

Chapter 3

Global Recruitment and Selection



IHRM

Welingkar Hybrid Program

Chapter Objectives

By the end of this chapter, you will understand:

- the context of recruiting internationally
- the approaches organizations follow to recruit internationally
- the advantages and disadvantages of different approaches to recruit internationally
- traditional and current recruitment methods
- current selection methods and trends
- technology as a major support for recruitment and selection
- challenges of recruiting internationally
- best practices in international recruitment

Chapter Structure

1. The context of sourcing internationally
2. Approaches to recruitment
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5. Challenges & Trends in International Recruitment & Selection
6. Best Practices in International Recruitment & Selection
7. Summary

1. The context of sourcing internationally



HR has to be dynamic

Being local while global

- While resourcing for international organizations, the HR function has to work in globally co-ordinated systems while being insightful towards the local needs.
- For example, different countries have different variations on the size of the space used for interviewing a candidate.
- If an organization does not consider these elements, success may not be easily attained.
- The HR team, therefore, needs to develop local expertise in order to attain success in recruiting internationally.

HR has to be dynamic

Integrating diverse work

- In an international context, organizations look to source the best talent from around the world. In doing so, there is obviously an increasingly varied and diverse team that gets together.
- For example, the Electricity Supply Board (ESB), Ireland headquartered in Dublin employs more than 7500 people. In the recent years they are focusing on diversity and integrating diverse workforce.
- Their specific program on integrating people with disability lasts for 3 years.
- Post training, induction and internship, ESB absorbs some of them for a permanent employment with them. So far, 25% of trainees have been absorbed by ESB.

HR has to be dynamic

Focus on development and reward

- While resourcing international talent, resourcing specialists also have to focus on talent development and rewards.
- Talent development initiatives and reward systems have become supremely important.
- In challenging roles like working internationally, if recruiters and organizations want to select, recruit and retain talent, they need to actively focus on talent development and reward strategies.

HR has to be dynamic

Selection in changing environment

- Sometimes international recruiting comes by way of mergers or acquisitions. This means that recruiters are engaged in selecting talent during changing times and need to harmonise HR practices of the entities and employees involved.
- Research shows that the turnover rate of a company under merger is three times the rate found in companies that aren't involved in a merger.
- Recruitment during these times is a highly sensitive activity and everyone in the top management and the line function needs to be sensitized to this along with recruitment specialists.

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2. Approaches to recruitment

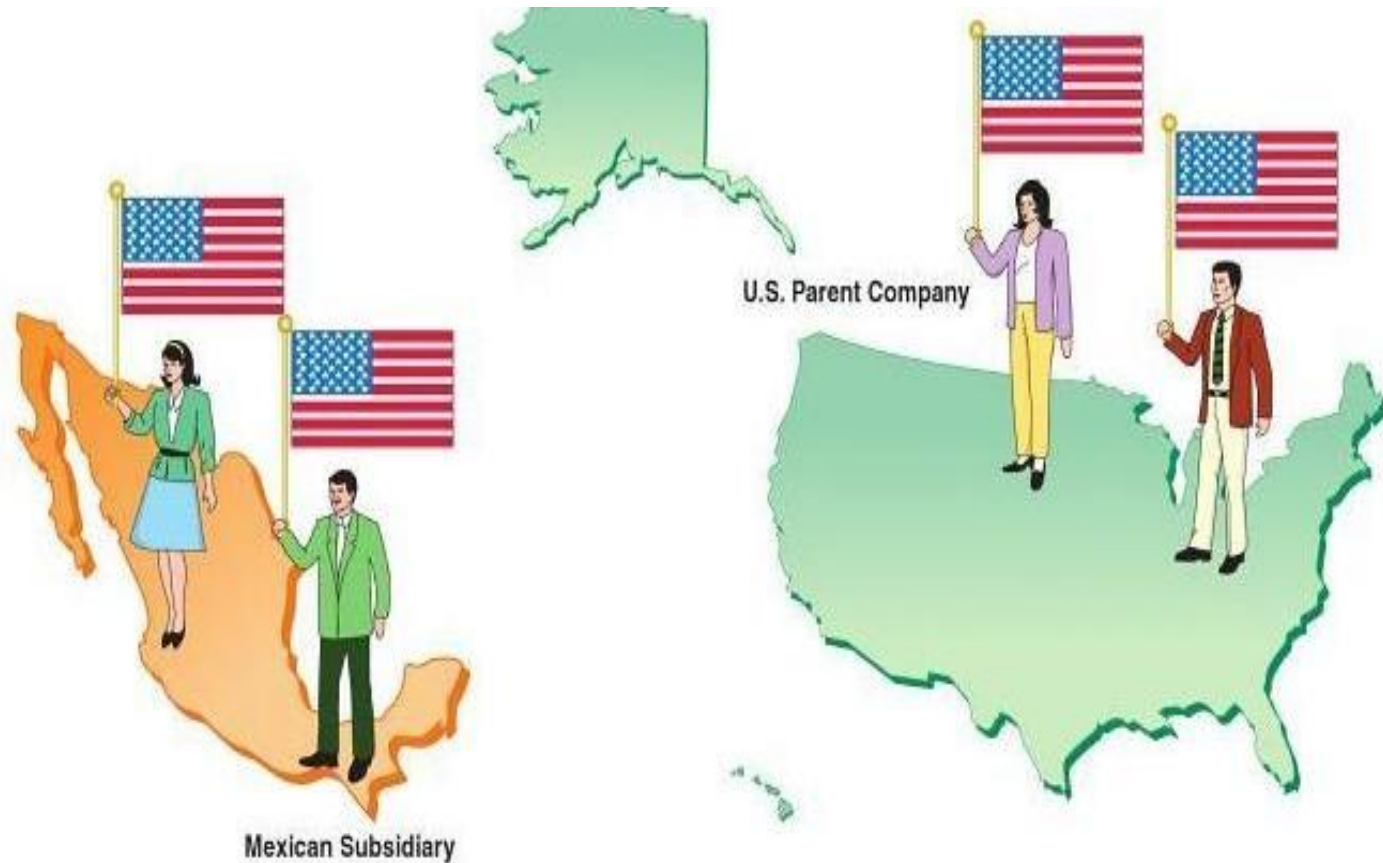


Ethnocentric approach

- When a company follows the strategy of choosing only from the citizens of the parent country to work in host nations, it is called an ethnocentric approach.
- The general rationale behind the ethnocentric approach is that the staff from the parent country would represent the interests of the headquarters effectively and link well with the parent country.
- The recruitment process in this method involves four stages: self-selection, creating a candidate pool, technical skills assessment, and making a mutual decision.
- Self-selection involves the decision by the employee about his future course of action in the international arena.

Ethnocentric approach

- In the next stage, the employee database is prepared according to the manpower requirement of the company for international operations.
- Then the database is analysed for choosing the best and most suitable persons for global assignments and this process is called technical skills assessment.
- Finally, the best candidate is identified for foreign assignment and sent abroad with his consent.
- The ethnocentric approach places natives of the home country of a business in key positions at home and abroad.



In this example, the U.S. parent company places natives from the United States in key positions in both the United States and Mexico.

Ethnocentric approach

Advantages

- The obvious advantage to ethnocentric staffing is the alignment of interests and perspective of the home office with all foreign subsidiaries abroad.
- Communication is also easier because there should be no language and cultural barriers.
- The company may also be able to transfer employees with a clear performance record that will provide some level of predictability.

