

International Human Resource Management

Module 6_Session 3

GALGOTIAS
UNIVERSITY

Content to be covered

- Definition
- Objectives of IHRM
- Differences between Domestic HRM and IHRM
- challenges in IHRM
- Workforce diversity

GALGOTIAS
UNIVERSITY

International HRM

- International HRM (IHRM) is the process of:
 - Procuring,
 - Allocating, and
 - Effectively utilizing human resources
 - In a multinational corporation, while
 - Balancing the integration and differentiation of HR activities in foreign locations

GALGOTIAS
UNIVERSITY

International HRM

- Complexity –
 - Operation of the multinational enterprise units across diverse national contexts
 - The employment of workers with different national characteristics

GALGOTIAS
UNIVERSITY

Objectives of IHRM

- To reduce the risk of international human resource
- To avoid cultural risks
- To avoid regional disparities
- To manage diversifies human capital

GALGOTIAS
UNIVERSITY

Differences between Domestic HRM and IHRM

- **More HR activities:** taxation, culture orientation, administrative services
- **The need for a broader perspective:** cater to multiple needs
- **More involvement in employees' personal lives:** adjustment, spouses, children
- **Changes in emphasis as the workforce mix of expatriates and locals varies:** fairness
- **Risk exposure:** expatriate failure, terrorism
- **Broader external influences:** government regulations, ways of conduct

GALGOTIAS
UNIVERSITY

Differences between Domestic HRM and IHRM

- Complexity involved in operating in different countries, varied nationalities of employees
- The different Cultural Environment
- The industry or industries with which the MNC is involved
- Attitudes of Senior Management
- Extent of reliance of MNC on home country domestic market

GALGOTIAS
UNIVERSITY

Major Differences Between Domestic HRM and IHRM

- **Business activities** e.g. taxation, international relocation, expatriate remuneration, performance appraisals, cross-cultural training and repatriation
- **Increased complexities** e.g. currency fluctuations, foreign HR policies and practices, different labor laws
- **Increased involvement in employee's personal life** e.g. personal taxation, voter registration, housing, children's education, health, recreation and spouse employment
- **Complex employee mix** – cultural, political, religious, ethical, educational and legal background
- **Increased risks** e.g. emergency exits for serious illness, personal security, kidnapping and terrorism

Main challenges in IHRM

- **High failure rates** - expatriation and repatriation
- **Deployment** – getting the right mix of skills in the organization regardless of geographical location
- **Knowledge and innovation dissemination** – managing critical knowledge and speed of information flow
- **Talent identification and development** – identifying capable people who are able to function effectively
- **Barriers to women in IHRM**
- **International ethics**
- **Language** (e.g. spoken, written, body)

Main challenges in IHRM

- Different labor laws
- Different political climate
- Different stage(s) of technological advancement
- Different values and attitudes e.g. time, achievement, risk taking
- Roles of religion e.g. sacred objects, prayer, taboos, holidays, etc
- Educational level attained
- Social organizations e.g. social institutions, authority structures, interest groups, status systems

CALGOTIAS
UNIVERSITY

Diversity in workforce

- **Differences among people** in age, gender, race, ethnicity, religion, sexual orientation, socioeconomic background, capabilities/disabilities and in the thought process.
- **Management system** which incorporates the differences found in a multicultural workforce in a manner which results in the highest level of productivity for both the organization and the individual.

GALGOTIAS
UNIVERSITY

Managing Inter Country Relationships

- It simply means how different countries manage their organizational relationship
- The most common obstacle to effective HR management is cultural adaptation, different organization/workplace values, different styles, turnovers.
- There are some factors which affect inter-country relationships :

GALGOTIAS
UNIVERSITY

CULTURAL FACTORS

- Cultural is composed of societal forces affecting the values, belief and actions of distinct group of people.
- Cultural diff. certainly exist between nation but significantly they exist between country also.
- Getting individual from different ethics and tribal background working together may be difficult in some part of the world .

GALGOTIAS
UNIVERSITY

Example : Cultural factors

- McDonald's are in different countries they adapt their tricks and tactics accordingly.
- In U.S they made beef burgers, non-veg burgers etc.
- In India according to peoples belief they sells also tiki burgers or more veg burgers then the non-veg burgers

GALGOTIAS
UNIVERSITY

References

- Dessler, G. (2006). *A framework for human resource management*. Pearson Education India.

