

IHRM-Introduction

IHRM is set of organizational activities aimed at effectively managing and directing human resources/labour towards achieving organizational goals. Typical functions performed by HRM staff would be recruitment, selection, training and development, performance appraisal, dismissal, managing promotions and so on.

International HRM is a term encompassing all the HR practices involved in managing a global workforce. International HR professionals are responsible for the following within a multinational corporation:

- Talent management including recruitment
- Expatriation and repatriation
- Training and developing
- Compensation

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.

IHRM is concerned with HRM issues that cross national boundaries or are conducted in locations other than the home country headquarters.

IHRM is concerned with the relationships between the HRM activities of organisations and the foreign environments in which the organisations operate.

“Pulapa Subba Rao defines international human resource management as, performing HRM and its related activities and arranging for related and necessary immigration facilities for prospective and current expatriate employees, by organizations operating in domestic and/or foreign countries.”

IHRM comprises of typical HRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at the

international level and additional exercises such as global skills management, expatriate (a person who lives outside his/her native country) management and so on.

In short, IHRM is concerned with handling the human resources at Multinational Companies (MNCs) and it includes managing three types of employees –

- **Home country employees** – Employees residing in the home country of the company where the corporate head quarter is situated, for example, an Indian working in India for some company whose headquarters are in India itself.
- **Host country employees** – Employees residing in the nation in which the subsidiary is located, for example, an Indian working as an NRI in some foreign country.
- **Third country employees** – these are the employees who are not from home country or host country but are employed at the additional or corporate headquarters.

For example, an Indian MNC, which has its corporate office in America, may employ a French person as the CEO to the subsidiary. The Frenchman employed is a third country employee

Human Resource Management Features

- It is pervasive in nature as it is present in all enterprises.
- Its focus is on results rather than on rules.
- It tries to help employees develop their potential fully.
- It encourages employees to give their best to the organization.
- It is all about people at work, both as individuals and groups.
- It tries to put people on assigned jobs in order to produce good results.
- It helps an organization meet its goals in the future by providing for competent and well-motivated employees.
- It tries to build and maintain cordial relations between people working at various levels in the organization.
- It is a multi-disciplinary activity, utilizing knowledge and inputs drawn from psychology, economics, etc.

Main objectives of IHRM

1. Recruiting and retaining staff with the specific skillset and global mindset to take on international assignments and meet the business's strategic goals.
2. Training and developing staff in both hard and soft skills on various international HRM issues.
3. Cross-cultural and local market training is particularly important for expatriate workers.
4. Compliance with international laws.
5. Supporting employees to reach their personal goals.
6. Initiatives around recognition and reward for good work, skills training, compensation or implementing policies to ensure a healthy work-life balance.
7. Concerned with hiring the right talent, facilitating growth, driving profit and/or implementing policies
8. Helping to develop staff communicate effectively or collaborate across departments.
9. Upholding a business's legal and ethical responsibilities to its employees and society at large.
10. Enabling HR professionals to face challenges and mitigating the risks inherent to IHRM.
11. Enhancing to develop managerial skills, organisational knowledge and technical abilities of HR managers and employees
12. To develop more and better handle of global business operations
13. To manage and secure the performance, compensation and career path of employees
14. To develop more feasible understanding of work practices at global levels
15. To raise and develop better and new performance management of human resources
16. To get more and more opportunities within global HR scenario
17. To develop better and competitive HR strategies in global competitive scenario
18. To reduce the cultural differences as amicable for cultural environment
19. To face international HR challenges effectively and efficiently.
20. To co-ordinate across both the home country and different national subsidiaries and to take into account the needs of both parent country nationals (PCNs), host country nationals (HCNs) and third country nationals (TCNs).

Dimensions of international human resources management

The three main dimensions of international human resources management are as follow

- **Human resource activities**
- **Countries of operation**
- **Origin of employees**

Human resource activities

HR activities in an IHRM context involve procurement, allocation, and utilization of workforce. These functions in turn cover all the six activities of human resources management, that is, human resource planning, hiring, training and development, remuneration, performance management, and employee relations.

Countries of operation

The countries of operation in an IHRM perspective involves the host country in which the overseas operation is located, the home country that houses the headquarters of the company, and other countries that supply labour and finance.

Origin of employees

The origin of the workforce of an international business can be classified into three types – parent country nationals, host country nationals, and third country nationals.

There are usually three approaches to HR planning in multination. These are: **ethnocentric, polycentric, and geocentric.**

In ethnocentric policy, all key management positions are filled by parent company nationals and foreign subsidiaries are being locally staffed or what is termed as HCNs (Home Country Nationals).

The reasons given for following ethnocentric planning policy include lack of managerial talent in the host country, desire to maintain a unified corporate culture and tighter control and desire to disseminate the parent firm's core competencies across foreign subsidiaries. This policy is usually followed at an early stage of "internationalisation".

