

# **Challenges and Opportunities in International Human Resource Management**

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Table of Contents

Introduction.....2

Q1.....2

Q2.....3

Q3.....4

Conclusion .....5

**Introduction**

This case study on global human resource management focuses on issues faced by expatriates who are assigned for duty in foreign countries. A brief summarization follows. David Smith who is working with a Detroit based MNC is sent on a 3 years assignment by his company to China. He is concerned with this new assignment as there are problems with regard to the language barrier in communication and his family relocation. His wife Linda quits her accountant job and son, Christopher studying in 2<sup>nd</sup> grade needs a different school in China. The initial apprehension quickly gave way to acceptance once David and his family moved to Shanghai, China, as the accommodation and associated facilities present are much like their home in Detroit. 2 years down the line, David who has settled comfortably by now, started doubting about the high living standards and facilities that created an apparent social division between him and the local Chinese people, where he is working.

**Q1.**

There are various potential reasons why MNC would send home country expatriates like David instead of local Chinese managers or 3<sup>rd</sup> country nationals. The 1<sup>st</sup> is posting US expatriates in foreign countries is more economical than deploying Asian 3<sup>rd</sup> country nationals for the purpose of global expansion. Recruiting 3<sup>rd</sup> country nationals can be costly sometimes. The second reason is leadership communication. US MNCs can communicate effectively with a US counterpart like David, to convey their intentions, aims and objectives more effectively to a US national who shares the same cultural and language background. . David can in turn then convey the broader aims and objectives in a way more suitable for a foreign country like China (Wood et al., 2018). The 3<sup>rd</sup> reason is with regard to controllership and reporting. Foreign countries have language and cultural roadblocks that make critical aspects of a job like reporting sometimes difficult. US expatriates have significant exposure to foreign cultural

norms and languages. This makes them more adaptable to an unknown environment, where language barriers and cultural shocks are potential problems. The 4<sup>th</sup> reason is knowledge transfer. Foreign countries can possess technical know-how and solutions that are applicable and more fitting to their socio-economic situation (McKeegan, 2020). US MNCs may not find reliable and accessible information with regard to such technical knowledge. US expatriates can bridge the gap in knowledge transfer through which both the MNC based in Detroit as well its counterpart situated in a foreign country like China benefit. 5th potential reason is to build a strong relationship. Strong relation paves the way for stronger business ties.

## Q2

David's wife Lind is already working as an accountant in the US with a decent income. As David moved to China, Linda could not pursue her career in the US. There are jobs available in China. Although foreign nationals may need approvals from the Chinese government to look for employment. Linda may have to undergo training in the Chinese language and in Chinese cultural etiquette and practices. Apart from these that there are issues regarding with recognition of educational certificates and professional training certifications (Rapoza, 2019). These might be foreign universities accredited and might not conform to the rules and regulations in China. These issues can prove to be a roadblock for Linda in getting employment in China. This is a different set of problems. The primary and main problems that David's family will face are language barriers and cultural chocks when interacting with the local community. Even though the current accommodation facilities for David's family are much like the ones in Detroit, their hometown with associated amenities such as a school, shopping centres and a golf field. The external environment like the weather, food and people is still alien to them. Another important issue facing David's family is his son Christopher's schooling. Moving away from the US will require David to find a suitable school for David. He is in second grade and is still in the initial years of child development. The initial years of

childhood are important to develop language understanding. Moving to China can be difficult for a 2 years old Christopher, as he will be exposed to a different set of learning environments (Fan et al., 2021).

### Q3

HR policy in David's MNC is tailored for furthering the expansion of the company in foreign countries very effectively. There are two issues with regards to this approach, one is the cost of expatriation borne out by MNCs to support such long term assignments in foreign countries (Why Send Employees Abroad on International Assignments, 2018). The 2<sup>nd</sup> issue is no consideration in the HR policy to address underlying problems faced by expatriates and their families in foreign countries. The accommodation facilities only provide a temporary solution for the family, but the issues such as the language barrier, culture shock, psychological issues, communication and teamwork issues are left to be dealt with alone. In the long run, these issues take a toll on the health and well-being of expatriates (Muzafer Hamzi, 2020). In the present case, it is evident that the MNC did provide accommodation and school facilities but did not provide a substitute source of income for David's wife, Linda. Apart from this, it is evident from the case study that, 2 years down the line David starts questioning his decision to move to China. This is fuelled by his notion that living in well-furnished accommodation gives rise to the division between expatriates and the local community. This can be attributed due to David's inability to participate in the social exchange with the local community that adds value to it. As his participation is only limited to his job description and objectives, it only fulfils his needs for survivability through pay packages, remuneration and rent received from MNC. David's personal needs for social recognition, such as love and belonging, esteem and self-actualization are not fulfilled in the present setting. Thus long term viability of HR policies that do not address these issues is questionable.

**Conclusion**

The HR policies regarding international human resource management should not only focus on cost minimization through efficient resource allocation but also on the sublime humane factors. US expatriates sent for foreign assignments face a lot of difficulties adjusting to the new country. This difficulty is not limited to just individuals but immediate family members also. Thus HR policies should factor in probable issues like cultural shock, language and communication barriers. This would not only help expatriates work in a comfortable environment but also enhance personal growth and development in a holistic manner.

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