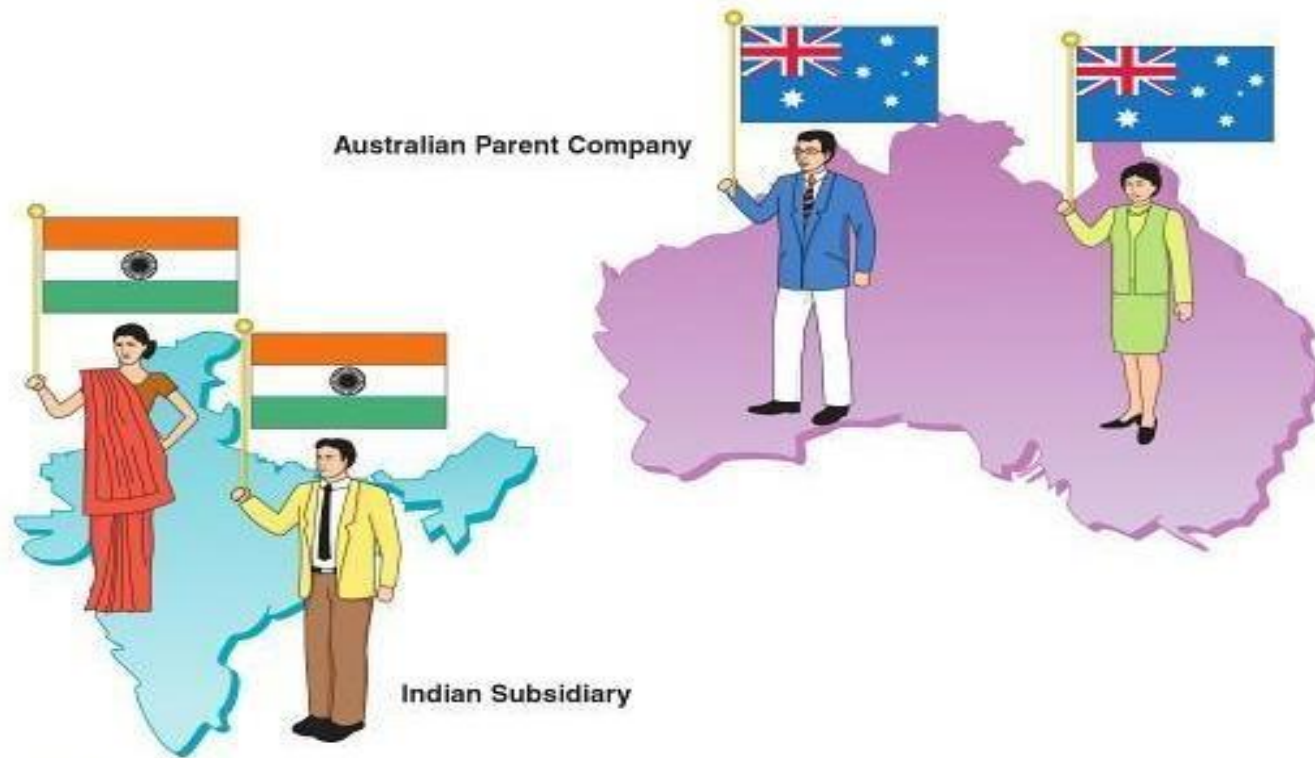
Ethnocentric approach

Disadvantages

- You can lose local perspective and insights that local employees can provide that may help overcome unique hurdles in each foreign office.
- Hiring expatriates tends to be expensive compared to hiring locally. Additionally, a high ratio of expatriates may create local resentment at foreign subsidiaries, which may hurt morale.
- An ethnocentric company assumes that the host country will be unable to supply skilled labor. Although it will recruit local people for low-level positions, an ethnocentric company will reserve skilled positions and managerial roles for employees from its home country.
- During the recruitment and selection process, an ethnocentric company risks imposing cultural norms from its home country.
- It may struggle to find suitable employees because it seeks qualifications that are not undertaken in the host country or insists that low-level employees speak a second language to enable them to communicate with expatriate managers.

Polycentric approach

- When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a polycentric approach.
- The purpose of adopting this approach is to reduce the cost of foreign operations gradually. Even those organizations which initially adopt the ethnocentric approach may eventually switch over to the polycentric approach.
- The primary purpose of handing over the management to the local people is to ensure that the company understands the local market conditions, political scenario, cultural and legal requirements better.
- The companies that adopt this method normally have a localized HR department, which manages the human resources of the company in that country.



The polycentric approach uses natives of the host country to manage operations in their country and natives of the parent country to manage in the home office. In this example, the Australian parent company uses natives of India to manage operations at the Indian subsidiary. Natives of Australia manage the home office.

Polycentric approach

Advantages

- Host-country nationals (HCN) will be able to better guide the company on local market conditions, politics, laws and culture at each foreign location.
- Use of local employees also sends a message to the country and its consumers that the company is willing to make a commitment to the country and its people.
- Local employees are also cheaper, as there are no relocation expenses and premium compensation for working abroad.
- Employment of HCNs eliminates language barriers, avoids adaptation of Parent Company Nationals (PCN), reduces the need for cultural awareness training programs
- Employment of HCNs allows a multinational company to take a lower profile in sensitive political situations
- Employment of HCNs gives continuity to the management of foreign subsidiaries (lower turnover of key managers)