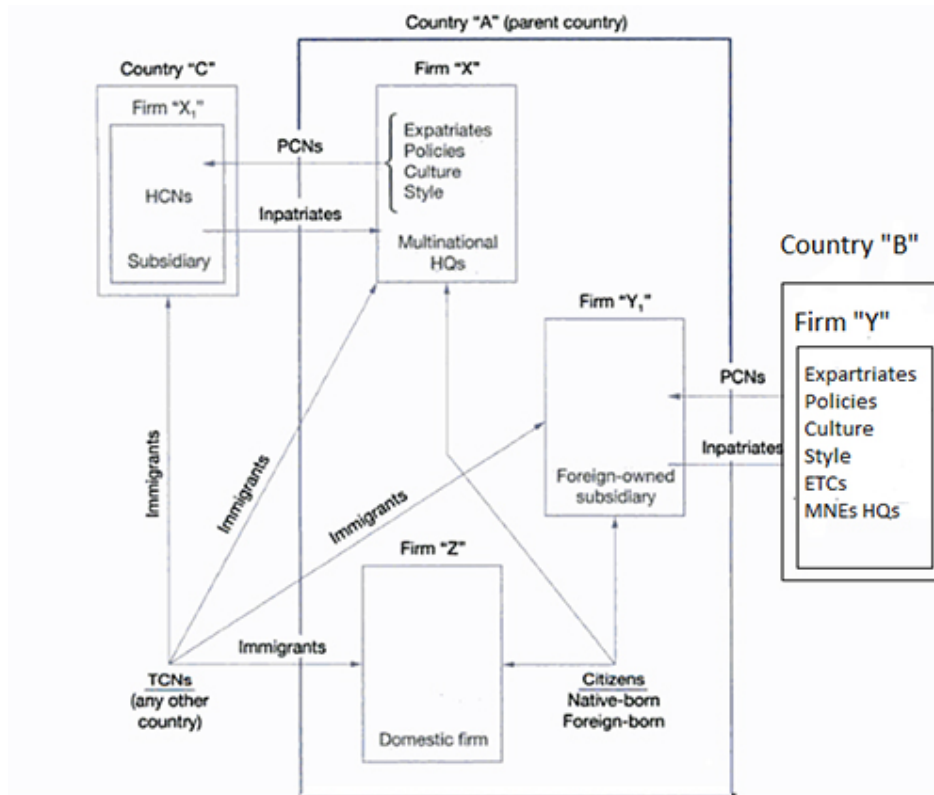
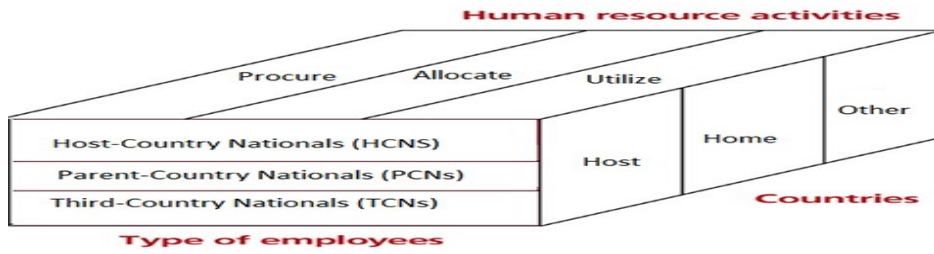
Researchers” have, however, identified some major problems with this approach. They feel it limits promotional opportunities of HCNs which may lead to reduced productivity. PCNs unfamiliarity with local conditions, on the other hand, could be the negative factor.

In polycentric approach, the foreign subsidiaries are managed by host country nationals and home-office headquarters by parent-country nationals. This approach may reduce the local cultural misunderstandings that expatriate managers may exhibit. The advantage of this approach is that adjustment and language learning problems are eliminated. **American Express and Nestle** follow this approach for staffing their foreign subsidiaries.

In contrast to the former approaches, the **geocentric approach** has accent on ability rather than on nationality. This approach seeks the best people for key jobs throughout the organization regardless of nationality. This approach seems to identify with the spirit of the times and enable a firm to develop an international executive cadre and reduce the tendency of national identification of managers with units.

The drawbacks of this approach, if any, are it faces conflict with polices of local governments who desire foreign subsidiaries to employ their citizens, cumbersome paper work, and increased relocation and training costs.

