

INTERNATIOANAL HUMAN RESOURCE MANAGEMENT

UNIT 1

COURSE OBJECTIVE:

- The course aims to provide students insights to HR practices followed in Global organizations.

UNIT I INTRODUCTION TO IHRM

Definition — Evolution of HRM- Importance of IHRM, Models of IHRM — Matching Model, Harvard Model, Contextual Model, 5p Model, European Model, IHRM policies, Standardization and Localization of HRM practices

UNIT II I HRM STRATEGIES

Internationalization and world business — Strategic orientation, IHRM in cross border Mergers and Acquisitions, International Alliances – IHRM & Competitive advantage- Cultural context of IHRM

UNIT III RECRUITMENT AND SELECTION

International Managers staffing – Approaches to staffing – Role of Expatriates – Role of inpatriate – Role of Non expatriates- recruitment and selection methods- Current practices

UNIT IV TRAINING AND DEVELOPMENT, PERFORMANCE APPRAISAL

Expatriate training program, components, types, effectiveness measures, HCN training- Trends in international training and development – repatriation process and training.

International performance Management methods – cultural issues in Performance Management

UNIT V INTERNATIONAL COMPENSATION

Components of international compensation- Approaches to international compensation – Challenges and choices -International Labor Standards – emerging Issues

TOTAL: 45 PERIODS

COURSE OUTCOMES:

The student gets to learn about

1. the basics of IHRM, models and practices
2. strategic orientation and cultural context towards IHRM
3. International practices on recruitment and selection
4. International perspectives on Training, development, performance appraisal
5. International practices on Compensation management

REFERENCES :

1. Peter J Dowling & D E. Welch: International Human Resource Management, Cengage Learning 7thEdition IE.,2017

UNIT I INTRODUCTION TO IHRM

Definition — Evolution of HRM- Importance of IHRM, Models of IHRM — Matching Model, Harvard Model, Contextual Model, 5p Model, European Model, IHRM policies, Standardization and Localization

DEFNITION OF IHRM

- ▶ International Human Resource Management (IHRM) can be defined as a set of activities targeting human resource management at the International level. It strives to meet organizational objectives and achieve competitive advantage over competitors at national and international level.
- ▶ According to Hugh Scullion, International HRM (IHRM) involves the HRM issues and problems arising from the Internationalisation of business, and the HRM strategies, policies and practices which firms pursue in response to the Internationalisation of business.
- ▶ International Human Resource Management (IHRM) is “the process of procuring, allocating, and effectively utilizing human resources in a multinational corporation”.

FUNCTIONS OF IHRM

RECRUITMENT

SELECTION

EXPATRIATES

PERFORMANCE APPRAISAL

TRAINING AND DEVELOPMENT

COMPENSATION

WOMEN IN INTERNATIONAL BUSINESS

DUAL CAREER GROUPS

INTERNATIONAL INDUSTRIAL RELATIONS

TRADE UNIONS

PARTICIPATIVE MANAGEMENT



Characteristics of IHRM

More HR activities

Need for a broader perspective

More involvement in employee personal lives

Risk exposure

More external influences

The importance of Human Resource Management

- Objective(To achieve its objective)
- Facilitates professional growth
- Better relations between union and management
- Helps an individual to work in a team/group
- Identifies person for the future
- Allocating the jobs to the right person
- Improves the economy

TYPES OF EMPLOYEES IN IHRM

► **Home country or Parent Country Nationals (PCNs)**

Home country nationals are the employees of the organization and these are the citizens of the country where the headquarter is located.

► **Host Country Nationals (HCNs)**

Host country nationals are the citizens of the country where the subsidiary is located or when any organization recruits the nationals of the country where the subsidiary is locate

► **Third-country Nationals (TCNs)**

Third country nationals are the citizens of the other countries, and they are neither the citizens of the country where the headquarters is located nor the citizens of the country where the subsidiary located.

MODELS OF INTERNATIONAL HUMAN RESOURCE MANAGEMENT

- The goal of creating HRM models is **to help companies manage their workforce in the most efficient and effective manner possible, in order to achieve the established objectives.**
- Human resource management is often defined as a concept that includes two possible approaches, or forms.
- These models provide a helpful framework for HR planning.
- Using them gives credibility and legitimacy to HR policies.

- ▶ HRM models often combine principles of soft and hard HRM, but with more emphasis put on one of these two approaches.