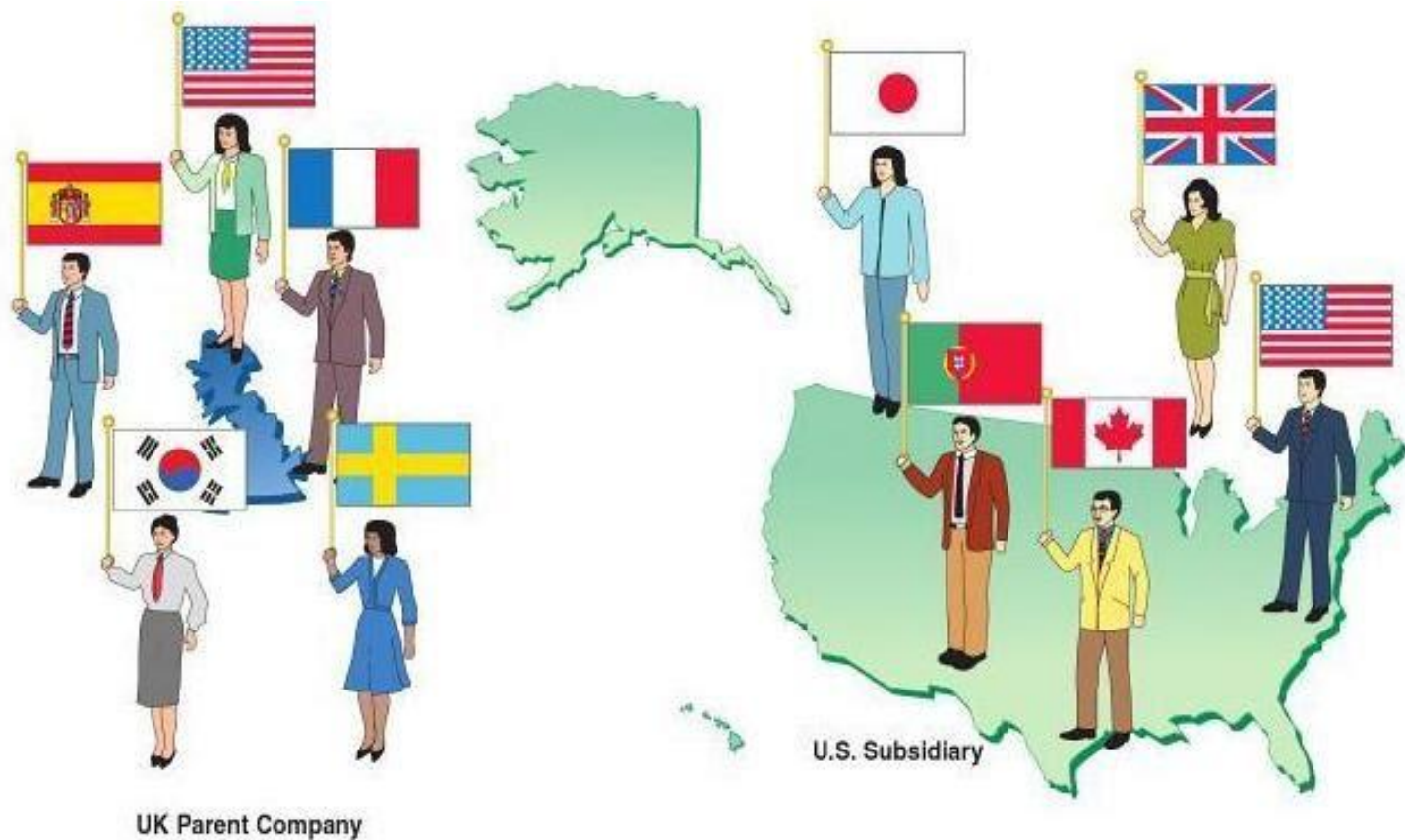
Polycentric approach

Disadvantages

- Relying on locals means there may be some disconnect in perspective and interests with the home country. Locals may put local interests above the company's broader interests.
- Difficult to bridge the gap between HCN subsidiary managers and PCN managers at headquarters (language barriers, conflicting national loyalties, cultural differences)
- HCN managers have limited opportunities to gain experience outside their own country
- PCN managers have limited opportunities to gain international experience
- Resource allocation and strategic decision making will be constrained when headquarter is filled only by PCNs who have limited exposure to international assignment

Geocentric approach

- When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a geocentric approach.
- Companies that are truly global in nature adopt this approach since it utilizes a globally integrated business strategy.
- Since the HR operations are constrained by several factors like political and ethnical factors and government laws, it is difficult to adopt this approach.
- For international recruitment, especially on foreign soil, organizations generally use manpower agencies or consultants with international connections and repute to source candidates, in addition to the conventional sources.



The geocentric approach uses the best available managers for a business without regard for their country of origin. In this example, the UK parent company uses natives of many countries at company headquarters and at the U.S. subsidiary.

Geocentric approach

Advantages

- Enhances ability of the firm to develop an international executive team.
- Overcomes the federation drawback of the polycentric approach.
- Support cooperation and resource sharing across units.

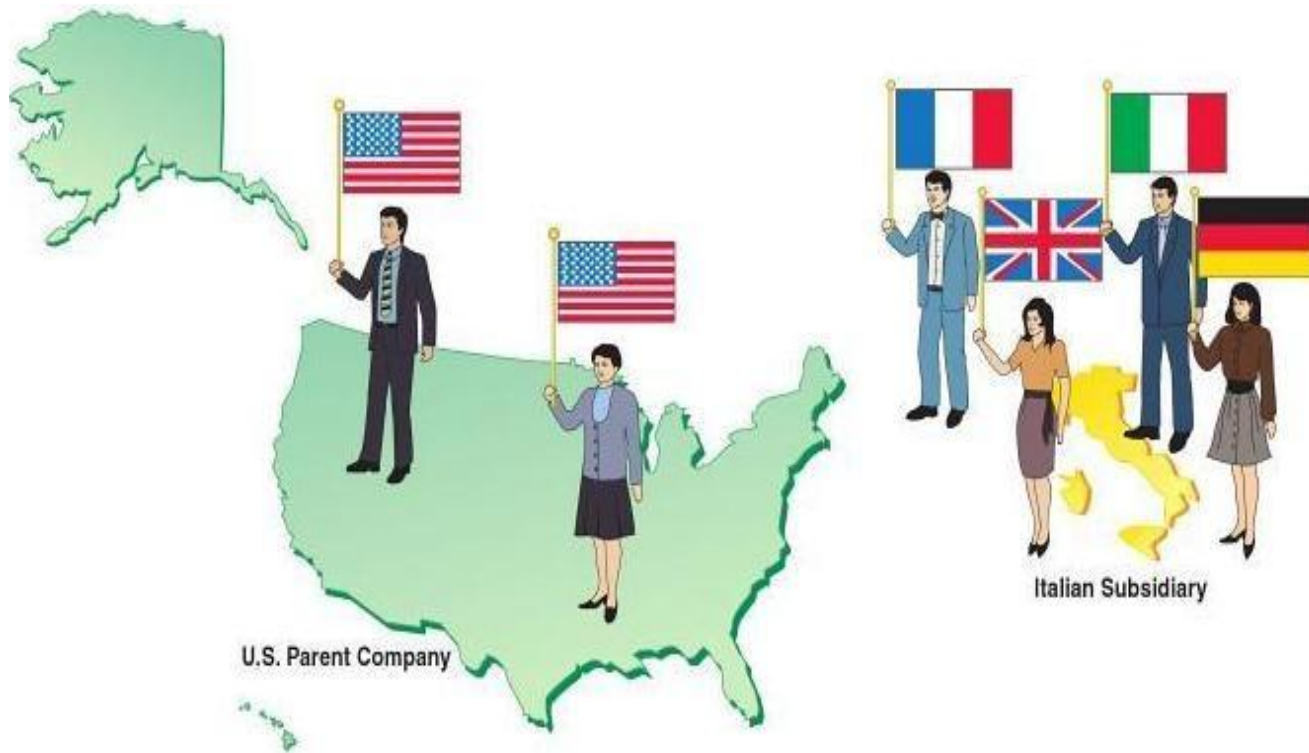
Geocentric approach

Disadvantages

- Host government may use immigration controls in order to increase HCNs employment.
- Expensive to implement due to increased training and relocation costs.
- Large numbers of PCNs, HCNs, and TCNs need to be sent across borders.
- Reduced independence of subsidiary management.

Regiocentric approach

- A regiocentric approach to hiring selects management personnel from within a region of the world which most closely resembles that of the host country.
- The company has expanded its search beyond the borders of the host country, but has stopped short of seeking management personnel from its operations throughout the world.
- The theory behind this selection process is that nationals of the region in which operations actually take place are better able to deal with language and cultural problems than are managers from outside the region.
- The regiocentric approach is adaptable to the company and product strategies. When regional expertise is needed, natives of the region are hired. If product knowledge is crucial, then parent-country nationals, who have ready access to corporate sources of information, can be brought in.



The regiocentric approach places managers from various countries within geographic regions of a business. In this example, the U.S. parent company uses natives of the United States at company headquarters. Natives of European countries are used to manage the Italian subsidiary.