(Morgan” has presented these three planning policies as shown in Figure)IHRMDimensions/Model of IHRM/IHRMplanning policies



International human resource management

IHRM vs. HRM

There are many similarities between HRM at the national as well as international level. However, let us have a look at the differences between them with the help of points given below –

- Domestic HRM takes place at the **national level**, that is, within a country and IHRM takes place at the **international level**, that is, in between two or more than two countries.
- Domestic HRM is bothered about **managing employees belonging to one nation** and IHRM is bothered about **managing employees belonging the home country and host country as well as third country employees.**
- Domestic HRM is concerned with **managing limited number of HRM activities at the national level** and IHRM is concerned with **managing additional activities** such as expatriate management.
- Domestic HRM is **less complicated** due to less imprint from the external environment. IHRM is **comparatively more complicated**, as it is deeply affected by the external factors such as cultural distance and institutional factors.
- There are of course similarities between the two. Both involve key HRM functions including talent management, training and development, performance appraisal and compensation. However, International HR Managers deal with unique issues arising from internationalisation which go beyond the ordinary scope of domestic HRM, for example, expatriating staff to a foreign country.
- **Single law** in home country in domestic HRM, Understanding the labour laws and cultural practices in each host country and ensuring compliance with these in IHRM.
- Being more involved in staff's personal lives if expatriating from the home country. For example, an Expatriate Manager **might organise visas, housing, spousal support and/or childcare for employees moving overseas.** This is extremely important in helping them settle in their host country and complete their expatriate assignment for the business. No such procedures needed in domestic HRM

- Determining appropriate international salaries that account for the cost of living in each host country while ensuring a level of parity with those in similar roles elsewhere. Depending on the location, various other rewards such as the provision of medical insurance might also be necessary.
- Facilitating effective communication for employees working with one another across different geographies and time zones.

What are the different approaches to IHRM?

Multinational corporations (MNCs) take different approaches to IHRM, starting with the way they choose to structure their HRM functions.

This might be:

1. Centralised

A structure in which all HR administration is conducted centrally, typically from a business's headquarters. According to Mercer (American consulting firm) 50% of MNCs control HR centrally. Generally speaking, HR policies won't vary significantly across subsidiaries.

2. Decentralised

HR administration is handled regionally, and policies and procedures reflect local differences. Mercer reports that 15% of MNCs follow a decentralised structure.

3. Hybrid

Finally, Mercer report that the hybrid structure is used by 35% of MNCs and involves a mix of both centralised and decentralised HR management.

MNCs also have different approaches to international recruitment which is typically influenced by the HR structure they have adopted.

For international roles, MNCs might choose to hire:

1. **Home country nationals:** employees from the country where the business's headquarters are located. These employees will be relocated overseas on an 'expatriate assignment'.
2. **Host country nationals:** employees from the country where the company has set up a subsidiary.
3. **Third country nationals:** employees who work in either the home or host country for the company, but who aren't nationals of either.

Multinational corporations may also choose to combine these approaches, adopting a 'geocentric' style of recruitment that involves hiring the most suitable candidate for the job, irrespective of their current location.

Problems /challenges of International HRM

International expansion can offer huge opportunities for businesses looking to take advantage of the global economy. However, as we've flagged many times in this blog, managing staff beyond national borders comes with a unique set of challenges. Here are just a few:

- **Failed expatriate assignments**

According to research by INSEAD, failure rates for expatriate assignments span 10-50% across industries. Those relocating to emerging economies experience higher rates of failure compared to those who move to developed countries. Commonly cited reasons for failure include culture shock, isolation and domestic issues (i.e., spouses or children struggling to settle in the host country).

- **Ethical dilemmas**

There can be conflicts between the ethics of a company in its home country and the laws and practices of the host countries. For example, western companies have strict child labour laws but may also have factories in countries overseas where this is permitted. International HRM teams must therefore work with senior leaders to define the business's ethical code and strategise ways to promote consistent behavioural standards across international offices.

- **Navigating host countries' laws and practices**

As discussed, International HR Managers have their work cut out understanding and complying with the various local labour and tax laws of each host country. However, understanding the cultural practices and communication preferences within these countries (and ensuring expatriates share this knowledge) is

extremely important. Doing so will minimise the risk of friction between employees and business partners.

For a deeper dive into contemporary IHRM challenges and how International HR Managers can overcome them, read: [What are the major challenges of International HRM in 2022?](#)

- Staff shortages
- Businesses worldwide are still grappling with the global staff shortage with millions of vacancies left unfilled despite high unemployment levels
- Failed expatriate assignments
- Localisation vs. standardisation of HR practices
- Ethical challenges in multinational corporations
- The evolution of digital HRM
- Compliance with local laws
- Offering local benefits packages
- Paying employees in their own currency
- Providing the right amount of leave
- Time zones
- Managing different cultures
- Overcoming distance
- Develop comprehensive training programs for employees
- Effective Communication
- Managing Talent Diversity
- Conflicts of Interest
- Maintaining a Low Attrition Rate
- Adapting to Change
- Work-life Balance
- Stress and Conflict
- Needed Organization Restructures
- Technological change
- Competition for human resources.
- Government Regulations
- Economic Conditions

UNIT II IHRM

RECRUITMENT AND SELECTION

Recruitment – Selection – Staffing and Training in International context: Issues in International Selections – International Staffing Policies – Advantages & Disadvantages of Staffing Policies – Expatriate Selection-Expatriate Failures & Reasons – Need & Importance of Expatriate Training – Cultural Awareness Programs – Current scenario in international training and development.

