

**IHRM and Effective Global Staffing Systems in the Iranian Context:
An Exploration of Staffing Roles for HR Manager's in Iranian Organizations
and other MNC's**

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Abstract: The creation of global HR systems remains a real challenge for organizations fighting to stay competitive in a globalized marketplace” (Wiechmann & et al, 2003, p.71). In addressing this ongoing “challenge,” in this paper we first examine important global staffing issues and the practices that should be implemented to create a successful international global staffing strategy. Second, we paint a picture of the economic and labor conditions of Iran within a broader global marketplace. Finally, we specifically review Iranian HR managers' challenges in staffing, as well as identify the core and unique competencies necessary for carrying out effective Iranian domestic and international staffing strategies within an increasingly globalized economy.

Keywords: Effective IHRM Staffing, Global Staffing, Staffing in Iran, Benefits and obstacles of Global Staffing System

Introduction

Global Human Resource managers are required to deal with a variety of issues, challenges and stakeholders who represent diverse cultural, political, and institutional systems in the era of globalization (Javadian & Dastmalchian, 2009, p.43). As more and more organizations extend their reach globally, HR managers are faced with questions regarding to what extent HR tools and systems should be applied on a global basis. As Wiechmann and colleagues stated, “While it may be challenging for an organization to align all of its quality assurance or manufacturing processes globally, it is conceivable to do so. However, many in HR remain skeptical about the ability and the appropriateness of applying HR systems on a global basis” (2003, p.71).

Furthermore, there is a general sentiment that a “one size fits all” mentality will not work. This is particularly true in the staffing area, where differences across countries in educational systems, credentialing, available labor pools, works councils and unions, and equal employment-related legislation make the concept of a global staffing system seem to be an unobtainable goal (Wiechmann et al, 2003, p.71). We should note that in many HR areas, there is a great deal of resistance to designing and implementing global systems and policies because “people are different,” “laws are different,” and “labor markets are different” (Ryan et al., 2003, p.85).

In this paper, first we discuss effective IHRM staffing efforts and explore implementation challenges for IHRM managers seeking to design global staffing. Additionally, we also explore the benefits and obstacles of implementing a global staffing system. Second, we take a comparative-international look at, examining Iranian economic and labor conditions within a larger world context. Finally, we provide an overview of major factors impacting organizational staffing systems in Iran and specifically look at global staffing system’s implementing problems in Iran.

Analysis of Global Staffing Systems

Wiechmann and his colleagues conducted interviews with six corporate business leaders (including companies such as Dow Chemical Company, IBM, Motorola, Procter and Gamble, and Shell Oil) who have successfully developed and implemented global staffing systems, including the incorporation of various global business strategies, policies, and tools in the area of HR. These global leaders have indicated the importance of flexibility, of developing a global team, and of gathering data to assess cultural concerns. Figure 1 below provides a summary of the obstacles and benefits in designing global staffing systems mentioned by the interviewees (Wiechmann et al, 2003).

Figure 1: Obstacles and Benefits of Implementing a Global Staffing System

Obstacles to a Global Staffing System	Benefits of Global Staffing
<ul style="list-style-type: none"> • Legal requirements across countries/regions • Educational systems across countries/regions • Economic conditions across countries/regions • Ability to acquire and use technology • Labor market variations 	<ul style="list-style-type: none"> • Global database of qualified talent • Quick identification of candidates to meet needs of a specific location • Provision of a consistent message about the company to candidates worldwide • Quality of all hires is ensured

<ul style="list-style-type: none"> • Value differences across cultures • Availability of off-the-shelf translated tools • Level of HR experience varies across regions • Role of HR in hiring varies across regions • Familiarity with a tool or practice varies • Misperceptions that something is a cultural difference • Limited local resources for implementation • Beliefs about whether a global system is U.S.-centric or imposed 	<ul style="list-style-type: none"> • Better understanding of country/regional needs by all HR • Global succession planning is enabled • Global HR personnel have access to the latest versions of products/tools • Shared vision of HR globally • Comparisons of staffing results across locations • Global database as an internal benchmark of achievement in different parts of the world
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Adapted from Wiechmann & et al, 2003, p.82

Additionally, it is important to pay close attention to employee satisfaction when working to implement a good global staffing system. Ryan and his colleagues (2003) state: "In any HR system that is not accepted by employees that system cannot be succeed" (p.86). Once more, global systems are more accepted in truly global organizations than in organizations just doing business around the world and global staffing systems are more easily implemented if employees are operating in a truly global rather than multinational organization. Finally, Ryan et al. (2003) warned, "Don't force a global system on local people", but rather focus on fostering a strong corporate culture that can help to off-set the challenges presented through geographical differences (Ryan et al., 2003).

