/Global)	206
8.1	Firms Woo Executives from "Third" Countries (Global)	230
9.1	A World Marketplace for Jobs in a Project-Based Work Environment (Global)	265
10.1	Management Training in Africa (Malawi)	309
11.1	Compensation Problems with a Global Workforce (Global/Thailand/Philippines/Japan/Bolivia)	357
12.1	Cross-Cultural Performance Evaluation in Thailand: The Case of Richard Evans, Expatriate Managing Director (Switzerland/Thailand/UK)	385
13.1	Global Health and Safety Concerns (Global/Romania/UK/Ghana)	405
14.1	The Impact of HR on Innovation: A Six-Country Comparison (Global)	437
15.1	Becoming an HR Transnational at Germany's OBI (Germany)	473

IHRM in action

1.1	Creating a Global Accounting Firm	18
1.2	CEOs' Perspectives on Globalization	23
1.3	Developing a Global Appetite for Fish and Chips	29
2.1	Implementing a Global Strategy at a Japanese Pharmaceutical Company	38
3.1	Moving HR from International to Global	71
4.1	Lessons Learned by GE in Cross-Border Acquisitions	97
5.1	Turning McDonald's into a Global Brand	117
6.1	Developing Global Labor Standards at Levi Strauss	172
7.1	Cross-Border Worker Representation at Hewlett-Packard	203
8.1	Dealing with Labor Shortages in the Netherlands	217
9.1	Locating Near the Talent with a Global Workforce	241
9.2	Repatriation at Monsanto	262
10.1	The Global Management Development Program at Colgate-Palmolive	292
11.1	Developing a Global Compensation Program at Colgate-Palmolive	321
12.1	Expatriate Performance Management at Nokia	375
13.1	The Need for Emergency Medical Programs for Travel in Niger	398
15.1	IHRM in a Global Mining Company	461

End-of-book integrative cases

Case 1	Fred Bailey: An Innocent Abroad	481
Case 2	Bavarian Auto Works in Indonesia (Germany/Indonesia)	485

Acronyms

ADA	Americans with Disabilities Act
ADEA	Age Discrimination in Employment Act
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BOK	Body of Knowledge
BRIC	Brazil, Russia, India, China
BT	Business Traveler
C&B	Compensation and Benefits
CBA	Cross-Border Alliances
CBT	Computer-Based Training
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPD	Chartered Institute of Personnel and Development
COLA	Cost of Living Allowance
CSR	Corporate Social Responsibility
CUSMA	Canada–United States–Mexico Agreement
EEA	European Economic Area
EFTA	European Free Trade Agreement
EPI	Efficient Purchaser Index
ESOP	Employee Stock Ownership Plan
ESPP	Employee Stock Purchase Plan
ETUC	European Trade Union Confederation
EU	European Union
FCN	Friendship, Commerce, and Navigation Treaty
FCPA	Foreign Corrupt Practices Act
FDI	Foreign Direct Investment
FTAA	Free Trade Area of the Americas
Fx	Exchange Rate
GATT	General Agreement on Trade and Tariffs
GEC	Global Employment Company
GHRIS	Global Human Resource Information System
GI	Global Integration
GLOBE	Global Leadership and Organizational Behavior Effectiveness
GPHR	Global Professional in Human Resources
GUFs	Global Union Federations
HCN	Host-Country National
HQ	Headquarters
HR	Human Resources
HRCI	Human Resource Certification Institute
HRIS	Human Resource Information System
HRM	Human Resource Management
IA	International Assignee or International Assignment
IB	International Business
IC	Inform and Consult
ICC	International Chamber of Commerce

ICFTU	International Confederation of Free Trade Unions
IE	International Employee
IHR	International Human Resources
IHRM	International Human Resource Management
IJV	International Joint Venture
ILO	International Labor Organization
IMF	International Monetary Fund
INS	Immigration and Naturalization Service
IPM	International Performance Management
IPO	Intellectual Property Office
IT	Information Technology
ITUC	International Trade Union Confederation
JV	Joint Venture
LR	Local Responsiveness
M&A	Merger and Acquisition
MERCOSUR	el Mercado Común del Sur (common economic market in South America)
MNE	Multinational Enterprise
NAALC	North American Agreement on Labor Cooperation
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
OEEC	Office of European Economic Cooperation
PA	Performance Appraisal
PCN	Parent-Country National
PCT	Patent Cooperation Treaty
PEO	Professional Employer Organizations
PM	Performance Management
PRC	People's Republic of China
R&D	Research and Development
SAR	Stock Appreciation Rights
SEC	Securities and Exchange Commission
SHRM	Society for Human Resource Management
SIHRM	Strategic International Human Resource Management
SME	Small- and Medium-sized Enterprises
SOX	Sarbanes-Oxley
TCN	Third-Country National
T&D	Training & Development
TM	Talent Management
TI	Transparency International
TNC	Transnational Corporation
TUAC	Trade Union Advisory Committee
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UK	United Kingdom
US	United States
USMCA	United States-Mexico-Canada Agreement
WB	World Bank
WTO	World Trade Organization