1. When a company follows the strategy of choosing only from the citizens of the country to work in host nations, it is called an **ethnocentric approach**. The recruitment process in this method involves four stages: self- selection, creating a candidate pool, technical skills assessment, and making a mutual decision.
2. When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a **polycentric approach**. The primary purpose of handing over the management to the local people is to ensure that the company understands the local market conditions, political scenario, cultural and legal requirements better.
3. When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a **geocentric approach**. Companies that are truly global in nature adopt this approach since it utilizes a globally integrated business strategy. Since the HR operations are constrained by several factors like political and ethnical factors and government laws, it is difficult to adopt this approach.
4. A **regiocentric approach** to hiring selects management personnel from within a region of the world which most closely resembles that of the host country. The theory behind this selection process is that nationals of the region in which operations actually take place are better able to deal with language and cultural problems than are managers from outside the region.

METHODS OF RECRUITMENT

- Recruiting from existing employees is beneficial because those employees already know the products and services provided by the organization, and are committed to the organisations.
- Having the opportunity for international placements can also be motivating for employees, and can be a key part of their development.
- As with all resourcing, advertising remains a common way of attracting people to relevant jobs. There are considerable differences in the use of

advertising. Newspaper, journal and internet advertising is used commonly in developed countries, but less so in the developing or undeveloped countries. Thought needs to be given to the potential pool of applicants. Is the intention to recruit a home national for a role to which s/he would be relocated overseas, or is it preferable to recruit someone already living and working in the target country?

➤ **SELECTION METHODS**

- Once we have attracted talent, as an international organization, we need to gel on to the methods that best suit us to select suitable talent. Selecting candidates involves two main processes: shortlisting, and assessing applicants to decide who should be made a job offer

Interviews

- Interviews are commonly used, but the approach to them differs.
- In the UK it is increasingly common to have a structured interview, and panel interviews are not uncommon.
- In the USA almost all interviews follow a very structured process where all Applicants are asked exactly the same questions.
- In Northern Europe it is common for the HR Manager to be one of the interviewers, but this is less likely in other countries in the world.
- There are also cultural differences in the ways in which applicants will react in an interview situation.
- For example, in Korea it is a cultural norm, when asked a ‘good question’ to keep silent as a mark of respect. However, in cultures such as the USA and the UK to remain silent when asked a question would be seen to be rude or ignorant.

- **Technical Competency**
- **Relational Skills**
- **Ability to cope with variables and**
- **Family Situation**

In general the factors involved in expatriate selection are as follows:

Expatriate Selection - Example

Western European and Japanese MNCs emphasize technical competence and ability to acclimate (change acc to environmental)

North American corporations select mainly on technical competence

The selection techniques

For global jobs vary from those of domestic jobs. These techniques include:

Interview – structured interview

The monitoring and targeting of disadvantaged group – (staffing practices are strongly influenced by norms and values that are not covered by the law)

Psychological Testing- mentally fit for international assignment

Assessment centre – Competency assessment

Selection Techniques in General, important steps are:

- **Screening the applicant's background on the basis of work experience with cultures other than one's own, previous overseas travel, knowledge of foreign language and overall Performance.**
- **Testing the candidate's ability to adapt to the new culture and environment.**
- **Testing the ability of the spouse and family members of the candidates to the foreign culture and environment.**
- **Predicting the adjustment of the candidate.**
- **Testing the skill of adjustment with the host nationals.**
- **Job duties and responsibilities**

Therefore expatriate must meet 6 basic criteria:

- They must be willing and motivated to go overseas
- They must be technically able to do the job
- They must be adaptable
- They must have good inter personal skills and able to form relationship
- They must have good communication ability and
- They must have supportive families

Expatriate Selection

Skills for an Expatriate

- Global curiosity
- Emotional intelligence
- Cultural adaptability
- Flexibility
- Patience
- Leadership skills

Criteria for selection

- Technical abilities
- Personal characteristics
- Relational abilities
- Adaptability
- Spouses and family situations
- Organizational philosophy

Factors Affecting

- Technical factors
- Cross cultural
- Individual
- Family adjustment
- MNC requirement
- Country's requirement
- Language skills

Introduction of expatriates

An expatriate is a migrant worker who is a professional or skilled worker in his or her profession. The worker takes a position outside his or her home country, either independently or as work assignment scheduled by the employer, which can be a company.