Here are the five most significant HRM models every HR practitioner should know of:

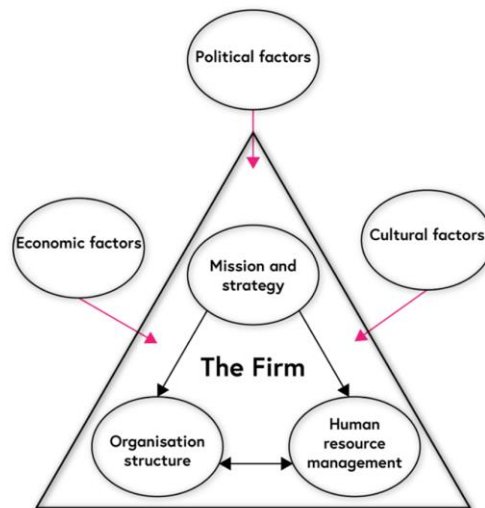
- ▶ Matching Model
- ▶ Harvard Model
- ▶ Contextual Model
- ▶ 5p Model
- ▶ European Model

MATCHING MODEL

- ▶ The matching model is considered an example of hard HRM, while the influential model is viewed as an example of soft HRM.
- ▶ The matching model was developed by Formbrun et al. (1984) at Michigan Business school. It's described as the hard approach to HRM as it holds a less humanistic view.
- ▶ The Michigan model is also known as the 'matching model' or 'best-fit' approach to human resource management. In essence, it requires that human resource strategies have a tight fit to the overall strategies of the business.
- ▶ The model introduced the concept of strategic HRM linked to the formation and implementation of strategic corporate and business objectives (Devanna et al., 1984.).
- ▶ The model stated that the HR system and the organisation structure should be managed in a way that is congruent with the organisational strategy.

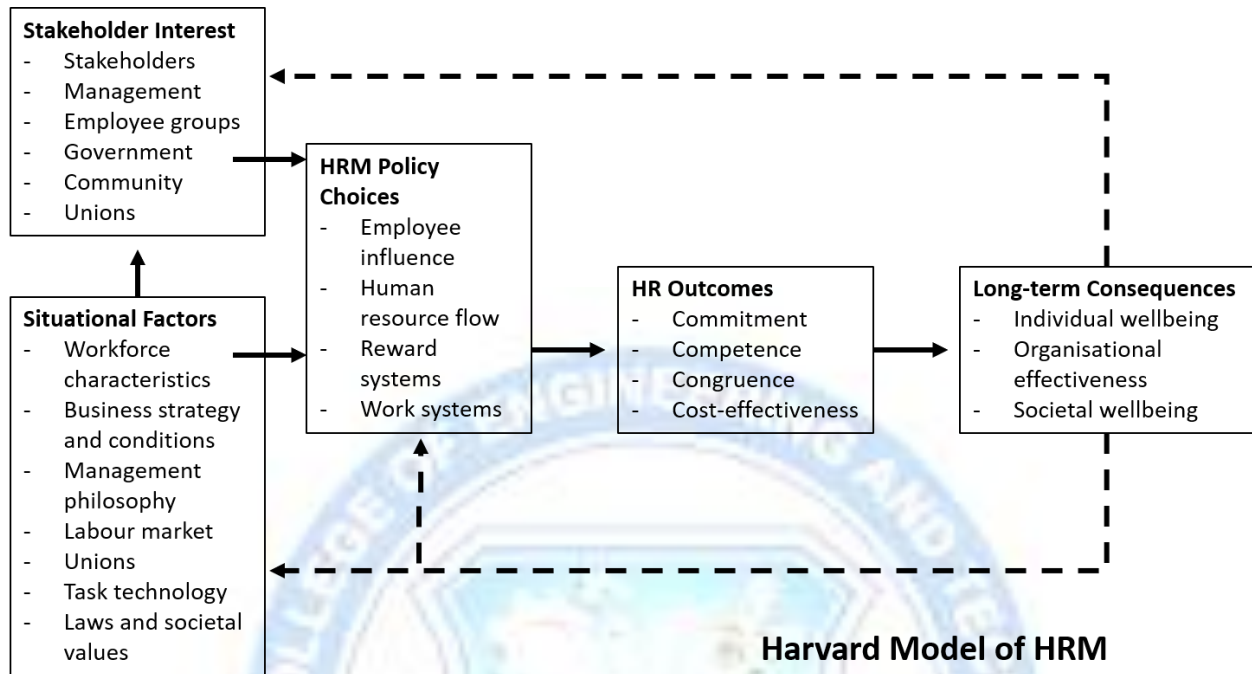
- ▶ The model is **used to facilitate the achievement of the objectives of the organisation in terms of efficiency in productivity and profits.**
- ▶ However, the model has less focus on the employees' welfare, training and development. Employees are perceived as a resource that enables the business to meet its commercial targets and business strategy.
- ▶ The emphasis of this model is placed on how an organisation can best use its resources to respond to the external environment. There are two assumptions underpin this model:
- ▶ The most effective means of managing people will vary from organisation to organisation and is a development of the organisational context.
- ▶ Universalism, meaning conflict should not exist in the workplace and that employers and employees should work together to achieve the same goal. This model has formed the basis for the 'best fit' school of HRM (Beardwell & Thompson, 2017).
- ▶ The company that holds this point of view develops employees to support overall business objectives and goals.
- ▶ **Selection is the process of evaluating the candidates and deciding who should be employed for a particular job** The first decision for IHRM is where employees for the various positions should come from.
- ▶ **Performance management is defined as the process of continuous communication and feedback between a manager and employee towards the achievement of organizational objectives.**