Implementing a Good Global Staffing System in IHRM

Ryan and his colleagues (2003) continued the work of Wiechmann and his colleagues regarding implementing good global staffing systems. In summery, they found that designing and implementing global staffing systems is a challenge, but also that an integrative approach enables companies to be better at staffing around the world. Figure 2 below provides a brief summary of the best and worst practices they outline. The best practices outlined here represent the collective wisdom of a great deal of experience with a wide variety of staffing practices and tools and in a wide variety of countries (Ryan et al., 2003, p.93).

Figure 2: Necessities to Implementing Global Staffing in MNCs

Do.....	Don't.....
<ul style="list-style-type: none"> • Work within existing local systems—integrate global tools into local systems • Create a strong corporate culture Create a global network for system development— global input is critical Treat local people as equal partners in system development • Assess common elements across geographies 	<ul style="list-style-type: none"> • Try to do everything the same way everywhere • Yield to every claim that “we’re different”—make them prove it • Force a global system on local people • Use local people just for implementation • Use the same tools globally, unless you can show that they really work and are culturally appropriate

<ul style="list-style-type: none"> • Focus on what to measure and allow flexibility in how to measure • Allow for local additions beyond core elements • Differentiate when necessary • Train local people to make good decisions about which tools to use and how to do so • Communicate, communicate, and communicate! • Dedicate resources for global HR efforts • Know, or have access to someone who knows, the legal requirements in each country 	<ul style="list-style-type: none"> • Ignore cultural differences • Let technology drive your system design—you can't assume every location has the same level of technology investment and access • Assume that “if we build it they will come”—you need to market your tools or system and put change management strategies in place
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Adapted from Ryan & et al, 2003, p.93

Iran in a Comparative-International Context

Iran is an Islamic country located in the Middle East. It shares common features with the majority of Middle Eastern countries (e.g., Islamic religion, traditions, and social organizations). Iran differs from the rest of the countries in the region by the fact that, as a formalized state, it has had a well-established identity for more than 2500 years. More importantly, during the Safavid dynasty (1501–1732), most of the Iranian people had espoused an Islamic school of thought called “Ikhtiar” or “choice” (Abbas J & Amirshahi, 2002,). Additionally, the Islamic system’s basic principles appear to have a considerable influence on various spheres of social life, including various Iranian sectors in different levels of management that ultimately help to shape the systems of management and thought in Iran (Abbas J & Amirshahi, 2002,).

In this section, we will first explore how Iran fits within a broader cross-national context by looking at (1) Iranian foreign direct investment in Turkey, (2) the rising population of Iran, (3) population levels employed different economic sectors, and (4) Iranian labor statistics as compared to other countries around the world.

Iranian Foreign Direct Investment in Turkey

Much of Iran's economy is housed domestically, but as with most countries in the world, Iran is also experiencing increased amounts of economic activity outside of its borders as it tries to grapple with an increasingly globalized economy and the level of Iranian investment in other foreign-based companies is constantly rising. For example, Table 1 below shows that between the years of 1959-1999, Iranian foreign direct investment in foreign-based domestic and MNC’s in Turkey rose from 269 in 1959 to 811 in 2007 (Yilmaz, et al, 2008, p.33).

Table 1: Country distribution of companies with foreign capital in Turkey among Iran and other Countries

Country	1954-1999	2000	2001	2002	2003	2004	2005	2006	Jan 2007
Iran	269	15	19	26	109	131	126	112	811
Iraq	119	10	13	26	40	54	64	78	411
Azerbaijan	63	7	12	13	38	61	63	87	351

P.R. China	61	10	17	13	46	58	34	27	268
South Korea	34	3	11	2	15	19	18	13	115

Source: (Yilmaz, et al, 2008, p.33).

This one example shows that Iranian economy acts outside of borders more and more than ever before and comparatively at higher levels than other neighboring countries. Furthermore, increasingly levels of foreign direct investment in neighboring countries like Turkey requires organizations to adopt a global strategic framework, including this working in various human resource functions, such as staffing, in an effort to maximize global talent.

Employment across Economic Sectors

As is the case in other countries, Iran has employment differences across its different economic sectors. According to Javadian (2001), Iran continues to experience positive growth in the private and cooperative sectors, while experiencing negative growth in a public sector. However, the positive gains in the private and cooperative sectors can not compensate for a growing younger population seeking employment (p.50). Additionally, Table 3 below shows that the private and cooperative sectors are growing more rapidly than the public sector, particularly in more recent years. This is useful for HR managers in private, public and cooperative sectors looking to fit their staffing systems with the country context to be more efficient (Javadin, 2001, p.50).

