STRATEGIC HR MANAGEMENT



SOCIETY FOR HUMAN RESOURCE MANAGEMENT

International HRM Case Study

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International HRM Case Study

By Fiona L. Robson Instructor's Manual Strategic HR Management

Notes for Instructors

These notes provide resources that can be used to promote learning and understanding in the area of identifying and supporting expatriates on international assignments.

Purpose of the Case Study

This case study is geared toward an undergraduate audience with a basic understanding of the issues involved in domestic recruitment and selection.

The case is based on a fictional organization in the United Kingdom's hotel industry; however, the content covered is relevant internationally and among different industries. The material is presented in this manner to allow students to apply theory to a practical situation.

Learners will have an opportunity to think about the key decisions involved in international assignments. They will be able to transfer their knowledge of domestic HR issues to the international context and consider the roles and duties performed by expatriate workers.

Learning Outcomes for Students

By the end of the case, students will:

- Understand the main elements and issues related to international assignments.
- Demonstrate an awareness of when it is appropriate to use expatriate workers and the key debates that are involved.
- Appreciate the skills and knowledge needed by expatriate workers.
- Consider how organizations can prepare expatriate managers to succeed in an international context.

How Should Instructors Use These Resources?

An introductory presentation is included so instructors can deliver an introduction to the session, including details on the case study organization. This should be followed by providing the main case study document to students. This case is presented as a progressive case study; students should read a part of the scenario and answer the questions following that section, then read the next part of the scenario.

After students have read the entire case, instructors can choose from a selection of optional discussion questions and group activities depending on learning objectives and learning styles of the students. For the instructor's convenience, sample responses are provided for all student tasks, highlighting the key areas students should identify through their work.

Recommended Time Schedule

The introductory PowerPoint presentation that accompanies this case can be used in full or by selecting a range of the slides. Each part of the case scenario should take approximately 5 minutes to read, followed by an activity (approximate timings for each activity are listed in the case study document).

For this case, students will be acting as independent management consultants and should be split into three groups. They will work within their groups for all of the activities provided in the case study document.

The instructor can decide whether any of the additional activities are appropriate for their group. As a guide, the following times are suggested for each of the activities provided.

Discussion Questions	Each question should take about 20 minutes to discuss. The instructor can split the class into three groups and ask each group to respond to different questions, or ask them to respond to the same one.
Group Tasks	These activities are more advanced and require students to work in teams. Each activity should take 30-45 minutes to complete. More time should be allocated if results are to be presented back to the other groups.
Extension Tasks	These tasks encourage students to think about the issues in more depth. They could be assigned as homework or independent study and should take between 30-45 minutes to complete.

Accompanying Resources

PowerPoint Presentation	There are three sections to this presentation. The instructor can decide which sections to deliver. The first part provides a brief overview of International HRM; the second part introduces the organization featured in the case study; and the last part looks at some of the issues involved in the recruitment and selection of expatriates.
Case Study Narrative	This document should be distributed to students. It includes information about the case study and activities that should be completed before reading further in the case study.
Teaching Notes on Student Activities	The teaching notes provide details of optional activities that could be assigned. There are three types of activity: discussion questions, group tasks and extension tasks. The instructor can choose which combination of activities they want to use.
Possible Answers to Questions	Possible answers to the optional activities are included. The instructor can use this document as the basis for their feedback to students on the responses they gave.
Overview of Successful Candidates	An overview of the successful candidates are included here so that students can make personalized training recommendations.

RECOMMENDED RESOURCES

Book:

Harzig, A.-W. and van Ruysseveldt, J. (2007). *International Human Resource Management*, 2nd edition. London: Sage.

A diverse selection of interesting journal articles exists on this topic:

Brewster, C. (1997). International HRM: Beyond expatriation. *Human Resource Management Journal*, 7(3), 31.

Brewster, C., and Scullion, H. (1997). A review and agenda for expatriate HRM. *Human Resource Management Journal*, 7(3), 32-41.

Earley, P.C., and Peterson, R.S. (2004). The Elusive Cultural Chameleon: Cultural Intelligence as a New Approach to Intercultural Training for the Global Manager. *Academy of Management Learning and Education*, 3(1), 100-115.

Forster, N. (2000). Expatriates and the impact of cross-cultural training. *Human Resource Management Journal*, 10(3), 63–78.