Acknowledgments

We are grateful to many individuals who have provided valuable information, inspiration, insights, cases, and assistance in completing this book. They include: Susan E. Jackson, Rutgers University; Paul Sparrow, Lancaster University; Cary Cooper, Manchester University; Fang Lee Cooke, Monash University; Nikolai Rogovsky, ILO; Jyotsna Bhatnagar and Rakesh Sharma, Management Development Institute India; Chris Brewster, Reading University; Yadong Luo, University of Miami; Ingmar Björkman, the Swedish School of Economics; James Hayton, University of Warwick; Shaun Tyson and Michael Dickmann, Cranfield School of Management; Gary Florkowski, University of Pittsburgh; Cal Reynolds, Calvin Reynolds & Associates; Hugh Scullion, Hull University; Dave Collings, Dublin City University; Anthony McDonnell, Cork University; Vlad Vaiman, California Lutheran University; Bruno Staffelbach, University of Lucerne; Bill Castellano, Rutgers University; Ed Schuler, The Schuler Group; Gerold Frick, Aalen University; Manfred Stania, Stania Management; Martin Hilb, University of St. Gallen; Arup Varma, Layola University Chicago; Christian Scholz, University of Saarland; Mark Saxer, Saxer Consulting; Nigel Shaw and Nadia Wicki de la Puente, Novartis; Michael Morley, University of Limerick; Charles Galunic and Isable Assureira, INSEAD; Georges Bachtold, Blumer Machines Company; Darryl Weiss, Lockheed Martin Orincon, San Diego; Jerry Edge, RMC Consultants; Joann Stang, Solar Turbines (retired); Bernie Kulchin, Cubic Corporation; Ben Shaw, Bond University; Ed Watson, KPMG; Gardiner Hempel, Deloitte & Touche; Wayne Cascio and Manuel Serapio, University of Colorado-Denver; Bob Grove, San Diego Employers' Association (retired); Jason Exley, MSI, Denver, CO; Shaista Khilji, The George Washington University; Akram Al Ariss, Toulouse Business School; Elaine Farndale, Pennsylvania State University; and Hadi El Farr, Rutgers University.

A special thanks to Lisbeth Claus, Willamette University, for her permission to use her contributions to the fourth, fifth, and sixth editions.

Dr. Schuler thanks many graduate students at Rutgers University in the Department of Human Resource Management and at the University of Lucerne, Center for Human Resource Management (CEHRM) for their teaching and writing suggestions.

Dr. Briscoe thanks his graduate students at the University of San Diego and at the many other schools in the some 19 countries where he has taught IHRM, and particularly his most recent graduate assistant, Chanyu Miao, for her help in research into IHRM and country HR practices.

Dr. Tarique is indebted to his father, Dr. Asif Tarique, who passed away in January 2015, for teaching him the value of cultural diversity. Dr. Asif Tarique (an international marine biologist by profession) was a global citizen who had a true passion for cultural diversity developed from living in numerous countries and experiencing different cultures, people from all walks of life, poetry, and languages. Dr. Ibraiz Tarique is grateful to his father for an upbringing as a “third culture kid” (a child who grows up in a culture other than that of his or her parents). Dr. Tarique gives thanks to his family for providing unwavering support to work on this book. He is thankful to both co-authors for providing the guidance, encouragement, and support to contribute to the sixth edition. For Dr. Tarique, working

with Dr. Schuler and Dr. Briscoe has been one of the best experiences. Dr. Tarique is thankful to all the individuals who helped in the research for this book. He would like to thank the Lubin School of Business, Pace University, and his excellent colleagues for supporting his interests in international human resource management. Finally, he would like to thank his students (both current and past) who continuously inspire him and remind him every day that learning is a lifelong process.

