

Scope of International Human Resource Management

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Abstract: — in past decades business organizations are intensely expanding their functions globally. This research focuses on managing people on a multinational context. The objective of the research is to give a brief introduction on international human resource management (IHRM), concept, recruiting and staffing for international assignments, training and development on international platform and their compensations which is successfully completed with support of references from previous researchers on this very area of study. IHRM as a discipline cuts across all other business operations in the international context and plays a vital role in the success or failure of a business venture since, businesses are essentially driven by people. In this form of global business, international human resource management (IHRM) is emerging as a crucial factor since organizations are run by people. What is interesting in thus phenomenon is, not only that there are differences in people across the country but even within a country or regions within it. MNC’s are realizing a need for developing a heterogeneous workforce for delivering the business result keeping in view the changed realities of business. In order to develop such a competent workforce, global companies now need to create new ways to select, motivate, and retain international management talent. International human resource management must, therefore, focus not only on business issues, but on business relationship as well, which are partly, economic and, partly socio-cultural in character. Ability to strike a healthy balance in creating policies addressing both the issues will ultimately determine the success or failure of an operating firm in a foreign land.

Keywords: - IHRM: The Functional Aspect, Organisational Dynamics and IHRM, Special Issues in IHRM.

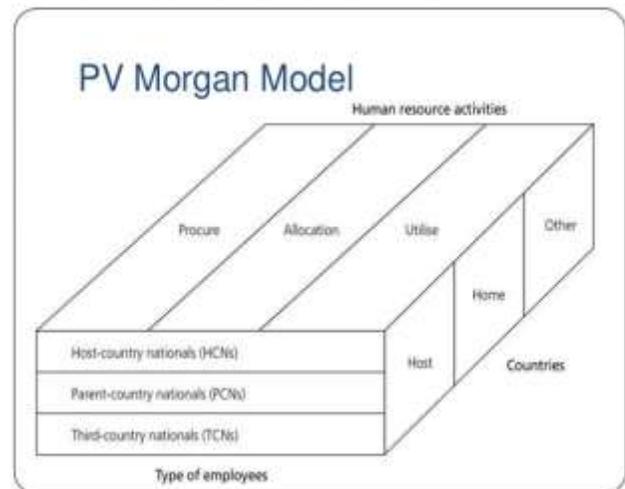
I. INTRODUCTION

International human resource management is the process of procuring, allocating , and effectively utilizing the human resource in a multinational co – operation . These co – operations have functional work forces in various geographical area , managing these work forces to attain organizational goals in the objective of international human resource management.

International human resource management is concerned with identifying and understanding how multinational corporation manage their geographically dispersed work force in order to leverage their human resources for obtaining local as well as global competitive advantages. The function of human resource managers in these organizations have to integrate human resource policies and practices across a number of subsidiaries spread in several countries so that the organisation goals can be achieved at the same time they have to make these policies and practices sufficiently flexible to allow

significant differences in these policies in different countries.

II. P.V MORGAN MODEL OF IHRM



Recruiting and staffing for International Assignments

Hiring people and placing them in positions where they can perform effectively is a goal of most organizations whether it is domestic or international. The recruitment is the process of identifying and attracting potential job candidates in sufficient numbers from within and outside an organization. The process of gathering information for the purpose of evaluating and deciding who should be employed in particular job is called staffing. The major differences between domestic and international staffing are firm's decision towards who should hold key positions in headquarters and subsidiaries. It can be ethnocentric, polycentric, regiocentric or geocentric. International recruitment and selection processes should be carefully undertaken as they should reflect the real needs of the organization. The existing staff should be given an opportunity for taking up foreign assignments. At the same time, the needs of the subsidiaries must be carefully assessed before deploying parent/third country nationals in host country locations.