ISSUES IN STAFF SELECTION OF EXPATRIATE

Under the guidance of
Sunder B. N.
Asst. Prof. & Course Co-ordinator
GPGCW, PG Studies in Commerce

M. In
5/21

ISSUES IN STAFF
SELECTION OF
EXPATRIATE



Skills for an Expatriate

1. Global curiosity
2. Emotional intelligence
3. Extreme organization
4. Cultural adaptability
5. Language skills
6. Flexibility

Expatriate Selection Criteria

1. Organizational philosophy
2. Relational abilities
3. Spouses and family situation
4. Personal characteristics

ISSUES IN EMPLOYEE SELECTION

1. Linked Staffing plans with the evolution of the MNC
2. Staffing orientation
3. Managing Expatriate
4. Female Expatriate

International recruitment and selection process

Whenever a position opens, hiring teams should follow this process:

1. **Decide which staffing approach is most suitable for this particular case.** Use this policy to determine whether the regiocentric, ethnocentric or polycentric approach suits best. Discuss the budget with finance to make sure you're able to apply the chosen approach and whether another one could work equally well with lower costs. If there's no particular reason to use any of them, then the [*geocentric approach*] should prevail.
2. **Determine the recruitment methods that work for this approach.** For example, if you decided on the polycentric approach, then consider local job boards and locally-based recruiters in the host country.
3. **Allocate your budget.** To make sure you can coordinate recruitment activities, look into your budget. For example, if you've chosen the ethnocentric approach, you'll need to factor in relocation costs for your new hire. Also, you may decide you need to meet candidates from the host country in-person so pay attention to travel expenses. Work with [*finance/ HR*] to determine the available resources.
4. **Evaluate candidates.** When it comes to resume and phone screening, we evaluate all candidates the same way. You could also use [video interviews for remote candidates](#). Each role will demand a different skillset, but to make sure our employees can work well together, look for people who:

- Are self-motivated and can work independently (especially if their manager is remote).
 - Can communicate well even through cultural and language barriers.
 - Have a global mind-set.
 - Are tech-savvy.
 - Also, depending on the approach you'll use, make sure to discuss if a candidate is legally permitted to work in the country where the open position is. If it's agreed upon, discuss immigration procedures.
5. **Close the hire and discuss paperwork.** Once a candidate accepts a job offer, ask HR how to proceed with any legal procedures regarding visas, immigration policies or taxes. Be in close collaboration with the new hire until everything is resolved.

International Staffing Policies

There has been a rapid pace of internationalization and globalization over the last decade. Expanding business operations beyond national boundaries while continuing commitment to local markets requires more complex business structures. One of the most critical determinants of an organization's success in global ventures is the effective management of its human resources.

What is International Staffing?

International management encounters many problems above those faced by a domestic organization. Geographic distance and a lack of close, day-to-day relationships with headquarters represent a major challenge to multinationals. "It is essential, therefore, that special attention is given to the staffing practices of overseas units"

An international recruitment policy outlines the practices and strategies employed by a company to hire people all over the world. International Recruitment Policy template describes the four global staffing approaches: ethnocentric, polycentric geocentric, regiocentric, and it will help you set up your own international staffing strategy.

What is ethnocentric staffing?

The ethnocentric approach to recruitment means that we hire people from our parent country to fill positions all over the world. For example, if we want to fill an executive role in a foreign country, we could:

- Relocate one of our existing employees who's a permanent resident of our parent country.
- Hire a person from our parent country who lives or wants to live in the host country.

What is polycentric staffing?

The polycentric approach to recruitment means that we hire locals to fill our positions in a host country. For example, we could advertise on local job boards or create a contract with a local recruitment agency.

We use the polycentric approach when [we need the skills of locals to conduct our business. For example, if we want to expand our clientele to a specific country, we'd hire a local professional who knows the market and can coordinate our sales operations.]

What is regiocentric staffing?

The regiocentric approach to recruitment means that we hire or transfer people within the same region (like a group of countries) to fill our open positions. For example, we might decide to transfer employees within Scandinavian countries. So if we want to hire someone in Sweden (a host country) we could transfer one of our employees from Denmark, a host country in the same region.

What is geocentric staffing?

Geocentric approach to recruitment is hiring the best people to fill our positions without regard to where they come from or where they live. This means:

- **Hiring remote employees.** We use this option when we want to hire someone at a place where we don't have offices. For example, if we want a customer support agent in another time zone to support our customers there.
- **Relocating our employees.** This includes both bringing foreign talent into our parent country and relocating people to a new host country. We use this approach when we need someone to be physically present at a specific location, but the best person for the job is living elsewhere.