And last, Dr. Briscoe acknowledges the support from his wife, Georgia, who provided inspiration and example during a particularly difficult time for her during the writing of this sixth edition as well as the example being set by his son, Forrest, who is now showing his father how the role of professor can be so fulfilling. He also acknowledges how great it has been to work with his co-authors. They went above and beyond the call of duty to provide the support and effort necessary to complete the project within tight deadlines. Their contributions made the final product much better.

Finally the authors thank the many great people at Routledge for their wonderful assistance and support throughout this project, in particular, the Global HRM Series senior editor, Amy Laurens.

Thank you all!
Ibraiz Tarique
Dennis Briscoe
Randall Schuler
February 2022

Foreword

Global HRM is a series of books edited and authored by some of the best and most well-known researchers in the field of human resource management (HRM). This series is aimed at offering students and practitioners accessible, coordinated, and comprehensive books on global HRM. To be used individually or together, these books cover the main areas in international and comparative HRM. Taking an expert look at an increasingly important and complex area of global business, it is a groundbreaking series that answers a real need for useful and affordable textbooks on global HRM.

Several books in the Global HRM series are devoted to HRM policies and practices in multinational enterprises. Some books focus on specific areas of global HRM policies and practices, such as global leadership, global compensation, global talent management and global labor relations. Other books address special topics that arise in multinational enterprises, such as managing HR in cross-border alliances (CBA), managing global legal systems, and the structure of the global HR function. There is also a book of global HRM cases. Several other books in the series adopt a comparative approach to understanding HRM. These books on comparative HRM describe HRM topics found at the country level in selected countries. The comparative books utilize a common framework that makes it easier for the reader to systematically understand the rationale for the similarities and differences in findings across countries.

The sixth edition of *International Human Resource Management*, written by Ibraiz Tarique, Dennis Briscoe, and Randall Schuler, serves as the foundation book for all the other books that focus on specific areas of global HRM policies and practices, and for the books that address special topics such as alliances, strategies, and structures and legal systems. As such, its 15 chapters provide the broadest possible base for an overview of all the major areas in the field of international human resource management. As with all the books in the Global HRM series, the chapters are based upon the most recent, classic, and foundational research, as well as numerous examples of what multinational enterprises are doing today. This latest edition of this foundation book contains numerous updates and revisions that make the book even more relevant and useful to the reader, whether university student or practitioner. More material has been put into tables and exhibits to help summarize a lot of information, thus making it more quickly accessible and more interesting for the reader.

This Routledge series, Global HRM, is intended to serve the growing market of global scholars and practitioners who are seeking a deeper and broader understanding of the role and importance of HRM in companies that operate throughout the world. With this in mind, all books in the series provide a thorough review of existing research and numerous examples of companies around the world. Mini-company stories and examples are found throughout the chapters. In addition, many of the books in the series include at least one detailed case description that serves as a convenient practical illustration of topics discussed in the book. The companion website for this book contains additional cases and resources for students and faculty to use for greater discussions of the topics in all the chapters.

Because a significant number of scholars and practitioners throughout the world are involved in researching and practicing the topics examined in this series

of books, the authorship of the books and the experiences of the companies cited in the books reflect a vast global representation. The authors in the series bring with them exceptional knowledge of the HRM topics they address, and in many cases the authors are the pioneers for their topics. So we feel fortunate to have the involvement of such a distinguished group of academics in this series.

The publisher and editor have played a very major role in making this series possible. Routledge has provided its global production, marketing, and reputation to make this series feasible and affordable to academics and practitioners throughout the world. In addition, Routledge has provided its own highly qualified professionals to make this series a reality. In particular, we want to indicate our deep appreciation for the work of our series editor, Amy Laurens. She has been very supportive of the Global HRM series and has been invaluable in providing the needed support and encouragement to us and the many authors and editors in the series. She, and the entire Routledge staff, has helped make the process of completing this series an enjoyable one. For everything they have done, we thank them all. Together we are all very excited about the Global HRM series and hope you find an opportunity to use *International Human Resource Management*, sixth edition, and all the other books in the series!