- A performance **appraisal** is a **regular review of an employee's job performance and contribution to a company**. Companies use performance appraisals to determine which employees have contributed the most to the company's growth, review progress, and reward high-achieving workers.
- **Management** is a process of planning, decision making, organizing, leading, motivation and controlling the human resources, financial, physical, and information resources of an organization to reach its goals efficiently and effectively.
- **The achievement and benefit received by employees for their job performance in an organization** are known as **rewards**. Employees join the organization within the certain expectation of reward



Harvard HRM Model

- ▶ The Harvard HRM model suggests it is HR's responsibility to consider all stakeholders when preparing policy and planning for a long-term future. Then, it proposes that HRM must make policy choices by assessing stakeholder interests and situational factors.
- ▶ The Harvard HRM model is one of many great HR theories and models. When implemented correctly, it can help form the bedrock of effective HR management policy and procedure.
- ▶ What Is the Harvard HRM Model?
- ▶ The Harvard HRM model is considered one of the most influential '[soft HRM](#)' approaches due to its focus on people rather than outcomes.
- ▶ The Harvard HRM model seeks to provide an optimal context for people to do their best work.
- ▶ The model itself dates back to 1984 and comes from the book *Managing Human Assets* by Michael Beer, Richard E. Walton and Bert A. Spector.
- ▶ The Harvard HRM model suggests it is HR's responsibility to consider all stakeholders when preparing policy and planning for a long-term future.
- ▶ Then, it proposes that HRM must make policy choices by assessing stakeholder interests and situational factors.
- ▶ These choices result in HR outcomes which will have long-term consequences for employees, the business and society.



Stakeholder Interest

The model proposes that multiple stakeholders' values, input and perspectives must be considered before creating any policies. These stakeholders include management, employee groups, government, the community and even unions.

Situational Factors

Before making policy choices, both internal and external factors should be considered as they all influence how humans operate. The model suggests looking at the following situational factors: workforce characteristics, business strategy and conditions, management philosophy, labour market, unions, tasks, technology, law and societal values.

HRM Policies and Policy Choices

Long-Term Consequences

The Harvard HRM model to prepare and execute HRM strategy

The belief is that there will be far-reaching, long-term consequences.

The model argues that if an HRM strategy meets employees needs, this will help the organisation compete with the external market while benefiting society and the community.

HR policies require both work systems and reward systems to function. HR policy determines the approach management will take to work, rewards, how HR functions and how employees are influenced. Employees work effectively when these elements find balance.

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HR Outcomes

- One of the most interesting and possibly best-known aspects of the Harvard HRM Framework is the list of HR outcomes (the 4Cs):
- Commitment,
- Congruence,
- Competence and
- Cost-effectiveness.