Ingemar Torbiörn, I. (1997). Staffing for international operations. *Human Resource Management Journal*, 7(3), 42-51.

Matthews, V.E. (2000). Competition in the international hotel industry. International Journal of Contemporary Hospitality Management, 12(2), 114-118.

Morris, M., and Robie, C. (2001). Meta-analysis of the effects of cross-cultural training on expatriate performance and adjustment. *International Journal of Training and Development*, 5(2), 112-125.

Background Information on the Organization

Brunt Hotels, PLC, owns more than 60 hotels throughout the United Kingdom. They recently acquired a small hotel chain headquartered in France. Brunt's chief executive decided that half of the new hotels in France would be retained and rebranded as part of the Brunt Hotels Group; the other half will be sold. This will support Brunt's strategic objective of growing the organization slowly to make sure that new ventures are well supported and opened on time and on budget.

Brunt's hotels are considered budget accommodations; they are functional, clean and reasonably priced. Additional information about UK hotel standards is available at http://www.qualityintourism.com/content/pdfs/Standards/Budget%20Hotels%20 Standard_INT.pdf .

Most guests stay for one to three nights and are a combination of business and leisure travellers. The hotels are typically situated in downtown locations that are easily accessible by mass transit. Tourists are attracted to these hotels in popular visitor destinations where the many local attractions mean that they will not be spending much time in their hotel rooms.

The organization has decided to use an ethnocentric approach and send some of their existing UK-based managers to France to lead the changeover of the new hotels and then manage them after they re-open. If this new overseas venture is successful, Brunt may decide to acquire other small hotel groups in other European countries. The organization would like to own 150 hotels in the next five years. Their 10-year plan is to own 300 hotels across Europe. This is an ambitious target, so it is important that the organization finds an effective formula to operate successfully in other countries.

Case Study-Part One

The organization has never owned any hotels outside the UK before, and has hired a team of independent management consultants to advise them on how to proceed. They provided the consultants the following information during their initial meeting:

- A majority of their existing managers said they would like a chance to work abroad.
- None of their existing managers speak French fluently.
- They will allow four weeks to rebrand the hotels. The new hotels must be ready to open after that time.
- They expect to recruit a large number of staff for the new French hotels, because more than 70 percent of the employees from the acquired organization left.
- They will require their managers to be flexible and move between countries if any problems arise.

Activity A (5 minutes)

Based on the information you have to date, what do you think the key priorities should be?

Activity B (15-20 minutes, including presentation of ideas)

The hotel management asked you if they should look only at internal candidates who are parent country nationals (PCNs) or recruit host country nationals (HCNs). The class should be divided into three groups; each group should prepare a 3-minute argument based on the following:

Group 1 believes that only PCNs should be hired.

Group 2 believes that only HCNs should be hired.

Group 3 believes that a combination of PCNs and HCNs should be hired.

Present the advantages of the approach your group was allocated to the class.

Note to instructors: You might want to refer to the PowerPoint slides for more detail on PCNs and HCNs.

Case Study-Part Two

Brunt management decided that because this is their first venture into a country outside the UK, they want to use PCNs to set up the new hotels and that only internal candidates should be considered. They think that this is important so they can incorporate the organization's values. However, they believe that once the hotels are up and running, HCNs could be hired. The management vacancies must be filled as soon as possible.

In their company literature, the organization states that their core values are to:

- Provide excellent levels of customer service to all guests.
- Provide a clean and comfortable environment for guests and staff.
- Recruit and retain excellent staff.
- Support and develop staff so they can reach their full potential.
- Continuously strive to improve all aspects of the business.
- Ensure that all hotel buildings, fixtures and fittings are well-maintained in a proactive manner.

It is important that the management consultants for this project take these core values into account when making their recommendations.

Activity C (15 minutes)

Write a recruitment advertisement for the new positions which can be sent to existing managers by e-mail. Your advertisement should include, at a minimum, the following information:

- Main responsibilities of the new job.
- The skills you are looking for in the position.

Case Study—Part Three

The management team liked your recruitment advertisement, but realized that they did not consider the salary for these new positions! Since the organization has never hired managers to work outside the UK before, they do not know how to start determining the compensation. They provide you with the following information that they found on the Internet:

- Existing salary for managers is £30,000 (45,000 Euros) plus bonuses.
- Surveys show that the average salary for hotel managers in France is 60,000 Euros with no opportunity to earn bonuses.