David G. Collings

Dublin City University, Ireland

Elaine Fardale

The Pennsylvania State University, USA

Fang Lee Cooke

Monash University, Australia

February 2022

Introduction

This book is about international human resource management (IHRM). That is, it is about human resource management (HRM) in a global context. The conduct of business is increasingly global in scope, and managing human resources (HR) has become even more important in the successful conduct of global business. The motives for writing this book originally – to provide a professional and academic overview for an understanding of the design and implementation of IHRM policy and practice – continue in this edition. This sixth edition has also been written to update this most important but fast-changing discipline. As with the previous editions, the majority of the book discusses the IHRM issues faced by multinational enterprises (MNEs) of all sizes, primarily – but not exclusively – from the perspective of the parent company or headquarters (HQs). But it also provides increasing attention to other forms of international organizations as well, such as governments, non-profits, and non-governmental organizations (NGOs). Since MNEs increasingly manage their workforces on a global basis, this edition not only examines global management of parent companies' workforces, with globalized policies, shared services, and global centers of HR excellence, but also provides increased focus on management of workforces in subsidiaries, international joint ventures (IJVs), and global partnerships.

In the previous two editions, a major effort was made to obtain relevant examples from many different countries. This effort has continued in the sixth edition. So the examples in the chapters, as well as the end-of-chapter cases (in the book and on the text website), draw from many small- and medium-sized companies (many of which will be new to the reader) from many countries, as well as some traditional and well-known large firms, which come from both large and small countries.

Sections and chapters

This book is divided into four sections (see Figure I.1 to understand how the topics relate to each other) and 15 chapters. The first two sections set the scene for *International Human Resource Management: Policies and Practices for Multinational Enterprises, Sixth Edition*, and explain why IHRM is

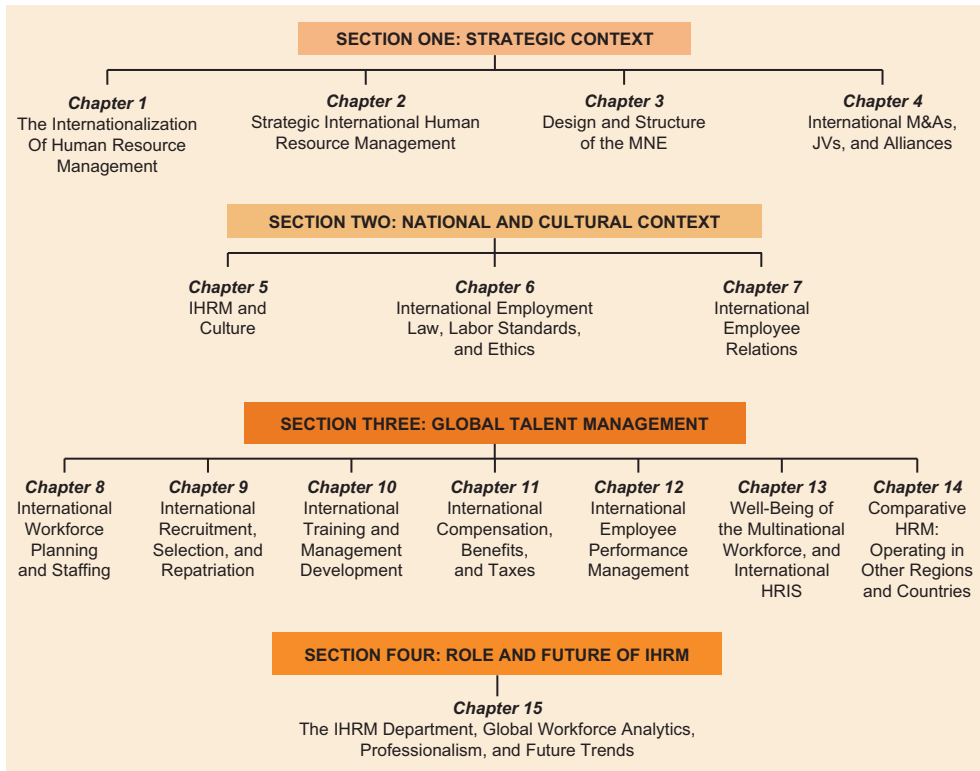


Figure I.1 Chapter Map

so important to the success of international business (IB), describing the context of global business as it relates to IHRM. Section 1 “Strategic Context,” describes the key strategic components of the context within which IHRM operates. Each of these components represents a critical part of the global environment that determines the nature of IHRM. Section 2, “National and Cultural Context,” describes three important aspects of the country and/or national environments that determine the cultural and legal contexts within which IHRM operates. Then Section 3, “Global Talent Management,” describes the IHRM policies and practices that are shaped by the context described in the first two sections. These seven chapters provide a comprehensive and thorough overview of the policies and practices of IHRM. These policies and practices are described both from a centralized, headquarters-focused perspective, as well as from the local perspective of subsidiaries, joint ventures (JVs), partnerships, and contractors. Finally Section 4, “Role and Future of IHRM,” describes the nature of today’s IHRM department, global workforce analytics, and the professionalization of IHRM, and takes a look at future trends in the field. Now we describe the chapters briefly.