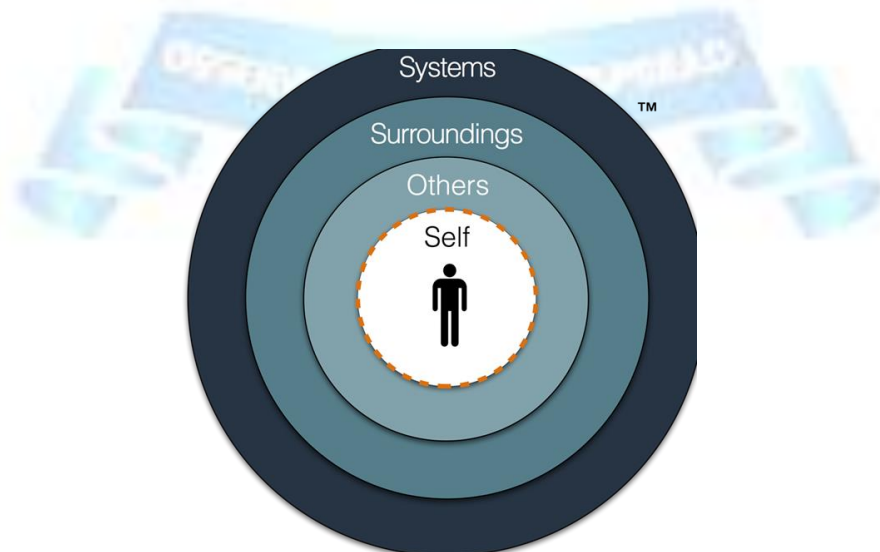
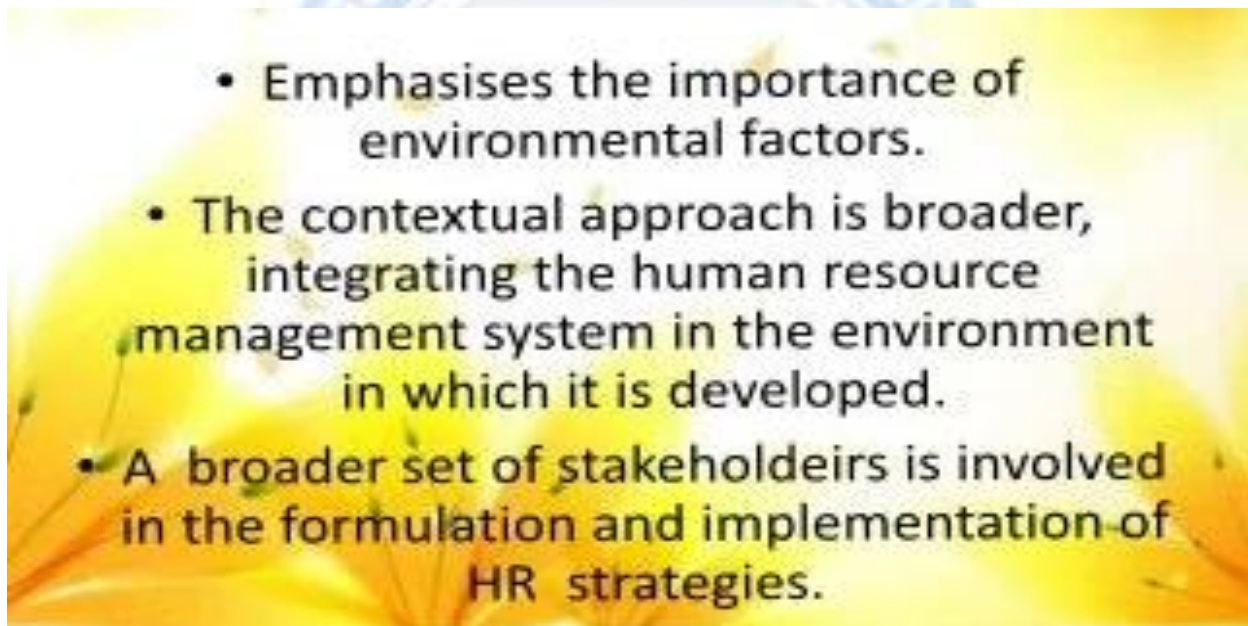
Here's an example of how the 4Cs work:

- If you find the right balance of HR policies, employees **commit** to organisational goals.
- When employees are well-suited to management styles and collaborate effectively, you achieve **congruence**.

- A **competent** organisation can attract, retain and develop employee competence.
- Can you maintain **costs** while helping employees stay motivated and satisfied with their jobs? If the answer is yes, you will have cost-effectiveness.

CONTEXTUAL MODEL

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The **environmental factors differ from country to country** and even from province to province within a country. The contextual approach integrates the human resource management with the environment in which it operates. The contextual classification of variables given by Shapiro, et.al (2007) is as follows:

1. Context of Time and space which includes Historical, Geographical, and Personal Space
 2. Social, Technical, Economic and Political context
 3. Cultural context which include Behaviours, Values, beliefs and Assumptions
 4. Psychological context
 5. Philosophical context
 6. Context of Communication
 7. Sensory context
- The proponents of contextual model of HRM believe different proportions of the contextual variables design a specific context model of HRM. A model applicable to one context cannot be applied to another.