The directors want to have a consistent approach as to how they compensate expatriates because they expect their overseas business to expand in the future. They also want existing employees to be enticed into working abroad and want to have a good range of incentives.

Activity D (20 minutes)

Design a compensation package for the hotel management position. Explain the rationale for your design. You may also include non-financial benefits.

Case Study—Part Four

The management eventually approves the advertisement and the compensation package and distributes both internally. Interested candidates are asked to write a letter to the CEO to explain why they think they are the best person for the job. Thirty managers apply for one of the new positions (there are 10 positions available), which means there will be 20 unsuccessful candidates still working for the organization.

The management team acknowledges that the application letters were not helpful with making decisions and that they need a more robust selection process. There must be a strong sense of fairness in the selection process because they do not want to de-motivate any of these existing employees. They want to select the right candidates because it is essential that the new hotels are successful and up and running quickly and efficiently. The senior managers know all of the candidates quite well (personally and professionally). They would like you, as independent consultants, to design an appropriate selection methodology.

The management team advises you that they do not want to take into account the marital or family situation of the expatriate candidates; they are concerned that this may fall afoul of UK equal opportunities legislation.

Activity E (20-30 minutes)

Each management consultant group must design a selection process for the candidates.

There is no budget limit for the development of the process; the senior management team knows that it is important to get the right person for the job. However, because the new hotels must be up and running quickly, they ask you to design a selection process which will take a maximum of two days.

You are in competition with the other management consultant groups and have five minutes to present your ideas. You must be able to justify why each method is appropriate.

Case Study—Part Five

The management hires six candidates to work overseas because they did not feel that the other candidates were qualified. They feel confident that these six can successfully open the new hotels. The success of these managers is vital to the success of setting up the new business, so management wants to ensure they provide effective support for them in terms of training and development. They believe that the best option is to divide training into two parts: pre-departure training and on-the-job training in the new country. Since the organization has never sent employees abroad before, they are not sure about what should be included in these training programs. The only mandatory area that must be included is an introductory language section (including basic business French) so that the managers have a basic grasp of the French language by the time they open the new hotels. However, they hope that the managers will enjoy their introductory language course and will continue to attend more advanced language classes when the new hotels are open.

Activity F (20-30 minutes)

The organization knows that training is important; but despite looking at what other companies offer, they cannot decide what the key training areas should be.

They would like all three management consultant groups to design the content and structure of these training programs and allocate two managers to each of the groups (as indicated below). Because of the large investment they are making in the managers, they provide you with some details on each of them so that the training can be tailored to their needs. Please refer to page 17 for this information.

Group 1 will design the training programs for Managers A and B.

Group 2 will design the training programs for Managers C and D.

Group 3 will design the training programs for Managers E and F.

Complete the work tool shown on page 11 to show your proposals.

Case Study—Part Six

The management team decides to select only one of the three proposed training programs, confident that it will be useful and informative for the new expatriates. However, they would also like to provide external support for the new expatriates to make their transition to a new country as smooth as possible. They are aware of some of the services that can be offered to support employees on both a personal and professional level, but do not have a comprehensive overview.

Activity G (20-30 minutes)

The management team asks you to conduct Internet-based research to find out what expatriate support services are available in France.

Each team should create a list of the services that are available and provide details of at least one organization which could provide the services. These services should then be listed in order of priority for the expatriates.

You will present your ideas to the other teams, so you should be prepared to justify your reasons for prioritizing the services.

Training Program Proposals

	First Manager (A, C or E)	Second Manager (B, D or F)
 Details of Pre-departure Training This should include: How long the training will take (bearing in mind that the hotels must be opened in one month). Who should deliver it. Where it should take place. How it should be structured. The topics that should be covered. The training methods that should be used. 		
 Details of On-the-Job Training in the New Country This should include: When the training should begin. Who should deliver it. How long it should take (and over what time-span). Where it should take place. How it should be structured. The topics that should be covered. The training methods that should be used. 		
How will the training be evaluated?		

Teaching Notes on Student Activities

Additional activities are provided below that the instructor may use based on which ones are most appropriate for the class. The questions could also be used for an assignment or examination.

Discussion Questions

These questions could be answered individually or could be used for small group work or a class-wide debate.