Table 3: Employed Population in Different Sectors in Iran, 1976-2006

Sector	1976	1986	1996	2001	2006
Private	7,085,679	7,117,480	9,794,168	11,859,240	14,763,427
Growth	-	0.04	3.24	2.1	4.48
Public	1,673,092	3,454,437	4,257,968	4,705,665	5,195,434
Growth	-	7.52	2.11	2.01	1.99
Cooperative	-	-	56,715	77,204	113,814
Growth	-	-	-	6.36	8.07

Source: Javadin, 2001, p.50

Iranian Labor Statistics

According to Messmer (2002), the first role of a manager is selecting good staff. Furthermore, having an effective staffing system in today's turbulent global labor market is more necessary than it has been in years past (Messmer, 2002). One of the most important issues for developing countries like Iran is the quality of hiring competent staff for the organizations or enterprises in that country (Atafar & Azerbaijani, 2001, p.38). Table 4 below shows a variety of Iranian labor characteristics. In this table, factors such as the Rigidity of employment Index measures the regulation of employment of Iran in comparison to other countries, specifically as it affects the hiring and firing of workers and the rigidity of working hours, which directly impacts staffing strategies (Nation Master, 2006).

Table 4: Iranian Labor Statistics in 2006

Labor Factor	Amount	Country Ranking
Compensation of employees	47.14 %	5 th of 97
Economic activity, men aged 65 plus	53.71	52 nd of 162
Employees, agriculture, female, % of female employment	34.2 %	8 th of 86
Employees, agriculture, female, % of male employment	22.8 %	12 th of 86

Employees, industries, female, % of female employment	28.4 %	4 th of 86
Employees, industries, male, % of male employment	30.9 %	32 nd of 86
Employees, services, female, % of female employment	37.4 %	55 th of 86
Employed in agriculture, % of total employment	24.9 %	12 th of 94
Employed in industry, % of total employment	30.4 %	10 th of 94
Female economic activity growth	34 %	6 th of 156
Force total	27,542,660	18 th of 184
Labor force by occupation, Agriculture 30%, industry 25%, service 45%	28,700,000	18 th of 132
Labor force by occupation, Industry	31 %	3 rd of 29
Labor force by occupation, services	45 %	13 th of 29
Parental Leave, paid maternity leave	90 days	
Rigidity of employment Index	49	48 th of 166
Unemployment rate	12 %	10 th of 107
Unemployment , female, % of female labor force	20.4 %	9 th of 95
Unemployment, total, % of total labor force	11.6 %	27 th of 101

Source: www.nationmaster.com/country/ir-iran/lab-labor, Accessed online July 17, 2009

Additionally, Table 4 above shows many additional factors that are important to consider when developing a global staffing strategy within a given national context. For example, Iran's level in compensation of employees' indicator is 5th of 97 countries. Additionally, other factors such as the percentage of employees in agriculture, the percentage of female employment, the percentage of employees in industry, and female economic activity growth are all strong compared to other nations. However, in some other factors like economic activity of men aged 65 plus, the percentage of employees in the service sector, and rigidity of employment index are relatively weak within a broader cross-national comparative context. Each of these indicators can be used as a tool for HR managers to design a good staffing system.

Overview of Major Factors Impacting Organizational Staffing Systems in Iran

According to Saadat (2004) every organization, small or big, public or private has a staffing process and this process depends on many broad factors, including: (1) Economic factors, (2) Social factors, (3) Technological factors, and (4) Regulations for staffing. Additionally, in Iran, more specific factors impacting firm staffing strategies include the following: (1) Organization size—for example, staffing in a big organization like Iranian Oil Company, which produces oil products, is completely different than a small company like Iran Radiator, which produces heaters and air conditioners; (2) Location—for example, the staffing system of a company located in small city, is different than that in a large city, such as the nation's capital (e.g. staffing for a paper company in Maragheh is different than a Glass Company in Tehran); (3) Compensation and Benefits System—for example, if the compensation and benefits system of a company is strong, employee turnover will be diminished, so the need for an aggressive staffing system will be diminished (Mir Sepasi, 2004). For example, since Iranian Petro Chemical Corporation has a strong compensation and benefits program in comparison with other organizations in the industry (like Raja), it is able to better attract and retain talented employees better than its competitors; (4) Economic Landscape, such as economic growth or recession, will change the staffing system (Saadat, 2005, p.91). For example, the recent global economic recession has had wide ranging effects on Iranian capital markets (Fars News, 2009).