- **Ethnocentric staffing policy-Advantages**

- The expatriate's technical and business expertise.
- Ability to transfer the headquarters' culture to the foreign operation (infusing central beliefs throughout the organization).
- Political understanding of the headquarters' organization.
- Effective communication between headquarters and the subsidiary.
- Lack of qualified host country nationals (HCNs).
- Greater ability of expatriates to transfer know-how from the parent to the subsidiary.
- Measure of control over the subsidiary.
- Career and promotion opportunities for PCNs.
- Personnel development.
- No need of well-developed international internal labour market.
- Rapid substitution of expatriates possible.

Dis Advantages -Ethnocentric policy.

- Parent country nationals continue to experience difficulties to adjust to international assignments.
- The adaptation of expatriates is uncertain.
- Complicated personnel planning procedures.
- The private life of expatriates is severely affected.
- Difficulties in constant mentoring during the stay abroad.
- This approach to staffing limits the promotion and career opportunities of local managers, which may lead to low moral and increased turnover.
- Parent country nationals are not always sensitive to the needs and expectations of their host country subordinates.
- Tensions between the expatriate executives and the HCNs (caused by philosophical issues such as the clash of cultures and also by some fairly hard issues such as the often substantial income gap).

- Expatriates are very expensive in relation to HCNs.
- Legal regulations of the host country.
- Government restrictions.
- Repatriation.
- High failure rate.

The Polycentric Staffing Policy- Advantages

- Language barriers as well as adjustment problems of expatriates and their families are eliminated (no adaptation problems).
Allows continuity of management within the host country.
The employment of HCNs is generally less expensive.
"No tension between the locals and the "watchdogs" sent from headquarters occurs"
- Supported by host country governments.

Dis Advantages

- Difficulty of achieving effective communication between HCN managers at subsidiary level and PCN managers at corporate headquarters.
- Difficulties in exercising effective control over the subsidiaries that arise when a multinational firm becomes a loose federation of independent national units with weak links to corporate headquarters.
- Difficulty of coordinating the activities between headquarters and subsidiaries because of a lack of "boundary persons".
There is a problem concerning the career paths of HCN and PCN managers as both have very limited opportunities to gain experience abroad outside of their own country (reduced opportunities for personnel to widen their horizons and get an international view).
- This lack of international experience is a liability in an increasingly competitive environment.

The Geocentric Staffing Policy Advantages

- In the geocentric approach the best people are sought for key jobs throughout the organization, regardless of nationality ("Global Human Resource Management").
- This approach has two main advantages ("Global Human Resource Management"):
- It enables a multinational firm to develop a pool of senior international managers (development of a network of persons with international experience and contacts across borders).
It reduces the tendency of national identification of managers with subsidiary units of the organization.

Dis advantages

- It is increasingly the case that many host countries use their immigration laws to require the employment of local nationals (HCNs) where possible.
- This approach can be difficult to implement because of increased training,

compensation and relocation costs.

- The successful implementation of a geocentric staffing policy requires a highly centralized control of the staffing process and the reduced autonomy of subsidiary management may be resented.
- A highly sophisticated personnel planning system is needed that allows worldwide matching processes between vacant positions and persons with adequate qualification profiles.
- High costs.

The Regiocentric Staffing Policy Advantages

- That HCN managers have the opportunity to influence decisions and compete for jobs at the regional level.
- The development of a regional approach can help the MNC through the evolution from an ethnocentric or polycentric approach towards a geocentric approach.
- The view of the expatriates can be broadened "while reducing the adaptation problems and the opposition to "strangers" (e.g., an Austrian transferred to Germany should have fewer problems to adapt to the culture than a Japanese sent there)"

Disadvantage

- On the other hand, the disadvantage of the regional approach is that it can lead to identification with regional rather than global objectives and may limit the development of a global approach.

Expatriate Failures & Reasons

Expatriate failure is often caused by lack of practical support in the host country and/or disconnection with the home environment. It is crucial that relocation support does not end as soon as the employee has arrived at their new destination.

Expatriate failure is a term used to describe any unsatisfactory outcome of sending an employee on an international assignment. This encompasses 'complete' failures, which would usually result in the employee returning to the PC/ home country without completing the assignment; and 'partial' failures, which may include poor performance or failure to achieve specific employment outcomes

Reasons

- Lack of expatriate employee's support system both at home as well as HC.
- The employer may choose the wrong person to send on the overseas project
- The expatriate employee does not possess the personal qualities necessary to thrive in the new environment
- Ignoring personal qualities such as **adaptability, open-mindedness and a love of different cultures**
- Candidate's personality, lifestyle, interests and previous experience with foreign cultures

- Lack of ability to speak a foreign language, The language skills necessary to communicate with their colleagues, navigate, purchase provisions and services, and make casual conversation
- Insufficient training prior to the move
- Poor knowledge of cultural and societal norms of the host country (**Cultural Inflexibility**)
- Relocating the entire family is difficult: there needs to be spousal support, decisions made about schools, day-care, the partner's career and even basic things like family healthcare. Language barriers and housing needs can become more complicated (**Family Stress**)

- A suitable and well-organized Global Mobility team are essential to the success of an international assignment.
- As well as dealing with the responsibilities of a new job, candidates have to adjust to a new culture and new work environment and the challenges that brings
- Insufficient repatriation planning
- Responsibility Overload
- Emotional Immaturity
- Insufficient compensation and financial support.
- Poor programmes for career support and repatriation.