Recruitment Methods

- ❖ Using head – hunters
- ❖ Cross national Advertising
- ❖ E- recruitment
- ❖ International Graduate program

Selection Criteria and Techniques

- ❖ Technical Competency
- ❖ Personal Attributes
- ❖ Ability to cope with Environmental Variables
- ❖ Family Situation
- ❖ Country – Specific requirements
- ❖ Company- specific requirements
- ❖ Language

Selection Techniques

- ❖ Screening the applicants background
- ❖ Testing the candidate's ability to adapt to the new culture and environment
- ❖ Investigate the family situations of the potential candidate vis-à-vis, the foreign cultures and the environment
- ❖ Assessing the capacity of the manager to adjust in foreign culture
- ❖ Using psychological tests to investigate the overall personality of the manager
- ❖ Using international graduate program
- ❖ Using assessment centre

International staffing: Other Issues

- ❖ Expatriate adjustment process
- ❖ Transfer archetypes
- ❖ Expatriate failure
- ❖ Impartation
- ❖ Alternative assignment

Women Expatriates

“Meritocracy – letting talent rise to the top regardless of where it is found and whether it is male or femaleis becoming essential to business success”. MNCs today retain employees irrespective of their gender. During the 1980's and early 1990's there was a great deal of speculation about whether women could even be effective in global business, particularly as expatriates in environments which were typically hostile towards women. The evidence today shows that women can and do succeed at working abroad even in unwelcoming environments. Organizations have realized that they cannot compete in global environment without using women. Female expatriates are appreciated for their social and communicative competencies as well as their language skills.

Training and Development in international context

The subject of training of employees with regard to international operations is always a complex one both from the point of view of the individual employee as well as from the point of organizational policies. The key people who need to be trained are : Expatriates, spouses, children to get the general knowledge of the new country's demographics, history, politics, business practices, education system, and socio – cultural norms.

The Goal of Expatriate Training

- ❖ To maximize the cultural sensitivity of relocating employees, in preparing them to conduct business with colleagues from other cultures.
- ❖ To learn how to communicate verbally and non – verbally with colleagues in other cultures.
- ❖ To understand the historical, political, educational and economic background of the host country well enough to interpret current

news , events, and economic policies and social problems.

The attributes needed for expatriate managers: Leadership skills, initiative, Emotional stability ,motivation , Ability to handle relationships , cultural sensitivity.

Training and development of international staff

It includes:

- ❖ Identification of training needs
- ❖ Training cycle
- ❖ Levels of training
- ❖ Different training methods

Identification of Training Needs

Training needs analysis must consist of three predominant interrelated aspects

- ❖ ***Organizational Analysis:*** Analysis of the organizational variables which might result in potential training needs. For eg : a certain organizational culture which an expatriate manager should endorse.
- ❖ ***Task Analysis:*** Analysis of the job that is to be carried out in terms of behavior and specifies the tasks involved in carrying out the job.
- ❖ ***Individual Analysis:*** Analysis of the required efficiency of the individual to perform the task assigned.

Training cycle

With the support and commitment of the parent country organization, the following cycle can be followed. The components of deployment cycle are as follows:

- ❖ Selection of the candidates/employees, who will be deployed for the international assignments.
- ❖ The training needs to be identified
- ❖ Country – specific (ie, the country of posting) training needs are identified and expatriates are trained accordingly.

- ❖ Once the employee is posted in the host – country, there needs to be an orientation programme to make the staff familiar with the new environment. Regular monitoring and support should be provided by the parent country.
- ❖ Once the assignment is completed there is complete support provided during the re – entry process.
- ❖ The former expatriate (repatriate) resumes a position in the parent /home country.

Levels of Training

The different training levels that ensure the success of the overseas assignments are as follows

- ❖ ***First Level:*** Learning about the host country – Their culture, Language, politics, business, geography, religious values and history.(Through seminars ,videos ,meeting with citizens of the country before assignment begins)
- ❖ ***Second Level:*** Understanding the requirements of the assignment – technical skills, managerial knowledge
- ❖ ***Third Level:*** Preparation for the new job: at the new location
- ❖ ***Fourth Level:*** Providing assistance – to adjust and adapt to the new environment.
- ❖ ***Fifth Level:*** Re-entry – contact with family, visit to home during vacations.

