AN OVERVIEW OF INTERNATIONAL HUMAN RESOURCE MANAGEMENT

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Abstract

Human resource is one of the most important elements of any organization. The profitability and success of any organization to a much extent depends on its human resource (men/employees). Human resource is one of the 5Ms (Man, Money, Machine, Method, Material) of management process of production, but truly speaking among these 5 Ms only Man is capable of mobilizing all other resources. Man combine with the remaining Ms helps in making the successful completion of any activity. With the emergence of “global village” concept many issue arises in human resource management and now a days a new concept is developing which includes the cross border human relations with regard to the organization. Now domestic HRM is converted into international HRM. This paper emphasizes on pros and cons of international HRM and how it aids to the improving performance of the organization.

Key words: domestic HRM, international HRM, profitability.

“You can take my factories and burn up my buildings, but give me my people and I’ll build it right back again”

- Henry Ford

This statement is said by Henry Ford which totally reflects the importance of human resources in an organization. Human Resource Management (HRM) is the most happening function as of now. This is so because people offer competitive advantage to a firm and managing people is the domain of HRM. An organization enjoys competitive advantage when it is the only one which can offer a product at a price and at quality while its competitors can not do so (Ashwathappa,08).

Globalization has afforded multina tional and global corporations the opportunity to expand operations and financial power beyond nations which increases the scope of HRM. Of the world’s 100 largest economies, 51 are corporations and 49 are nations. Wal-Mart’s economy, for example, is larger than Poland’s, the Ukraine’s, Portugal’s, or Greece’s (Werther and Chandler 2006). However, “postnational constellation changes,” as scholars like Palazzo and Scherer (2008) have referred to it as, blur the boundaries
between public and private sectors. They argue that regulatory systems can no longer be defined with the borders of a containing nation-state but rather by the global interaction of governments, civil society, and corporations themselves (Palazzo and Scherer 2008). This not only highlights the changing role of business in society but represents a paradigm shift that demands new theories and practices on the part of scholars and practitioners in the fields of management, CSR, and HR.

The concept of International HRM is totally popular in both profit sector and non-profit sector. The difference between the above two stated sector is the reason for the creation of the organization. The main aim of organization of profit sector is to earn maximum profit as much as they can while main aim of the organization of non-profit sector is to cater the society. It is argued that “The line between the for-profit and non-profit sectors is getting thinner” (Murray 2007). The fact that organizations like the UN Global Compact (UNGC) organize conferences for businesses to discuss corporate citizenship is illustrative of just how far organizations like the UN have come since the widespread suspicion towards multinational corporations (e.g. Geneva, July 5, 2007). Consistent with this trend, more businesses are forming alliances with non-profit organizations and public awareness of the sector has rarely been higher (Murray 2008). The current world food crisis is directing public attention toward the role of organizations such as the UN and its World Food Programme. Disasters such as the Asian tsunami and hurricane Katrina have given renewed impetus to the work of NGOs, relief agencies, and business engaged in international crises.

Nature of International HRM

The International HRM helps in organizational redesign as it plays a role of innovator. International HRM consists of people-related functions as hiring, training and development, performance appraisal, compensation, safety and health, welfare, industrial relations and the like. These are typically the functions of “International Personnel Management” and are administrative and supportive in nature.

International human resource management- differs from domestic human resource management in several ways. First of all, it places greater emphasis on functions and activities such as relocation orientation and translation services to help -employees adapt to a new and different environment outside their own country. Large corporations have a full time staff, of HR managers devoted to assisting-globalization. Secondly, the selection process for an international assignment should provide a true picture of the life, work and culture to, which, the employees may be sent. HR managers should prepare a comprehensive description on the job to be done and the responsibilities, which may be unusual in home country.

Not only are Human Resources (HR) professionals facing growing pressure to demonstrate their areas shareholder worth through improved employee performance, but they are being increasingly pressured by shareholders and the general public alike to ensure their corporations behave in ethically and socially responsible ways. Whereas
corporations previously may have simply given money to charitable organizations, they now more closely integrate their giving into their business strategies.

Bob Willard, author of The Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line (Willard 2002) and former senior manager of leadership development at IBM Canada argues: “HR is just starting to awaken to the connections between what its role is in some of the sustainability issues” (Fox 2008). Willard has identified seven business benefits for corporations pursuing a sustainability strategy, three of which fall under the domain of HR; enhanced recruitment, higher retention of top talent, and increased employee productivity. The power of focusing on CSR and the sustainability of human rights for HR is that it incorporates what HR is already doing, but integrates it with the overall business strategy of the corporation. Packaged under CSR, HR can begin to leverage its efforts in related, but more strategic, ways, such as employment branding campaigns, employee engagement and enhanced productivity through environmentally friendly workspaces (Fox 2008).