Chapter 1 introduces the globalization of business and describes how that has changed the nature of IHRM. It describes the evolving nature of IHRM as it meets the needs of changing MNEs and explains how this has led to the development of strategic IHRM in helping MNEs attain a sustainable competitive advantage in

the global marketplace. This chapter also describes the basic nature and development of IHRM, differentiates IHRM from domestic HRM, and discusses some of the difficulties experienced in that development.

Chapter 2 describes the various responsibilities of IHRM and links them to the pursuit of IB strategies. The strategic decision to “go international” is one of the most important components of the IHRM environment. IHRM must understand these strategic choices and should contribute input to them in order to contribute to their successful achievement. This chapter also examines IHRM strategy and its relation to overall MNE business strategy, focusing on how varying approaches to MNE business strategy affect the nature of IHRM strategy. Finally this chapter explains how IHRM changes and contributes to the development of those various MNE strategies.

Chapter 3 discusses the growing complexities in designing the structure of multinational firms and the important role that IHRM plays in those design decisions. The conduct of IB is increasingly complex, involving the need to – at the same time – focus on central control and influence and local adaptation to customers and culture. Too often these efforts fail, at least partially because of inadequate attention to issues within the responsibility of IHRM. This chapter describes the contributions that IHRM can and should make to the success of these organizational choices.

Chapter 4 describes the role of IHRM in cross-border mergers and acquisitions, IJVs, and international alliances. Cross-border acquisitions, IJVs, teams, and alliances of various sorts are increasingly the means by which firms choose to go international, and thus they constitute one of the most important components of the context for IHRM. Much of the chapter describes the role of IHRM and the international human resource (IHR) professional in designing, facilitating, and implementing these four specific types of cross-border combinations. All four types of these combinations are increasingly used and IHRM can and should play a major role in helping ensure the success of their design and implementation.

Chapter 5, starting Section 2, expands the theme that is revisited frequently throughout the text: the critical importance of country and corporate culture. Cultural differences impact everything that is done in IB and are, if possible, even more important to everything that international human resources (IHR) managers do. Success in IB requires a thorough understanding of cultural factors, and IHRM is involved both with helping provide that expertise to the firm as well as having to incorporate such understanding in its own global activities. Thus this introduction to IB and IHRM, by necessity, includes an introduction to the concepts of country and corporate culture. The chapter also discusses the importance of culture in both the conduct and the interpretation of IHRM research, explaining how culture affects both our understanding of IHRM and its impact. Like everything else, culture influences what we know and what we think we know about IHR.

Chapter 6 describes international aspects of the legal and regulatory environment, another of the key components in the context of IHRM. Just as is true for HRM in a domestic context, there are many aspects of law that impact the practice of HRM when working in the global arena. This chapter discusses five of these aspects:

- International employment law and the institutions that develop and apply it;
- Major legal systems and their key differences;
- Goals of the various international trade agreements;

- Major international employment issues impacting HR; and
- Immigration/visas, personal, data protection, anti-discrimination, harassment, ethical standards, corporate social responsibility (CSR), and corporate governance.

All of these areas of the legal and regulatory environment related to the conduct of IHRM are increasingly important to the successful contributions of IHR managers, and all have a growing impact on IHR and firms operating in the global business environment.

Chapter 7 examines the broad nature of international labor standards, global employment law and regulations, and international ethics and social responsibility. First, this chapter looks at the institutional context of IB. International organizations have promulgated labor standards for MNEs. Next, this chapter looks at the global legal environment in which the MNE operates. It focuses on compliance with national and supranational laws. Further, a number of comparative regulatory issues are discussed that affect the MNE such as immigration controls, data protection, anti-discrimination and harassment, termination and reduction in force, and intellectual property. Finally, this chapter looks at international ethics, its relation to culture, and how ethical dilemmas must be solved.

