*Chapter 1*

**Essay question**

A core MNE research finding is that MNEs fail primarily because they don’t understand enough about the differences in managing HR in foreign environments. Think of a particular MNE of your choice. Explain the five variables that moderate the differences between domestic and international HRM with an example from the MNE you chose to illustrate each one.

**Answer guide** (see pp. 8-13)

The essay has five sections organized about each variable:

1. The cultural environment
2. The industry(ies) within which the MNE is mostly involved
3. Complexity caused by operating in different countries and having employees from different countries
4. Attitudes of senior management
5. How much the MNE relies on the home-country domestic market

For full credit, each section should also include a specific example that illustrates it from the chosen MNE.

Outline of typical response:

Consider an international airline company based in country A, an IHRM manager Josephine, and baggage handlers in country C.

1. In non-home country C, there is a more relaxed attitude towards timeliness. Arriving 30 minutes late is considered acceptable. Josephine may need to find additional ways to motivate baggage handlers to deliver baggage in a timely manner.
2. Suppose Josephine is hiring local baggage handlers from country C. Because these handlers come from a culture different from country A’s, she will have to provide more culturally neutral and explicit training than in her home country to meet international travelers’ expectations on the timely arrival of their luggage.
3. Besides attitudes, different countries may have different policies regarding how luggage problems are handled. This complicates Josephine’s training of local baggage handlers because she will have to juggle several policies while trying to adhere to the company’s luggage service standard.
4. Senior management attitudes to the airline’s international operations have a major impact on the airline’s luggage service in other countries, beyond the airline’s formal policies regarding luggage. When airline senior managers travel on the airline, for instance, if they make a point of regularly observing and inquiring about baggage handling operations, local handlers will receive feedback how important their work is to the airline.
5. The more airline A’s revenue comes from its international flights, the more the airline will need to rely on its more diverse and complex IHRM.