The nature and scope of International HRM is very wide as it crosses the physical boundaries of nations. Recent research reveals that HR managers and executives will heed to excel in a number of areas, including HR delivery, strategic contribution, business knowledge, HR technology and personal credibility. The new avatar of HR is the knowledge professional that is innovative, business savvy quick on the uptake, has an instinctive ability to network and possessing unbridled ambition. They are propelled by an urge to experiment & scan new avenues that can spur their creativity. This knowledge professional will gravitate to an organization that is flexible has strong values, a robust performance ethic and provides challenging work on latest technology.

When competition increases, one can attract and retain a customer only by giving better quality goods and services; Quality takes a major share in deciding success in the market place. But then ultimately an enterprise also has to take care of its bottom line. So, it becomes necessary for any manager, any enterprise to think in terms of keeping the costs to the minimum while trying to improve the market shares, profitability and productivity.

Essentially, HR can either watch as other functional areas embrace the opportunity or they can take the lead. Human rights strategies and HR strategies should be generated from well formulated corporate strategies that take into consideration both the external environment (political, historical, economic, and social) and internal environment (organization culture, leadership, and structure). HR practices, policies, programs, and processes should serve as vehicles to operationalize the objectives and values they espouse.
HR could also play a leading role in helping to define the values and associated norms organizations should foster in order to generate a corporate culture that fundamentally respects, promotes and protects the human rights of all its stakeholders. For example, HR departments could proactively build performance management systems that incorporate human rights values and principles in their behavioral expectations. HR can also develop CSR Management Systems that improve working conditions for employees and workforce health. Additionally, HR could integrate CSR with their efforts to eliminate forced labor and workplace discrimination, and reduce excessive overtime requirements. HR has a significant opportunity to educate, train, and develop human capital in foreign subsidiaries, and facilitate partnerships with NGOs, labor unions, and aids organizations in promoting human rights worldwide. International HRM practices and programs thereby provide the forum for translating HR and their strategies and ideas into action. Ultimately, International HRM has an opportunity to play a key role in promoting the reconciliation of human rights and human resource objectives and practices in corporations worldwide. This conversion of theory to practice and objectives to action is critical to ensuring global corporations play a sustained role in promoting the triple bottom line of profit, planet, and people.

International HRM: catering the need of organization (IT Industry)

The primary objective of International HRM is to ensure that to achieve the objective of organization with the help of competent and willing work force. In order to materialize the objective stated by the organization, International HRM must perform certain functions. HR Manager needs to understand that all the practices that are working today may not be necessarily there tomorrow. Customer’s expectations, market changes and strategies decisions will derive the tools to managing human assets.

For example, an IT Industry having business all across the globe needs to understand the trends of International HRM if it wants to build Human Capital. Human Capital refers to the stock of employee skills, knowledge and capabilities that may not show up in a balance sheet but have significant impact on a firm’s performance.

There are several issues which are handled by International HRM like cross cultural issues, gender issues, Communication with Strangers (Intercultural Communication). These issues can be described as follows:

Cross Cultural Issue:

The major issue associated with International HRM is cross cultural issue. Cross cultural issue includes the abilities which are required cultural empathy, adaptability, diplomacy, semantic ability, positive attitude, emotional stability and maturity of a human being.

Gender Issue:

Gender issue includes gender discrimination. This issue is also primarily involved with the domestic HRM. Gender issue involves all those factors/ issues in which one gender is giving preference over another one.
Communication with Strangers (Intercultural Communication) Issue:

Besides semantic barriers there are many other barriers in communication with strangers. The gestures displayed, family background and upbringing affects the interaction process of strangers. The attitude displayed and the varied personalities of individuals play a major role in communicating with strangers. Therefore it is necessary to have knowledge of various attitudes and personalities prevailing in various countries.

These above issues can be resolved by selection criteria and selection methods used by international businesses. International business uses a combination of selection methods to identify people with the appropriate talent for overseas postings. The selection criteria include professional/ technical skill, relational abilities, international motivation, family situation and language skills. Some popular techniques includes interviews, standardised tests of intelligence or technical knowledge, assessment centres, biographical data, work samples and references.

Conclusion

The process of procuring, allocating and effectively utilizing human resources in an international business is called International Human Resource Management. The International HRM helps in organizational redesign as it plays a role of innovator. International HRM consists of people-related functions as hiring, training and development, performance appraisal, compensation, safety and health, welfare, industrial relations and the like. These are typically the functions of “International Personnel Management” and are administrative and supportive in nature.

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