European model

- ▶ European Model Developed by Brewster, 1993, 1995
- ▶ The model of the European environment of HRM, first produced in 1991 by Chris Brewster and Francois Bournois, emphasizes the cultural, legal, and market contexts of human resource strategy and practice.
- ▶ He also proposes that the model of the European environment of HRM is partly a response to dissatisfaction with American HRM.
- ▶ The anti-unionism of the American approach to HRM has been more consistent in US national culture than in some countries within Europe which have shown greater willingness, during some periods of their history, to work within a social partnership.
- ▶ The organization and its human resource strategies and practices interact with the environment and, at the same time, are part of it.
- ▶ Influence by the wider environment, particularly the national culture and the industry sector the organization operates in.

Brewster (1993) described a European model of HRM as follows

- Environment – established legal framework
- Objectives – organizational objectives and social concern – people as a key resource
- Focus – cost/benefits analysis, also environment
- Relationship with employees – union and non-union

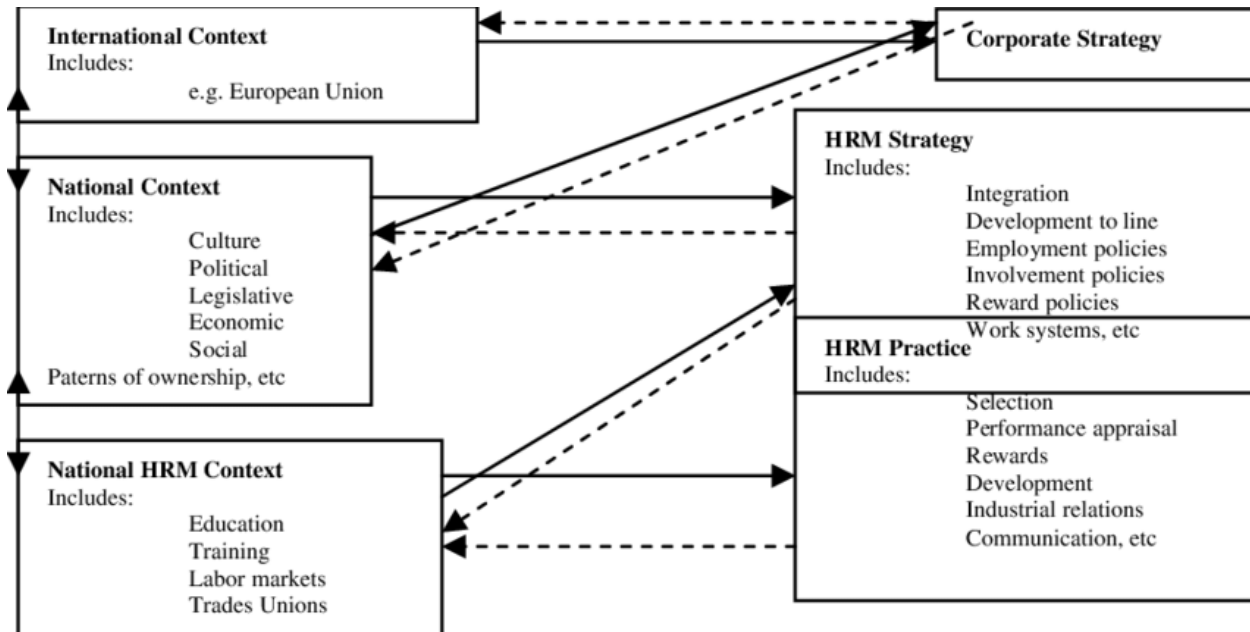
- Relationship with line managers – [specialist](#)/line liaison
- Role of HR

The main distinction between this model and what Brewster referred to as ‘the prescribed model’ was that the latter involves deregulation (no legal framework), no trade unions and a focus on organizational objectives but not on social concern.

characteristics of the European model are:

- Dialogue between social partners
- Emphasis on social responsibility
- Multicultural organizations
- Participation in decision-making
- Continuous learning specialist – [specialist](#) managers – ambiguity, tolerance, flexibility

EUROPEON MODEL



5P MODEL

- **5Ps model of human resource management** was as developed by **Dr. Mildred Golden Pryor, J. Chris White, and Dr. Leslie A. Toombs.**

It is a **strategic human resource management model.**

1. **Purpose**
2. **Principles**
3. **Processes**
4. **People**
5. **Performance**

According to 5p's model, performance of organization is based on performance of people which are influenced by purposes, principles and processes.

- **Purpose:** Purpose refers to the organization's vision, mission and objectives.
- **Principles:** Principles are the action guidelines for achieving the purpose. These define how activities are carried out.