Regiocentric approach

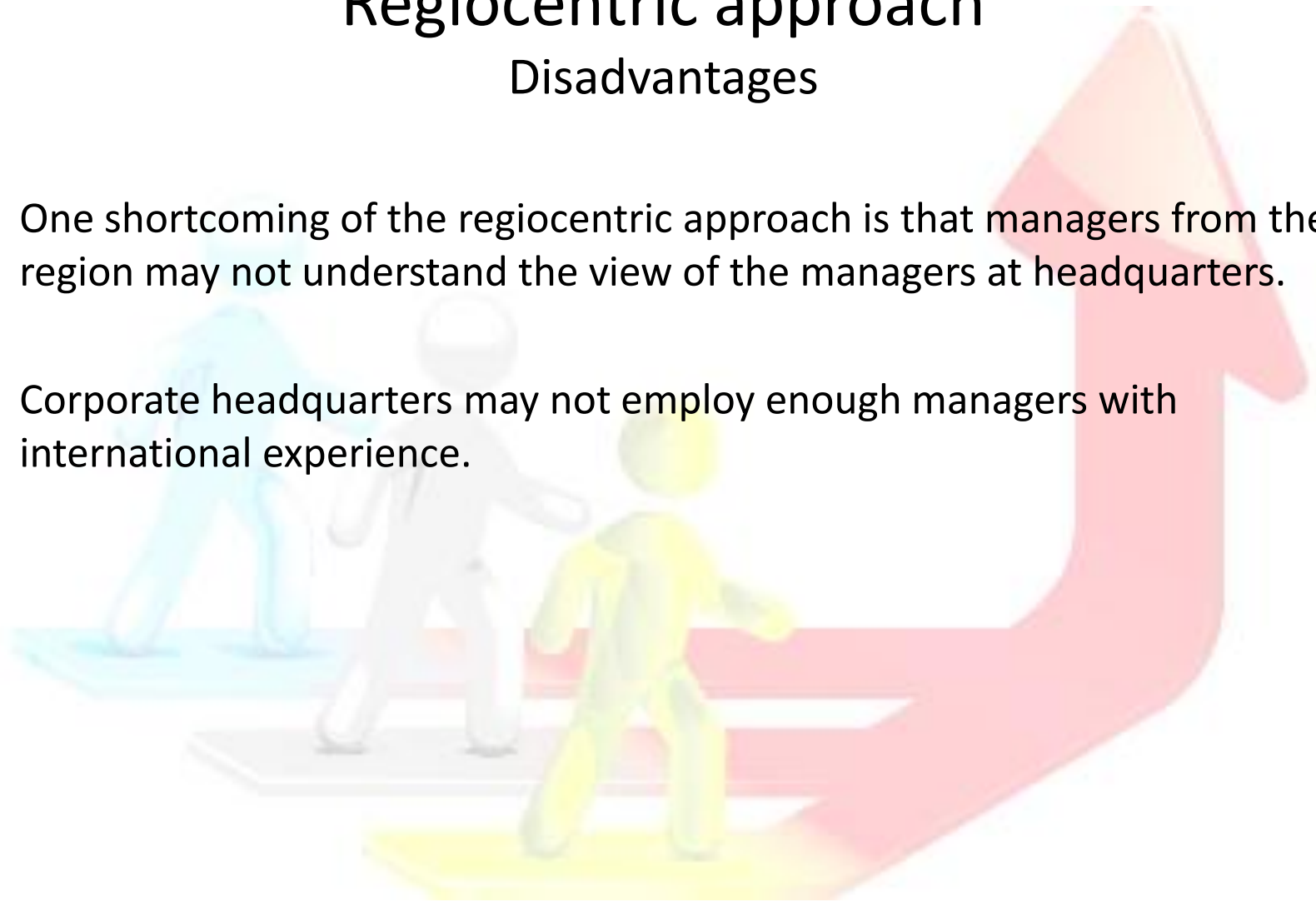
Advantages

- Culture familiarity of the candidates with that of the host country.
- Less cost of staff compared to parent country nationals.
- Subsidiary can perform its business operations efficiently in neighbouring countries by recruiting neighbouring country nationals.
- Loyalty and commitment of neighbouring country nationals towards subsidiary.
- Stability in employment of neighbouring country nationals compared to that of other foreigners.

Regiocentric approach

Disadvantages

- One shortcoming of the regiocentric approach is that managers from the region may not understand the view of the managers at headquarters.
- Corporate headquarters may not employ enough managers with international experience.



Quick Check

Choose the correct option:

1. Ethnocentric approach to recruitment is:

- A. When a company chooses employees from anywhere across the world
- B. When a company chooses employees only from the host country
- C. When a company chooses employees only from the parent home country

2. Major disadvantage of the Polycentric approach is:

- A. Disconnect of locals with home country interest
- B. Hiring employees is more expensive
- C. Suitable employees are not easy to find

Answers:

1. C 2. A

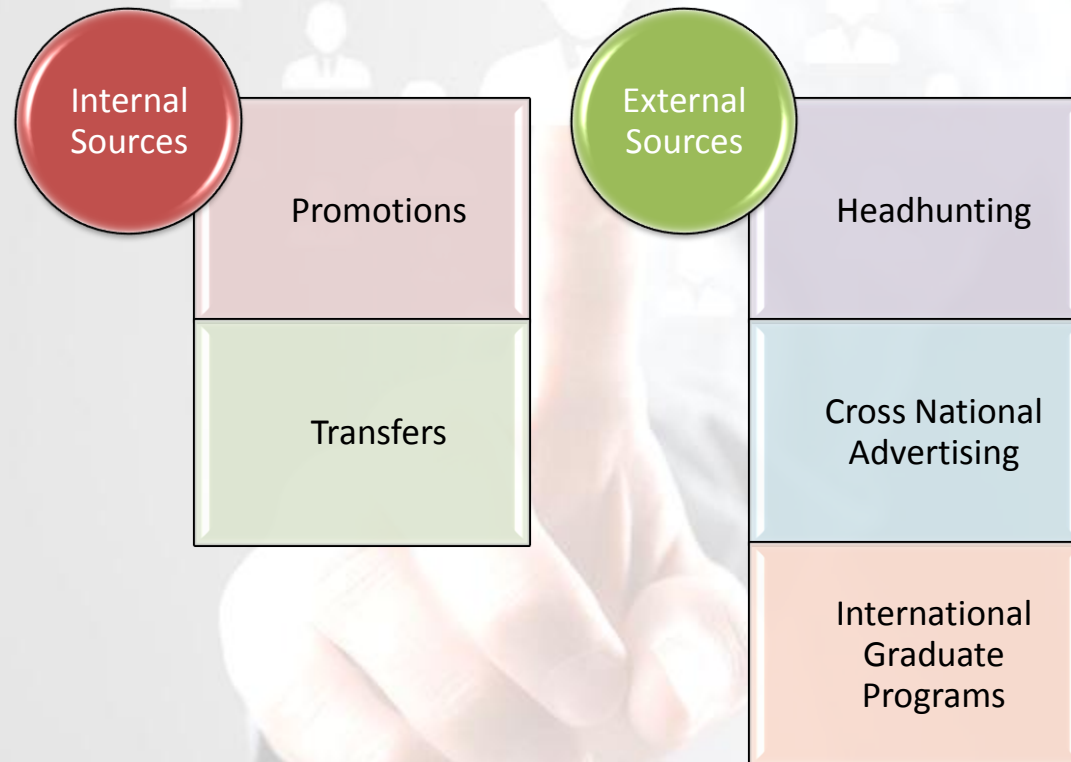
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A hand in a dark suit jacket points its index finger towards a digital interface. The interface features a grid of white person icons on a dark grey background. The icon in the center, which is slightly larger and more prominent than the others, is being pointed at by the finger. The text "3. Recruitment Methods" is overlaid on the image in a white, sans-serif font.