Chapter 8 provides an introduction to the overall concern with planning, forecasting, and staffing the global enterprise. Chapter 8 begins by providing a description of the constantly changing labor markets around the world and discusses how MNEs plan for creating their workforces from those labor markets. The nature of those markets in various countries, in terms of their demographic characteristics, the skills and abilities of their individuals, and their accessibility and cost varies dramatically from country to country and region to region and can be a major determinant in the success of international decisions such as where to locate operations. Chapter 8 also provides an overview of the many options that MNEs have available to them for that staffing.

Chapter 9 focuses on the IHRM responsibility for staffing, but primarily on the issue of expatriation and repatriation, the movement of employees of MNEs from either the parent company to a foreign subsidiary or from a foreign subsidiary to another subsidiary or to the parent firm. This chapter examines the difficulties experienced in the selection and management of expatriates and repatriates and suggests some of the approaches successful MNEs use to ensure positive experiences with those expatriates and repatriates. In addition, the chapter discusses problems that MNEs are experiencing with women and other types of non-traditional expatriates.

Chapter 10 focuses on the training and development of the MNE's global workforce. This includes training of host-country workforces, training and preparation of international assignees (IA), and global management development, including the nature and development of a global mindset, the competencies of global managers, and the nature of management development programs in a global context. This chapter provides both many examples, as well as research and writing, about what firms from around the world are currently doing to offer successful global training and development programs. It is now up to IHR managers in other firms to use what is described here to develop successful global training and development programs in their own organizations.

Chapter 11 describes the complex area of compensation, benefits, and taxes for both IAs as well as for local workforces. The chapter presents IHRM practices related to the development of compensation and benefit programs among MNEs

and describes seven alternative approaches to compensation for expatriates. The chapter also discusses the many problems that MNEs confront as they try to design and implement international compensation and benefit programs throughout their global operations. Lastly, the chapter discusses many of the various approaches taken to compensation and benefits (C&B), such as vacation and pension practices, in a number of different countries.

Chapter 12 addresses the crucial issue of performance evaluation and performance management for IAs and managers in foreign operations. It describes the many difficulties encountered in trying to implement an effective performance management (PM) system in the international arena, not the least of which is figuring out how to accommodate in the evaluation process factors stemming from the nature of the local cultural environment. It is clear that it is inadequate to simply apply a PM process designed at the home-country level for domestic use in an international setting. The chapter ends with a discussion of a number of suggestions and guidelines for improving the process of implementing an effective international performance management (IPM) system.

Chapter 13 describes topics of importance to the IHR manager: employee health and safety in the context of the foreign subsidiary and JV, and health, safety, and security for global business travelers (BTs) and employees on IAs and their families. Often, because health and safety practices differ so much from country to country, responsibility for them is left in the hands of subsidiary (local) HR managers. Nevertheless, MNEs must understand and cope with local and international health and safety regulations, the widely variable practices faced in different countries, and strategic business decisions that may influence workforces and employee relations in multiple locations. This chapter also discusses the important topic of human resource information systems (HRISs).

Chapter 14 provides an overview of the wide variances in HR practices from country to country and region to region. International enterprises have the necessity to understand local HR policies and practices so as to make intelligent decisions as to the practical fit of HQs' policies with tradition and law in local jurisdictions. This chapter focuses on five specific regions: Europe, North America, Asia, Latin America, and Africa. Within each region, key HRM issues are examined with implications for HRM policies and practices. In addition, this chapter discusses various HRM issues that converge among regions and countries, including managing two generations of employees including older workers, discrimination and the glass ceiling, and gaps in talent supply and demand.

Chapter 15, the last chapter, provides a glimpse at the challenges that confront IHRM. These challenges include the organizational advancement and the professionalization of IHRM. International HR managers have to further develop their understanding of their global enterprises and, as a consequence, will become better integrated into the planning and strategic management of those enterprises. As these challenges are met and IHR managers further develop their global HR competencies, multinational firms will find themselves developing world-class IHR departments. What this chapter demonstrates is that only when such an integrated, responsive, and accepted IHRM function is developed will IHRM reach its potential and take its rightful place in the management of today's successful global enterprises.