- 1. What are the advantages and disadvantages of recruiting expatriate staff externally?
- 2. Explain the benefits of an ethnocentric approach to international staffing.
- 3. What are the most important factors in the selection decisions of expatriates?
- 4. How effective are expatriates in transferring knowledge from the host country?
- **5.** Discuss the advantages and disadvantages of involving the spouse and families of expatriates in the selection process.
- **6.** How would you support the repatriation process (the process in which expatriates return to their home country)?

Group tasks

These tasks work well with small groups. Ask students to share their ideas in the form of a short presentation to the rest of the class.

- **7.** Design an appropriate selection activity which could be used for potential expatriate staff.
- 8. Provide an outline of a cross-cultural training program for new expatriate staff.
- **9.** Design a poster which could be used to attract existing staff to apply for expatriate positions. Highlight the advantages of being an expatriate (not just the salary).
- **10.**Create a checklist that could be used to ensure that expatriates receive the relevant information about the new country in which they are going to work.

Extension tasks

These tasks are suitable for undergraduate students who would like to develop their knowledge and skills in this area. They could also be used as independent learning or assigned as homework.

11. Read the following journal article and make note of the key points.

Harris, H., & Brewster, C. (1999). The coffee-machine system: How international selection really works. International Journal of Human Resource Management, 10 (3), 488-500.

- **12.**Create a pamphlet (maximum of two pages) that could be provided to the spouse/partners of the expatriates who are going to move to a new country.
- **13.**Decide the best method of performance management for expatriate staff. Provide as many details as possible.

Possible Answers to Questions

Question	Key areas to cover
Discussion Questions	
1 Suggested answer	 What are the advantages and disadvantages of recruiting expatriate staff externally? Advantages may include: Opens up a wider pool of candidates. Opportunity to bring new ideas into the organization. May find candidates with more skills and knowledge than the internal candidates. Disadvantages may include: Candidates will not have as good an understanding of how the company works and its culture. Candidates are more of an unknown and while some may be good at the selection stage, this does not necessarily mean they will be the best person to do the actual job. The large amount of time and resources needed for the recruitment and selection process.
2 Suggested answer	 Explain the benefits of an ethnocentric approach to international staffing. The organization can incorporate their corporate culture into the new subsidiary. Allows the organization to gain a high level of control over the subsidiary. Managers are more familiar with the organization and what it offers. Managers are more familiar with the organization's policies and procedures.
3 Suggested answer	 What are the most important factors involved in the selection decisions of expatriates? Their ability to adjust to other cultures. Their willingness to live in a new environment. Their language skills (if appropriate) or their willingness to learn the new language so they can communicate in the new country. Their capability to perform the actual job. Ensuring they have excellent communication skills. Ensuring they are self-motivated and able to work autonomously in the new country.
4 Suggested answer	 How effective are expatriates in transferring knowledge from the host country? The effectiveness will depend on individual characteristics of expatriates; for example, how good their communication skills are and whether they can demonstrate effective leadership. It is also likely that skills in managing organizational change would be useful. The extent that their pre-departure training will affect the transfer of knowledge. They must have a sound understanding of the organization and its culture. They will require support from the home country. It will also depend on the way communication is organized in the host country (i.e., formal or informal). The culture of the host country organization may also have an effect.

5 Suggested answer	 Discuss the advantages and disadvantages of involving the spouse and families of expatriates in the selection process. Many expatriates fail (return home early from an assignment) because their families are unable to settle in the new country. Including spouses and families early on can be beneficial. The expatriate may gain a more realistic expectation of what the new job (and country) will entail. Involving the families of expatriates may reduce their concerns and may make the adaptation process smoother. In some countries, asking candidates about their family life may be potentially discriminatory. If the organization is seen to care about the families of their employees, this may improve their image as an employer.
6 Suggested answer	 How would you support the repatriation process (the process in which expatriates return to their home country)? Repatriation is essential to avoid reverse culture shock. A successful repatriation program may encourage the expatriate to stay with the organization after their return. The expatriate may be more willing to take part in additional expatriate assignments, which will reduce organizational costs because the organization will not need to recruit and train as many new expatriates. The organization will gain a good reputation for managing its staff well (and be seen as a caring employer).
Group tasks	
7 Suggested answer	 Design an appropriate selection activity which could be used for potential expatriate staff. The students should design activities which meet (at least) the following criteria: The activities should be relevant to the specific job being advertised. The activities should incorporate the importance of culture. There should be a range of activities that assess the testing of different areas. The activities should not discriminate against any candidate group (e.g., because of gender or age). If there are going to be internal and external candidates, the organization should ensure that the internal candidates do not have too much of an advantage. The tasks should represent the essential areas that were described on the job description.
8 Suggested answer	 Provide an outline of a cross-cultural training program for new expatriate staff. The program could cover the following issues: When and where should the training take place? How long should the training take and how will it be structured (e.g., over one full day, or several hours on different days)? Outline the training methods that will be used (e.g., role play, Internet-based activities, presentations). Items specific to the culture of the country that the expatriates will be visiting. Include time for expatriates to ask any questions that they might have.
9 Suggested answer	Design a poster which could be used to attract existing staff to apply for expatriate positions. Highlight the advantages of being an expatriate (not just the salary). Students should design posters that highlight the benefits of working in another country and how this can improve existing skills and strengthen a person's resume.