Additionally, as unemployment rates increase, companies are forced to adjust their staffing systems (Erabi, 2001).

Furthermore, in a study of HRM utilizing a sample of international joint ventures in Iran, Namazie (2000) found that Iran's perception and role of HRM is very different from that seen in developed countries. Whereas, some western and other developed countries view HRM as a strategic function seeking to achieve competitive advantage by making full use of human resources, in Iran the role of HRM is more basic and has been dependent on its particular internal and external politics. Tayeb (2005) stated, "The redundancy of female staff in top managerial and industrial sectors following the Islamic revolution and the recruitment of large numbers of war veterans following the Iran-Iraq eight-year war in the 1980s are telling examples here.... HRM in this country is really the 'old' personnel management with a heavy local color especially in recruitment and training areas" (Tayeb, 2005, pp.24-25). Furthermore, in some developing countries, such as Iran, Pakistan, Malaysia, and Saudi Arabia, religion plays a significant role in people's private and public lives, albeit in varying degrees of intensity. In these countries strict Islamic laws are in operation, many of which directly affect HRM and other employee-management policies and practices (Endot, 1995; Tayeb, 1997; Khaliji, 2001; Tayeb, 2001; Tayeb, 2005).

Atafar & Azerbaijani (2001) conducted a survey in Yazd province among one hundred HR managers in public and private organizations, examining the quality of staffing. They found that there is a strong correlation between organization's overall effectiveness and staffing system quality. They found that factors like un-meritocracy, particularistic criteria, nepotism and favoritism are factors that cause bad staffing in public and private sectors (Atafar & Azerbaijani, 2001, p.39). Furthermore, they found that these negative staffing factors also cause greater absenteeism at work, workers' dissatisfaction, wasting creativity and talents of other employees, lower efficiency and effectiveness, and greater wasting of organizational resources (Atafar & Azerbaijani, 2001). Additionally, Kindel and Berger, who have studied large Iranian car companies like Iran Khodro, Saipa, and Bahman Group argue that Iranian companies need to consistently use indicators such as commitment, proficiency, capability, and experience to drive forward overall company performance as well as that of the individual employees (Kindel and Berger, 1997). Furthermore, when HR managers select skilled and talented staff, they will drive greater efficiency in organization (Arabnezhad, 1995).

Global Staffing System's Implementing Problems in Iran

In the last several years, the pace of economic development in Iran rapidly increasing and the necessity of knowing and implementing a global staffing system is of greater importance than it ever has been before. The emergence and development of many significant companies in Iran like Iran Khodro, Saipa, Bahman Group, and other large companies, as well as their expansion in and outside the Iranian borders into other countries like Syria and other geographical neighbors, has pushed Iranian HR managers with new challenges in IHRM in general, and IHRM staffing specifically. Iranian HR managers use to dealing primarily within a domestic organization now have the task of running successful MNC and Iranian domestic organizations with operations abroad. They face with expatriate and repatriate workers, in addition to the more typical domestic workforce they may be more accustomed to (e.g. With increasing levels of operations of some Iranian firms in Syria, Iranian HR managers should know Syria's regulations for selection and staffing (Khodro, 2009).

According to Wiechmann and his colleagues' (2003) research, there are many obstacles Iranian enterprises and factories face in implementing global staffing systems, including strict legal requirement among Iranian neighbor countries for trading, cooperating, staffing and so forth. But there are not such obstacles in the European Union (EU). Additionally, cultural values differ, with the primary values of

Iranian Managers. In fact, the outer-directed values (conformist, sociocentric, and tribalistic) are relatively dominant (54%) (Abbas J, Amirshahi, 2002, p.138) and these cultural differences must be understood and accounted for in formulating a successful global staffing strategy.

Conclusions

In view of the possible contractual hazards to subsidiary cooperation facing hypercompetitive global environment, the corporate HR function must devise appropriate staffing architecture to resolve forthcoming issues because by entering a firm in globalization era it will face with different challenges that influence entire the organization in headquarter and subsidiary departments too (Novicevic & Harvey, 2004). There are some necessities for implementing and designing a good global staffing system in Iran. Iranian HR managers should work to create a strong global corporate culture, for without a good corporate culture having and designing a global staffing system will not be practical. Additionally, Iranian HR managers seeking to be strategic leaders in a growing global marketplace must work within existing local systems, while working to simultaneously integrate global tools into those local systems. Finally, Iranian HR managers seeking to be successful in the globalization era should develop their ability to be strategic global HR managers (Mir Sepasi, 2004).

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