Terminology

In the 15 chapters of this sixth edition of *International Human Resource Management*, a number of terms are used to refer to organizations that conduct IB. In

general, the term MNE (multinational enterprise) is used to refer to all organizations that conduct business outside their countries of origin. Today, this can apply to brick-and-mortar firms as well as virtual firms with primarily only a website. The term MNE is used rather than MNC (multinational corporation – which is often a more commonly used term) because in many countries, there is no form of legal ownership equivalent to the American corporation, from whence the term MNC is derived. So, we chose a term that can be used with wider application without being tied technically to the legal structure of one particular country. Thus, in this text, the generic term “enterprise” is used to refer to any type of organization involved with IB. For small- and medium-sized MNEs, the term SME (small- and medium-sized enterprise) is sometimes used. Generally, the term MNE is used throughout the book. When appropriate, SME will be used to highlight special characteristics of small- and medium-sized MNEs. We have also increased the discussion of non-business organizations, such as governments, NGOs, and non-profit organizations, many of which have more international exposure than do many business enterprises.

MNEs can be described as operating multidomestically, internationally, globally, or transnationally. While these terms often seem to be used interchangeably, some distinctions can be made (for details about the differences as they relate to IHRM, refer to Chapter 3). For example, the term “global” refers to enterprises that operate all over the world and have consistent policies and practices throughout their operations. Such MNEs have a high percentage of international turnover or sales (over 50 percent outside their home countries) and a high percentage of employees outside their home countries as well, with operations in a large number of countries, and a global perspective and attitude reflected in their business strategies and in their mission statements. These firms tend to have a highly centralized (or, at least, regionalized) policy, at least as it applies to financial issues and sharing of resources and innovations, and world-class standards for their global products and services.

In contrast, transnational firms are global in scope but decentralized and localized in products, marketing strategies, and operations. That is, they take advantage of their global presence to gain access to resources (ideas, technology, capital, people, products, and services) and develop economies of scale, while at the same time maintaining a local presence that is seen as comparable to that of domestic competitors. The other terms, such as “multinational” or “international,” generally refer to MNEs that have not yet developed their levels of international operations to this extent. Because more and more enterprises are moving in the direction of being more global, in thought at least, if not in action, the word “global” is used in the title of the series of which this book is a part. But the word “international” is used in the title and chapter headings of this text to reinforce the reality that IHRM policies and practices are often and mostly not standardized and centralized, as might be implied with the use of the term “global.”

Thus, most of the topics, policies, and practices discussed throughout this text are currently applicable to most enterprises, and are likely to soon apply to most others. In this text, if the terms global, multinational, or international enterprise make a difference to the particular topic, policy, or practice being discussed, then an attempt is made to make it clear through explanation or the use of the terminology which type of enterprise is being described.

Pedagogy

Each chapter begins with “Learning objectives.” These are the main objectives that we would like to see you focus on as you consider the material in the chapter. Although key terms are defined in the chapter when they first appear, they are also defined on the website under “Glossary.” Of course, you will learn more than these particular objectives and terms.

Each chapter contains a case study at the end illustrating current experiences of MNEs. In addition, at the end of each chapter there are “discussion questions” that might be answered individually or in small teams. These are provided to allow the reader to apply many of the ideas in the chapter to other situations. To help instructors and readers identify cases and “IHRM in Action” (IIA) examples from specific regions or countries, there are two matrices that list countries down the left side and with IIA and cases vertically across top (see Exhibit I.1 and Exhibit I.2).

The end-of-book materials include the notes that are used in each of the chapters. These materials reflect relevant classic and contemporary academic research worldwide and the experiences and stories of MNEs. To add even more relevant information as it unfolds, the reader is encouraged to visit numerous websites that are available and suggested here. Additional websites and other materials are found on the website designed for this book. Please contact the first author at ita-rique@pace.edu or ibraiz.t@outlook.com for the latest URL for additional websites and other materials.

At the end of the book are two integrative cases. These cases illustrate the challenges in trying to become a successful MNE, the importance of international HR policies and practices, and the impact of the local country environment on the effectiveness of those policies and practices.

Finally there are author and subject/company indexes. These are to provide the reader with further information about the various topics covered in this book as well as the many authors whose work has been used to compile this book.

There is an extensive website for this book, which includes:

- History of the development of IHRM;
- List of major websites for research on IHRM topics; and
- Instructor’s manual, with lecture slides for lectures, exam questions, and discussion guides for end-of-chapter discussion questions and for the discussion questions that accompany the cases in the text.