Different Training Methods

Several methods are used in expatriate training

- ❖ Short lectures
- ❖ Perspective – taking exercises
- ❖ Role plays
- ❖ Simulation game
- ❖ Self – reflection and assessments
- ❖ Small group discussion
- ❖ Group problem – solving and card – sorting activity
- ❖ Question and answer period
- ❖ Action planning

Components in Expatriate Compensation

Types of Expatriate Training

Training programmes given to parent country Nationals (PCN) or Third Country Nationals (TCN)

- ❖ Cultural awareness programme or cross cultural training
- ❖ Language training
- ❖ Diversity training
- ❖ Other related issues in training

To succeed in an international assignment, expatriate managers have to work and live in a different cultural context. Therefore, the cross – cultural reconciliation has to be met and a better understanding of the cultural diversity is needed. It has been found that, more the expatriate managers can match their attitude, managerial style, with host country culture, more effective they are in international assignments. Thoughtful selection and training of the expatriates is required considering the cultural context of the host country in this context.

Compensation Management in International Context

Managing compensations in international context is a very complex and crucial activity of Multinational Corporations. There is a gap between wages/salaries paid for comparable positions in different countries due to different economic systems ,development levels, political factors, traditions and culture. It is, thus, imperative for MNC'S to understand the elements that comprise an international compensation system , the complex nature of international compensation etc...

Objectives of International Compensation

- ❖ Attract and retain employees qualified for service abroad.
- ❖ Facilitate transfers between foreign affiliates and between home country and foreign affiliates.
- ❖ Arrange reasonable compensation ,in various locations, in relation to the practices of leading competitors
- ❖ Be cost effective

- ❖ Establish and maintain a consistent and reasonable relationship between compensation of all of the employees of any affiliate, whether posted at home or abroad, and between affiliates.

❖ **Base salary:** Base salary denotes the amount of cash compensation that serves as a benchmark for other compensation.(bonus, benefits). Base salary may be paid in local or home currency or a combination of two.

❖ **Allowances:** MNC's offer various kinds of allowances to their managers. The most common allowances are:

- ♣ Cost-of-living Allowances
- ♣ Relocation allowances
- ♣ Housing allowances
- ♣ Home leave allowances
- ♣ Education allowances
- ♣ Hardship premium
- ♣ Incentives
- ♣ Variable pay

❖ **Bonuses:** Bonus can be of various forms. One form is a percentage added to base pay , ranging from 10% to 30 % of base pay . It seen as a part of base pay and when repatriated, it is withdrawn resulting in a pay cut. A second approach is a lumpsum payment at the beginning of the foreign assignment.

Forms of compensation

❖ **Intrinsic and Extrinsic compensation:** it is a non – financial compensation which is related to the nature of the work, interest in work and career prospects. Extrinsic compensation is a compensation of financial nature. These forms of compensation are also referred to as primary and secondary terms of employment.

❖ **Direct and Indirect Compensation:** Direct compensation is an employee's fixed and variable annual income .Indirect compensation consists of all kinds of deferred income, such as ,pension and insurance and of benefits , like a company car, expense allowance. The sum of direct and indirect

compensation make up the organization's total compensation program.

Webliography

WWW.cengage.com

Factors influence compensation policy

- ❖ Internal Business Factors
- ❖ Purchasing power and prosperity Social factors

Compensation Management is indeed a complex issue which MNCs need to address with care. The MNC must be able to maximize the gain for the expatriate employees in a foreign country by adjusting his/her compensation package in a way so that the tax burden and other expenses are not only taken care of but at the same time allow savings for the expatriates which would be an additional incentive for both expatriation and repatriation.

III. CONCLUSION

Inter country trade is not a new phenomenon. No longer can nations ignore each other and seek to remain isolated, as interdependence is the key to survival today. Here, we portray the various factors or elements that are connected with managing human resources in international business. Any organization aspiring to participate as a player in international business, must develop the knowledge, skills, and acumen to perceive the subtle nuances that govern the rules of game. International human resource management as a discipline cuts across all other business operations in the international context and plays a vital role in success or failure of a business venture since, business are essentially driven by people.

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