

MS-108 (Human Resource Management)

Unit- 19: International Human Resource Management

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Stages of Internationalization

- International Company
- Multinational Company
- Global Company
- Transnational Company

Techniques of Global Recruitment

- ❑ Head-Hunting
- ❑ Body Shopping
- ❑ Tele-recruitment

Sources of Global Recruitment

- ❑ Parent Company Nationals
- ❑ Host Country Nationals
- ❑ Third Country Nationals

Global Selection Approach

- ❑ The Ethnocentric Approach
- ❑ The Polycentric Approach
- ❑ The Geocentric Approach

Selection Process for Global Jobs

- Screening the applicant's background
- To check the candidates potential to cope up with the new environment.
- To test the ability of spouse and other member of the family of candidate to the new environment.
- To forecast the adjustment level of the candidate.
- The job description and other responsibilities of the candidate.
- Technical competency
- Human relations skills
- Ability to adjust to new organizations, work places, group norms etc.

Expatriate defined

There has been a wide confusion over the usage of the term EXPATRIATE; it means the person who leaves his motherland and work in other country.

Global companies after selecting the candidates, place them in various countries. Hence, the employees work in foreign country and their family members too live in foreign country.

In terms of global HRM the word expatriate means the person who works and also lives in some other country apart from his/her homeland.

Expatriate includes

- i. Foreign employee working in domestic company
- ii. Parent country nationals working in MNCs subsidiary.
- iii. Third country nationals working in MNCs.
- iv. Host country nationals working in parent country of the MNCs/TNCs.

In-patriates

Some companies have started using the term in-patriates to denote those employees transferred from subsidiary to headquarters. Employees thus transferred include PCN, HCN and TCN.

International Human Resource Management (IHRM) defined

- ❑ IHRM means to perform the HRM and all the activities related to HRM and also arranging for the required cultural and immigration facilities required for the current employees and future employees by those organisations which operates at international levels.
- ❑ Therefore, it's clear that the IHRM deals with all functions of HRM in addition to performing other functions exclusively for expatriates. However, certain additional functions like resolving the disputes between domestic and foreign employees cross cultural management at varying levels and collaborating domestic and foreign employees are also to be performed under IHRM.

Significant IHRM activities and issues

- Human resource planning.
- Recruitment and selection
- Performance management
- Training and development
- Knowledge Transfer
- Leadership
- Team building
- Salary and benefits
- Global labour law standards and ethics
- Trade unions and negotiations
- Women in HRM
- Strategic Issues
- Industrial Relations
- Cultural context
- Managing diverse human resource.
- Organizational structural issues

Domestic vs. International HRM

Wider nationalities: IHRM deals with those employees who are recruited from various nations in contrast with domestic HRM where employees are drawn only from one country. Employees comes from different nations comes with lot of varieties in their cultures, value system, ethnical values, caste belief and the like. North Americans are individualistic, low in power distance, medium in uncertainty avoidance. Japanese respect authority, Chinese tend to collectivism and lay emphasis on tradition and custom.

Domestic vs. International HRM (Continued)

Broader relation and complexities: Organizations seek the information on broader aspects of employees, and their family members while recruiting and selecting employees from foreign countries. These aspects include age, health, educational qualifications, driving skills criminal record of employee and his/ her family members. Organisations arrange for work permit for employee, visas , resident permit or different kinds of visas for employees. Thus IHRM is different from domestic HRM in terms of relationship among employees and between employer and employees in the organizations.

Domestic vs. International HRM (Continued)

Influence of International environment: International environment has become complex, highly competitive, dynamic, vibrant, intertwined and interdependent. The emergence of WTO, increased phase of globalization of all facets of business, widening scope of regional integrations and strides in information technology transformed the domestic environment of most of the countries into international environment.

Domestic vs. International HRM (Continued)

Enduring complexities of IHRM activities: IHRM deals with the expatriates and nationals. Expatriates in case of MNC's comprise of home country nationals, host country nationals and third country nationals. Expatriates in case of a purely domestic company include foreigners. Thus, IHRM deals with expatriates and nationals whereas domestic HRM deals with exclusively nationals.

A number of critical complexities arise when organizations employ both expatriates and nationals. These complexities are to some extent due to the practice of different HRM policies and Practices for nationals and expatriates.

Some of them are:

- Discriminative remuneration and employee frustration.
- Counselling to reduce frustration.

Domestic vs. International HRM (Continued)

Varieties of functions: Internationals human resource managers perform some other additional functions as compared to the Domestic Human resource managers as indicated earlier while defining the term IHRM, these functions includes:

- Additional information.
- Additional techniques of recruitment.
- Checking the records of Terrorist and criminal activities.
- On line selection.
- Immigration information.
- Fulfilling immigration formalities.

Domestic vs. International HRM (Continued)

Varieties of functions (Continued):

- Arranging for receiving the candidates.
- Introducing the employee and their family members to the facilities available.
- Conducting language classes.
- Designing attractive pay package
- Special Training.
- Close relation with the immigration officials.
- Translations facilities.

Domestic vs. International HRM (Continued)

Different approaches to domestic HRM functions:

HR managers in purely domestic companies perform various functions namely:

- Inviting pool of candidates i.e. recruitment, screening them i.e. selection, orientation and finally their placement.
- Arranging for their Training and their Development.
- Compensation and other benefits.
- Working on Retention management.

International Adjustment

The meaning of international adjustment means the level to which the expatriate feels comfortable in living and adjusting in the foreign country.

Levels of International Adjustment

Stage 1: Expatriate and also the family members of the expatriate enjoy the fascinating culture of the host country and other facilities. This stage goes for 2-3 months' time period.

Stage 2: The organisation also takes care of the new arrivals in the company and totally neglects the previously arrived employee and also his family members after stage one.

Stage 3: The expatriate here in this stage starts learning the values, behaviour, of the people, their culture etc. He tries to adjust himself to the culture of the foreign country.

Stage 4: finally in this stage he adopted the foreign environment and starts acting as the citizen of the host country.

Compensation in Global Companies

- Expatriate Pay: Expatriate pay is most based on the balance sheet approach. Under the balance sheet approach, the compensation package enables the expatriate employees in various countries to maintain the same standard of living. This approach also provides for offsetting quantitative differences among employment locations.
- Gratuity: Expatriate employees are paid gratuity at a fixed rate for every year of completion of service in the foreign country. Gratuity is the inducement to the expatriates to work for quite longer period in the foreign country.
- Allowances: Expatriate employees are paid various allowances like car allowance, resettlement allowance, housing allowance, hardship allowance, cost-of-living allowance, education allowance, medical allowance etc.
- Taxation: Some countries pay tax-free salary and/or tax-free gratuity. Most of the countries pay taxable salary and gratuity.

Reference

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Thank You!