3. Recruitment Methods

When an international organization is looking to recruit, they may follow either External sources for hiring or Internal



Internal Sources

- Recruiting from existing employees is beneficial because those employees already know the products and services provided by the organisation, and are committed to the organisation.
- Having the opportunity for international placements can also be motivating for employees, and can be a key part of their development.
- However, there are considerable costs associated with overseas placements that might make internal promotion less attractive.
- The benefits of internal promotion have to be balanced against the recruitment of new employees, which can result in fresh ideas and knowledge being added to the organisation.

External Sources

- There are a number of specialist organisations which operate international search and selection. However, this approach is a little expensive.
- As with all resourcing, advertising remains a common way of attracting people to relevant jobs. There are considerable differences in the use of advertising. Newspaper, journal and internet advertising is used commonly in developed countries, but less so in the developing or undeveloped countries. Thought needs to be given to the potential pool of applicants. Is the intention to recruit a home national for a role to which s/he would be relocated overseas, or is it preferable to recruit someone already living and working in the target country?
- An increasingly common source of recruitment is the internet. It is a relatively cheap and quick way of reaching a huge (and international) target audience. However, it is important to think again about the likely readership. In developing and undeveloped countries individuals are less likely to have access to the internet, and hence are less likely to see an advertisement.

Quick Check

Choose the correct option:

1. It is advantageous to recruit from internal sources because:
 - A. Lots of new talent comes into the company
 - B. The approach is very restricting for the organization
 - C. Existing employees already know the products and services
2. Recently, _____ has been proved to be the most quick and effective way of recruiting
 - A. Internet
 - B. Newspaper advertising
 - C. Internal movements

Answers:

1. C 2. A

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4. Selection Methods



- Once we have attracted talent, as an international organization, we need to gel on to the methods that best suit us to select suitable talent. Selecting candidates involves two main processes: shortlisting, and assessing applicants to decide who should be made a job offer.
- A range of different methods can be used to assess candidates.
- These vary in their reliability as a predictor of performance in the job and in their ease and expense to administer.
- Whatever method is used it is important to ensure that candidates know in advance what to expect from the selection process.
- Organisations should also check whether the applicant has any need for adjustments due to a disability.

Selection Methods

Interviews

- Interviews are commonly used, but the approach to them differs.
- In the UK it is increasingly common to have a structured interview, and panel interviews are not uncommon.
- In the USA almost all interviews follow a very structured process where all applicants are asked exactly the same questions.
- In Northern Europe it is common for the HR Manager to be one of the interviewers, but this is less likely in other countries in the world.

Selection Methods

Interviews

- There are also cultural differences in the ways in which applicants will react in an interview situation.
- For example, in Korea it is a cultural norm, when asked a 'good question' to keep silent as a mark of respect. However, in cultures such as the USA and the UK to remain silent when asked a question would be seen to be rude or ignorant.
- It is important that cultural differences are understood and interpreted appropriately.

Selection Methods

Interviews

- For the organisation, the interview is an opportunity to:
 - ✓ describe the job and the responsibilities the job holder would need to take on in more detail
 - ✓ assess candidates' ability to perform in the role
 - ✓ discuss with the candidate details such as start dates, training provisions and terms and conditions such as employee benefits
 - ✓ give a positive impression to the candidate of the company as a 'good employer'

Selection Methods

Interviews

- Research evidence highlights the limitations of the traditional interview as a poor predictor of a candidate's performance on the job.
- **The self-fulfilling prophecy effect.** Interviewers may ask questions designed to confirm initial impressions of candidates gained either before the interview or in its early stages.
- **The stereotyping effect.** Interviewers sometimes assume that particular characteristics are typical of members of a particular group. In the case of sex, race, disability, marital status or ex-offenders, decisions made on this basis are often illegal. However, the effect occurs in the case of all kinds of social groups.
- **The halo and horns effect.** Interviewers sometimes rate candidates as 'good' or 'bad' across the board and thus reach very unbalanced decisions.

Selection Methods

Interviews

- **The contrast effect.** Interviewers can allow the experience of interviewing one candidate to affect the way they interview others who are seen later in the selection process.
- **The similar-to-me effect.** Interviewers sometimes give preference to candidates they perceive as having a similar background, career history, personality or attitudes to themselves.
- **The personal liking effect.** Interviewers may make decisions on the basis of whether they personally like or dislike the candidate.

Selection Methods

Assessment Centres

- Assessment centres are increasingly common in the UK, but still relatively unknown in many other countries.
- In designing activities in an assessment centre it is important to ensure that they are free of cultural bias, and that the results are interpreted appropriately.
- Assessment centres involve candidates completing a number of different tasks as part of the selection process.
- An assessment centre should reflect the reality of the job and the organisation. The tasks set should link with the job description and person specification.
- It must be fair as a selection process regarding the time taken, the number of tasks set and the opportunities for candidates to show different aspects of their abilities.

Selection Methods

Assessment Centres

- Selectors must be trained to observe, record, classify and rate behaviour, and seek evidence accurately and objectively against the job description and person specification.
- Selectors preferably should also have had some training on interviewing skills and in managing diversity, and have good listening skills.
- Assessors might also be used to observe and comment on behaviour although they do not necessarily take part in final selection decisions.
- A feedback session with either an occupational psychologist or someone trained to deliver professional feedback is of benefit to candidates and indicates the organisation takes selection seriously.

Selection Methods

Psychological Testing

- With the increase in the use of technology in the workplace, online testing is also growing in popularity - particularly in the recruitment of graduates and where employers are faced with high volumes of applicants.
- The use of psychological testing does attract some controversy. This is particularly true in international settings.
- Most tests are designed and developed by occupational psychologists and are accompanied by detailed manuals providing the data to establish the reliability of the test and the normative information against which test results may be compared.
- With personality tests there are no right or wrong answers as they are designed to present a profile of an individual.

Quick Check

Choose the correct option:

1. Assessment centres involve:
 - A. Completing a number of different tasks
 - B. A question and answer session
 - C. A pencil and paper or online test
2. A poorly conducted interview may result in:
 - A. The candidates carrying a bad impression about the organization
 - B. No particular impact on the organization
 - C. Organization getting a bad impression about the candidate

Answers:

1. A 2. A

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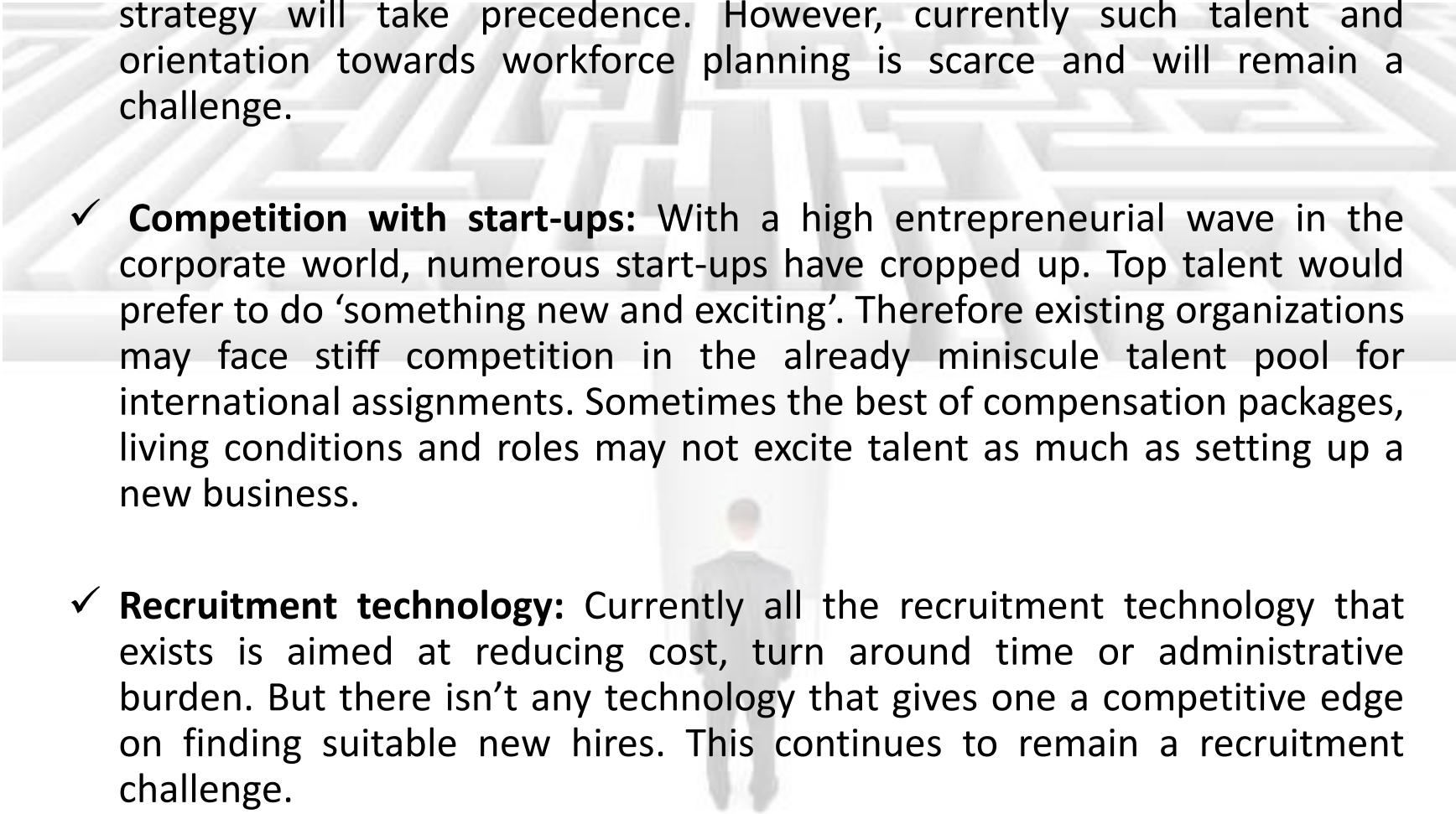
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5. Challenges and Trends in International Recruitment and Selection



Recruitment Challenges

- Due to the constantly changing global and corporate environment, recruitment teams often face several challenges for international placements.
- In the current times, certain recruitment issues are most significantly challenging for organizations –
 - ✓ **Retention:** Turnover rates continue to rise, even upto a high of 25%. Talent shifts jobs for more exciting opportunities. They now look for more than security and comfort. Recruitment teams are already working overtime to fill in vacant positions and added turnover rates will only add to that complexity.
 - ✓ **Speed:** As the pace of business is accelerating and the fight to hire the right talent gets tougher, the recruitment function is now becoming more like the survival of the fittest. The recruitment team that's fast in all the aspects of hiring, will succeed in recruiting top talent.
 - ✓ **Position prioritization:** As is the reality for most organizations, there will always be limited budgets and there will always be lag due to pending approvals or management decisions. This will lead businesses to prioritize positions and recruitment teams to fill in positions with high business impact and return on investment.

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- ✓ **Workforce Planning:** As the business environment becomes more unpredictable and volatile, workforce forecasting and planning will not be as easy as it has been. Data driven forecasting, planning and recruitment strategy will take precedence. However, currently such talent and orientation towards workforce planning is scarce and will remain a challenge.
 - ✓ **Competition with start-ups:** With a high entrepreneurial wave in the corporate world, numerous start-ups have cropped up. Top talent would prefer to do 'something new and exciting'. Therefore existing organizations may face stiff competition in the already miniscule talent pool for international assignments. Sometimes the best of compensation packages, living conditions and roles may not excite talent as much as setting up a new business.
 - ✓ **Recruitment technology:** Currently all the recruitment technology that exists is aimed at reducing cost, turn around time or administrative burden. But there isn't any technology that gives one a competitive edge on finding suitable new hires. This continues to remain a recruitment challenge.

Recruitment Trends

- Some impactful trends that will continue to be important for the next few years –
 - ✓ **The mobile platform:** The ability of the candidate to currently make instant applications to jobs from mobile phones will become mainstream. Recruitment focussed mobile phone apps will gain importance. This will enable talent scouting to become faster.
 - ✓ **Video interviewing:** With diminishing geographical boundaries and organizations pressed for time, the live video interviewing will continue to gain importance. In the past few years, this technique has gained acceptance and will continue to do so in the next few years for atleast the initial interviews.

Recruitment Trends

- ✓ **On line candidate assessment:** As the online candidate assessment tools prove to be cheaper and equally effective, they continue to become mainstream tools for recruitment. They prove to be effective because they reduce unnecessary interviews and can improve the quality of hire as well.
- ✓ **Remote working:** The growth in technology and also the willingness of managers to accept talent working remotely has increased the available talent pool and also opened out opportunities to find talent irrespective of their location.
- ✓ **Accelerated internal movements:** It has become increasingly important to move existing employees to areas of higher impact. Internal movements also give higher comfort to both the organization and the employee in terms of culture fit and performance predictability.

Quick Check

Choose the correct option:

1. In the current times, one of the most important recruitment issues is:
 - A. Video Interviewing
 - B. Competition with start ups
 - C. Low cost

2. Some impactful current trends in recruitment are:
 - A. Mobile platform, Video interviewing and Online assessment
 - B. Structured interviews, assessment centres and psychometric tests
 - C. Structured interviews, video interviewing and assessment centres

Answers:

1. B 2. A

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6. Best Practices in International Recruitment and Selection



**BEST
PRACTICES**

- As the world becomes smaller and businesses go global, organizations are looking out for reliable recruiters who can fill positions quickly and effectively.
- A few years back, companies would take such decisions very slowly – whether or not to move to international markets.
- However, now considering moving to a new market and acting upon it has become very quick.
- As a result, a new sect of HR experts has sprung up – one that gives expert information on standard work week, local salary expectations, government hiring regulations and trade union influence.
- This enables organizations to quickly grasp the pulse of the particular location where they aim to launch their new operations.

Best Practices for International Recruitment

- **Need for specialized HR agency:** Businesses that plan to spread locations outside of their own, need to tie up with specialized HR agencies or have specialist HR executives on board to carry out their international recruitment exercise. Such experts have a deeper understanding of the local labour pool and they also have higher access to local contacts. This would result in quicker and more authentic hiring of candidates with the right fit.
- **Recruiting locally:** Higher number of organizations are taking a call to recruit locally when they start operations at a new location, rather than importing people from their home country. This ensures lower cost and higher cultural fit. DHL, for example, moved its global data centre from UK to Czech Republic. Connect2Development (C2D), a Prague based IT recruiting and outsourcing firm recruited 3000 odd employees from the local market for this new centre of DHL.
- **Good Systems make a good practice:** Its absolutely essential for international recruiting that you have a good local database system. For a recruitment team to work quickly and efficiently, a strong system will ensure quicker, timely and more appropriate actions. It has now become a necessity and not a choice to invest in such systems.