10 Suggested answer	 Create a checklist that could be used to ensure that expatriates receive the relevant information about the new country in which they are going to work. Students should identify some of the following: The specific country (and part of the country) in which they will be based (this should include cultural issues). Issues relevant to their actual job, including: What is the organization structure? Who will they be reporting to? Who are they responsible for? How is information communicated in the organization? What sort of technology is available? What is the in specific list of responsibilities and tasks? What are the normal working hours? Practical issues about living in a new country (including information relevant to the families of the expatriate), including: Guidance on the best places to live. Contact details of other expatriates (and details of expatriate groups). Details about health care services. Details on local facilities, such as shops. Details on cost of living. Hints and tips from previous expatriates and their families.
Extension Activities	
11	Read the specified journal article and make note of the key points.
12 Suggested answer	 Create a brochure (maximum of two pages) that could be provided to the spouse/partners of the expatriates who are going to move to a new country. Students should focus on the issues that will be relevant to the members of the family moving to the new country but not working. This may include: Guidance on the best places to live. Contact information of other expatriates (and details of expatriate groups). Details about health care services. Details on how to contact emergency services. Details of local schools (for expatriates with children). Details on local facilities such as shops and leisure centers. Details on cost of living. Hints and tips from previous expatriates and their families.
13 Suggested answer	 Decide the best method of performance management for expatriate staff. Provide as many details as possible. Students should address the following issues: Whether the performance management process will be carried out by managers in the host country or home country (and why). Who will provide the performance management criteria. Whether the criteria will be different from domestic managers (and why). How the issue of cultural intelligence and cultural adaptability will be incorporated. How often it should take place. What sort of evidence will be used. Whether there should be incentives for successful performance reviews.

Overview of Successful Candidates

Overview of Work History and Characteristics	
Manager A	 Now age 28, joined the organization at 18 years of age. Has worked for Brunt Hotels for 10 years. Five of these years were in a management position. Has never travelled abroad for business or holidays/vacations. Is concerned about not knowing very much about French culture and the way hotels are managed in France.
Manager B	 Age 55. Has worked for Brunt Hotels for 22 years. Joined the organization as a hotel cleaner and worked through the ranks to management. Regularly visits Asia for extended vacations but has never travelled in Europe. Is concerned that he or she is used to having a close support network in the UK and that this might not be possible due to the various locations of the French hotels.
Manager C	 Age 49. Has worked for Brunt Hotels for nine years. Joined the organization in a management role. Previously worked for a small, family-run hotel. Has visited France four times on family holidays. Is concerned that he or she has little HR knowledge and is worried about the implications when getting the new hotel ready.
Manager D	 Age 38. Joined Brunt Hotels six months ago. Is concerned that he or she has not had much management experience in this organization, but has previous management experience in another large hotel group. Is very interested in learning about new cultures. Has six years' previous experience of working in a restaurant. Is concerned that his or her family may find it difficult to settle in France.
Manager E	 Age 21. Joined Brunt Hotels two years ago. Graduated from University three years ago. Completed a one-year placement in a French hotel as part of university degree. Understands some basic French and is keen to master the language. Is concerned about how his or her staff will react to having a young English manager.
Manager F	 Age 41. Joined Brunt Hotels 14 years ago. Became a manager for Brunt Hotels one year ago. Has six years' previous experience of working in a tourist information center. Is concerned about his or her communication skills and lack of IT skills.

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