Reason for Expatriate Failure	
<p>US Firms</p> <ul style="list-style-type: none"> ▶ Inability of spouse to adjust ▶ Manager's inability to adjust ▶ Other family problems ▶ Manager's personal or emotional immaturity ▶ Inability to cope with larger overseas responsibilities 	<p>Japanese Firm</p> <ul style="list-style-type: none"> ➤ Inability to cope with larger overseas responsibilities ➤ Difficulties with new environment ➤ Personal or emotional problems ➤ Lack of technical competence ➤ Inability of spouse to adjust

The failure of an expatriate can have disastrous results.

1. There are substantial monetary costs associated with sending expatriates abroad, bringing them back to the home country and finding replacements.
2. The poor performance of an expatriate may damage the firm's image in the host country.
3. There are also personal tragedies of employees who may have sold their homes, left jobs they liked and find themselves back in the home country branded as failures.
4. There is damage to the firm's reputation, loss of employee morale, and disrupted relationships with local nationals.

Therefore care should be taken to choose the expatriate after careful selection based on the specific assignment and the long-run plans of both the organisation

and the candidate, plans must be made for the preparation, training and development of expatriate managers.

Measures to Overcome

- Expectations (employee's ability to move to another location without issues and communicate utilizing the foreign language);
- Respect for other beliefs (the way the expatriate can treat religious and political beliefs that differ from one's own);
- Trust in people (the employee's attitude towards other people and capacity to trust them and readiness to create new personal and professional relationships);
- Tolerance (the wish and ability to merge into the new environment and working group and to adapt to unknown circumstances);
- Locus of control (the extent to which the expatriate have control over one's life including the ability to change and regulate the events, in which one is involved or those that influence him/her in a particular way);
- Flexibility (the readiness to accept the decision-making model different to the usual one and the capability to solve problems);
- Patience (one's ability to be calm and resists stress that occur due to some events or people);
- Social adaptability (the way the individual feels in a social situation);
- Initiative (one's wish and determination to work hard, cope with difficult issues, be a leader and make steps to enhance performance);
- Risk taking (one's attitude towards new things and concepts that were not earlier implemented and the ability to take responsibility for their utilizing);
- Sense of humour (the ability of the employee to cope with difficulties with reference to humour, which is likely to enhance the relations between the personnel);
- Interpersonal interest (creation of new valuable relations);
- Spousal communication (the interaction between the spouses whose lives changed due to the expatriation)

Expatriate Training & Development

Many companies are relocating their employees and sending them on assignment to work in their overseas operations as expatriates. **International assignments are often more complex than domestic assignments since they involve going to another country and work in a different culture.** This is where training is helpful to best ensure the success of such assignments.

Training can improve the overall management style. Research shows that many host country nationals would like to see changes in some of the styles of expatriates, including their **leadership styles, decision making, communication and group working.**

Proper training can address some of these demands. Training and development is a subset of

**Organizational Development (OD),
Culture change and
Knowledge management.**

New employees after their selection and old employees on their career move, receive regular training and development inputs. However, before an international assignment, it is customary to send the candidate for **post-departure training** before he or she assumes full responsibility as a member of the international team.

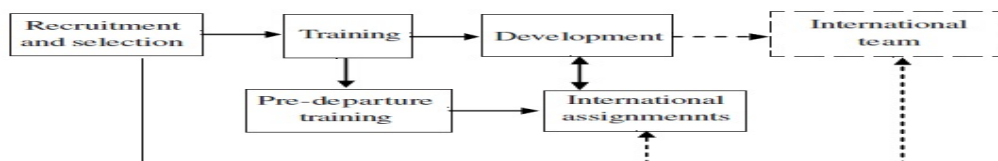
Candidates are also given **pre-departure training** which emphasises on cultural awareness and business customs of the country of posting to help cope with unexpected events in a new country. This pre-departure training helps in minimising culture shock and depression that usually sets in a new country and culture.

Three main issues that concern the training and development of the expatriates.

- The first one concerns the different training methods,
- Second the timing of training and
- Third issue concerns preparing the spouse and family when accompanying the expatriate during the international assignment.

Process of Training and Development in International Human Management

Following schematic model depicts the process of Training and Development in the International Human Management context.



Process of Training and Development in International Human Management

Training employees and giving them the tools needed to develop the global mind-set needed to succeed prior to engaging in international endeavours is by far the most effective way to conduct international business and retain employees.