Best Practices for International Recruitment

- **Personal touch:** In addition to having a strong database system, what gives you an edge in international recruitment is the personal touch from the recruiter. Sending a personal mail or message to candidates who you may have shortlisted, lets them know that the organization is interested in them and that they are on their radar. Though staying in touch with such a large base of candidates has its challenges, but giving a bit of the personal touch definitely brings an edge towards drawing the talent, you want, towards your organization.
- **Recruitment metrics:** Let's face it, recruiting globally is a tough task! No matter where you recruit, it is important to understand what recruitment channels are working for you and what aren't. When using international job sources, you need to make sure that they are providing you value in terms of bringing applicants to your system. You need to have access to multiple recruiting channels and regularly test and evaluate – which ones are giving you the result you want.

Quick Check

Choose the correct option:

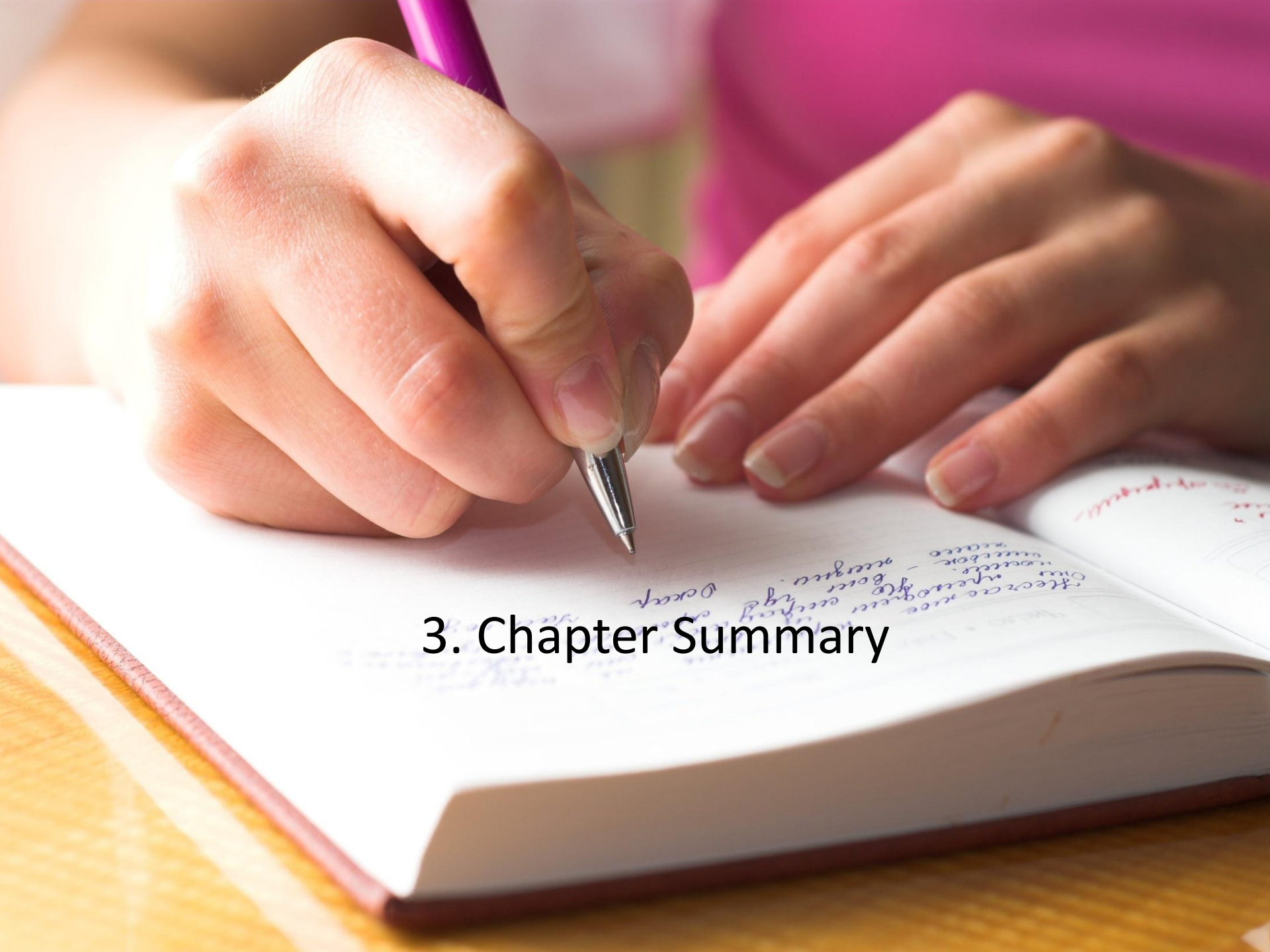
1. In addition to technology, what gives you an edge in international recruitment is:
 - A. Being present locally at host country
 - B. Personal touch by recruiter
 - C. Knowing the local language
2. Higher number of organizations these days are recruiting locally because of:
 - A. Unavailability of talent at home office
 - B. Ease of recruitment logistics
 - C. Lower cost and higher cultural fit

Answers:

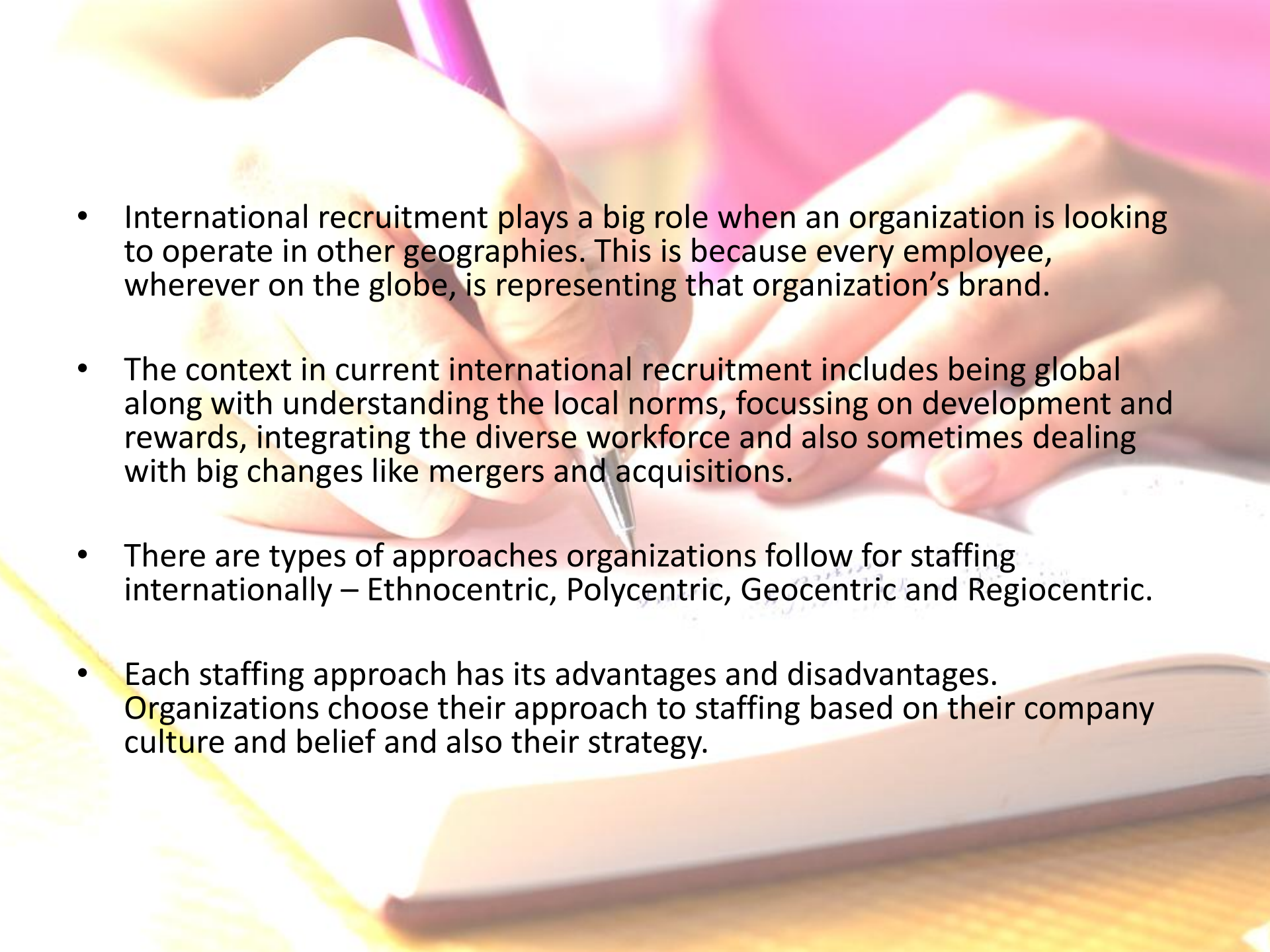
1. B 2. C

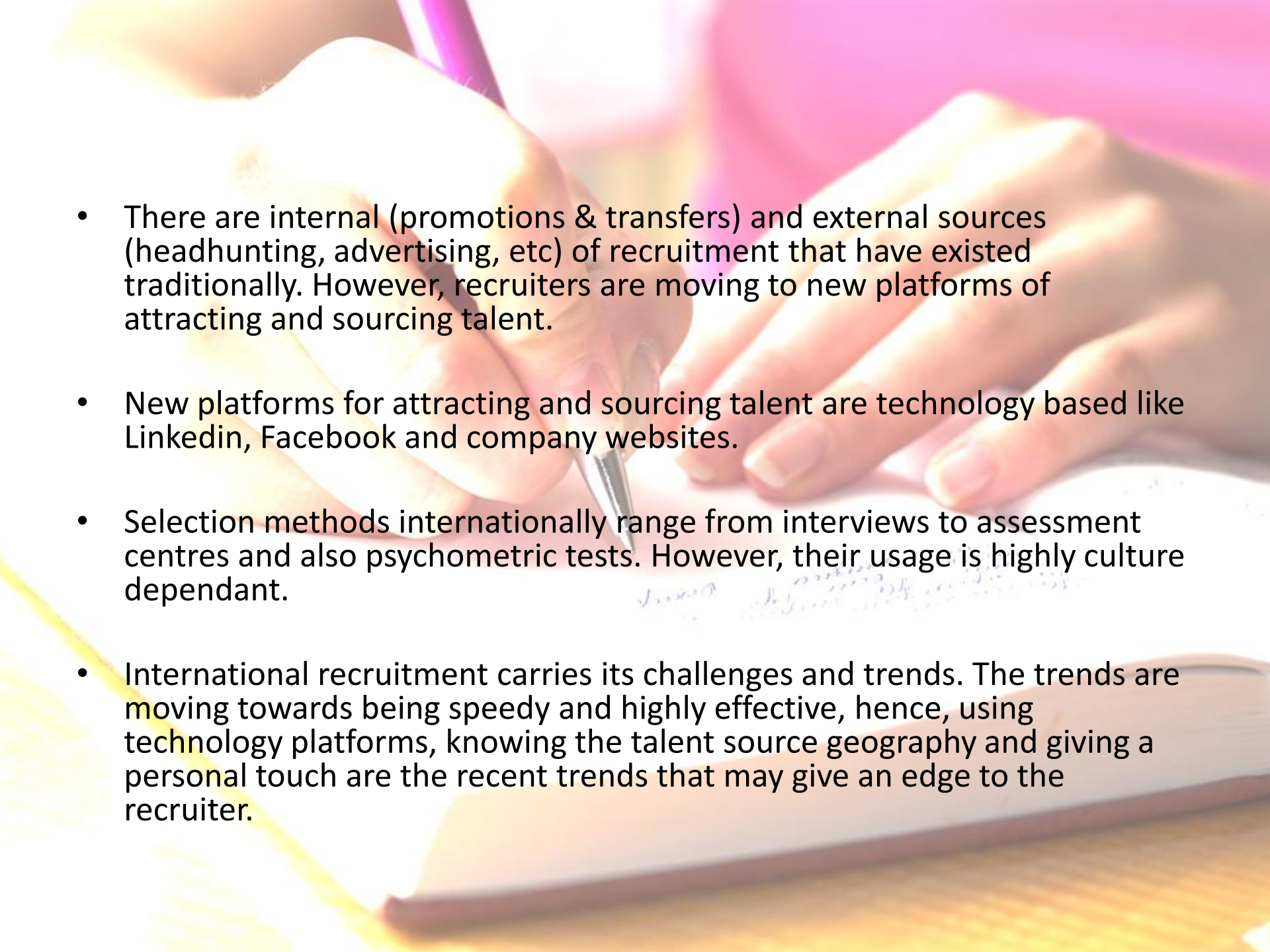
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A close-up photograph of a person's hands writing in a notebook. The left hand holds a purple pen, and the right hand rests on the page. The notebook is open, showing handwritten text in blue ink. The background is a soft-focus pink and purple.

3. Chapter Summary

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- International recruitment plays a big role when an organization is looking to operate in other geographies. This is because every employee, wherever on the globe, is representing that organization's brand.
 - The context in current international recruitment includes being global along with understanding the local norms, focussing on development and rewards, integrating the diverse workforce and also sometimes dealing with big changes like mergers and acquisitions.
 - There are types of approaches organizations follow for staffing internationally – Ethnocentric, Polycentric, Geocentric and Regiocentric.
 - Each staffing approach has its advantages and disadvantages. Organizations choose their approach to staffing based on their company culture and belief and also their strategy.

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- There are internal (promotions & transfers) and external sources (headhunting, advertising, etc) of recruitment that have existed traditionally. However, recruiters are moving to new platforms of attracting and sourcing talent.
 - New platforms for attracting and sourcing talent are technology based like LinkedIn, Facebook and company websites.
 - Selection methods internationally range from interviews to assessment centres and also psychometric tests. However, their usage is highly culture dependant.
 - International recruitment carries its challenges and trends. The trends are moving towards being speedy and highly effective, hence, using technology platforms, knowing the talent source geography and giving a personal touch are the recent trends that may give an edge to the recruiter.

Hiring people is an art,
not a science, and
resumes can't tell you
whether someone will fit
into a company's culture.

Startup Quote!



HOWARD SCHULTZ

CHAIRMAN, STARBUCKS