

7 keys for personnel management when going global

When a company enters international markets, human resources management often lags behind. These important changes could transform how talent is managed.



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Personnel management has not escaped the pressures of globalization, but it is adapting more slowly than the business world as a whole. How should companies reform their human resources (HR) policies in order to better perform in international markets?

A [2016 study](#) directed by IESE professor [Sandalio Gómez](#) and written by researcher Pilar García-Lombardía examines the HR challenges Spanish companies face as they expand internationally.

Internationalization, they stress, represents "a great opportunity, one that has been put off for years, to transform the field of human resources."

Seven pressing challenges

Carried out in conjunction with the law firm Baker & McKenzie, the study is the result of a series of working sessions with executives from Spain's largest multinational companies — including BBVA, Inditex, Repsol, Santander and Telefónica.

Based on the sessions, the authors identify seven major changes that HR departments must address in order to provide the "engine and leverage that international expansion requires." Here are the key points:

1. Finding talent. HR must monitor the company closely to anticipate its needs and deal with them effectively. In practical terms, talent must be sought out and developed wherever it might be: at headquarters as well as in the company's subsidiaries.

2. Moving faster. In order to speed up, companies must change their HR structures, processes, tools and organization. In other words, HR must stay close to the core business and develop new mechanisms for anticipating business needs and gaining competitiveness.

3. Exerting flexible control. Create flexible architecture that maintains communications and control systems while leaving a margin for each country's specific analysis and design. This must be done with an eye to keeping costs in check and enhancing corporate identity through global coordination and management of human resources.

4. Boosting mobility. Changes must be made in the traditional expatriation model — from identifying appropriate candidates to offering professional incentives, not just economic ones. To fill international positions, moving may not be necessary: thanks to technology, knowledge can be "moved" as well. Similarly, companies may choose to set up local training and hiring centers, when possible.

5. Protecting a global reputation. Since globalization can amplify any local conflicts that harm a company's brand, averting such damage is a priority for HR. Reputational risk must be a factor in the management and analysis of all policies, processes and decisions.

6. Building transnational labor relations. Companies must work with global union federations and combine this dialogue with local agents. An analysis of the pros and cons of international framework agreements should precede labor negotiations, and the company's CEO should get involved.

7. Addressing regulatory complexity and the risks associated with hiring, dismissals, social security and benefits, etc. Look to local legal advisers and consider country risk and partner risk when making strategic decisions.

HR with a larger conceptual role

How should companies integrate these considerations into an effective new strategy? To begin with, the authors stress that HR departments must play a larger conceptual role in the organization, and wear many hats: those of strategic partner, agent of change and expeditor of international expansion. Therefore, their strategy must necessarily be in sync with that of the company.

To accomplish this, HR departments must work closely with the CEO to design the new strategy, as well as with the managers of all the company's areas and units to implement it. In short, all divisions of the company must collaborate to bring this strategy to fruition.

Protecting a corporate identity for good

The authors link the issues of corporate identity and reputation with regulatory compliance and global ethics. Besides managing talent and creating a global workforce, HR departments must protect and strengthen corporate identity by creating a global brand as an employer.

Failing to comply with labor laws can be very harmful to a firm's reputation. The authors emphasize that the ethical dimension of business behavior raises this issue to a strategic level, since the company's corporate identity — its values and mission — is at stake.

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