International teams and leaders need to change their frame of reference from a local or national orientation to a truly international perspective. This involves understanding political and cultural influences, trends, practices and international economics. Team leaders, in particular, need to understand and develop competitive strategies, plans and tactics that are external to the confines of domestic marketplace orientation.

International managers need not only to recognise the cultural differences but also to manage them effectively. If the team is to succeed, they need to develop processes for

coaching, mentoring and assessing performance across a variety of attitudes, beliefs and standards.

Here are a few components of a training regimen that highlights the basic needed modifications for international success:

1. **Develop Relationship Skills**
2. **Learn the Language**
3. **Understand the Culture and the Market**
4. **Know the Simple Differences**
5. **Be prepared for the Marketplace**
6. **Find a Mentor or Trusted Partner**
7. **Have Patience**

BENEFITS OF TRAINING/IMPORTANCE

- Providing practical assistance for relocation efforts.
- Giving the employee information that will allow an employee to make an informed decision about the assignment.
- Providing emotional security about the change.
- A rigorous training program greatly reduces the chance that the employee will leave the assignment early because of a misunderstanding.
- Increasing the cultural sensitivity of the employee.
- By training employees on cultural matters that improves reputation of the organisation.

Role of Expatriate Training

- The focus of the training is on creating Cultural Awareness.
- Effective cultural training assists individuals adjust more rapidly to the new culture.
- It helps people to cope with unexpected events in a new culture.
- Previously MNC'S placed less priority on providing pre-departure training for the

Pedagogy of International Training

According to Dowling and Welch (2004), studies indicate that the essential components of pre-departure training programs that contribute to a smooth transition to a foreign location include Cross-Cultural Training (CCT), preliminary visits, language training and assistance with practical day-to-day matters.

Cross-Cultural Training (CCT)

It is generally accepted that to be effective, the expatriate employee must adapt to and not feel isolated in the host country's cultural, economic, legal and political environment. Without an understanding of the host country's culture, the expatriate is likely to face difficulties during the international assignment.

Therefore, cultural awareness training remains the most common form of pre-departure training (Dowling & Welch, 2004). Stroh et al. (2004) refer to the three learning processes. They claim that the training should help expatriates to:

- Become aware that behaviours differ across cultures and the importance of observing these cultural differences carefully.
- Build cognitive cultural maps so that expatriates understand why the people of host country value certain behaviours, how these appear to be and how these can be appropriately reproduced.
- Practice the behaviours they will need to follow in order to be efficient in their international assignments.

The processes mentioned above reflect the importance for expatriates to be able to deal with cultural differences that he/she may confront. It builds the foundation of designing cross-cultural training for managers

Emerging Trend in Expatriate Training and Development

Some of the emerging trends in the area of Expatriates Training and Development are mentioned below:

1. Over Reliance on Pre-departure Training
2. Tailored Expatriate Training
3. Use of Short Term Overseas Assignments
4. Real-time Training
5. Assessment and Development Centres
6. Self-training using Electronic Media

Cross-Cultural Training Programs

Environmental Briefings Provide information about things such as geography, climate, housing & schools, Cultural Orientation, Language Training, Familiarize the individual with cultural institutions & value systems of the host country.

Major types of cross-cultural training programs

Sensitivity training

Making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioural flexibility.

Social sensitivity

It is ability of an individual to sense what others feel and think from their own point of view.

Behavioural Flexibility

Ability to behave suitably in light of understanding.

Interaction Training: Based on interactions between new expatriates and expatriates with more experience of the local culture. It can take place before departure with previous

expatriates or at the arrival in the host country. Overlaps in expatriate placements are a sometimes-used training method.

Beneficial for the expatriate's adjustment process: Possibility to explain tasks, introduce contacts and otherwise coach in the management and operation of the workplace. Families can also benefit in a similar way from interactions with the outgoing family.

Sequencing of Training Sessions:The sequencing of CCT refers to the timing of training sessions. 1. Pre-departure CCT (provided before departure) □ Most widely utilized form of training; □ focuses on basic information about the host culture such as such as currency exchange rate, hotels, transportation system, hospitals, etc

2. In-country CCT (provided after arrival in the new country) □ Enhance learning readiness by experiencing the host country culture, beliefs, and values)

3. Sequential CCT (combination of the two) □An appropriate sequencing of information (either pre-departure or post arrival) is considered a best practice for CCT. □ Basic information should be offered prior to a global assignment – while deeper cultural learning about a new country and its culture, and the awareness of the skills and behaviors needed to be successful in host culture could be effectively administered after arrival in the host country

Cultural Awareness Training □ The goal is to give insight about the concept of culture and cultural differences, □ Awareness about the home culture. □ Training activities include :□ self-awareness building and value ranking charts, but the goals can also be reached with more culture-general approaches, such as simulation games and perceptual exercise

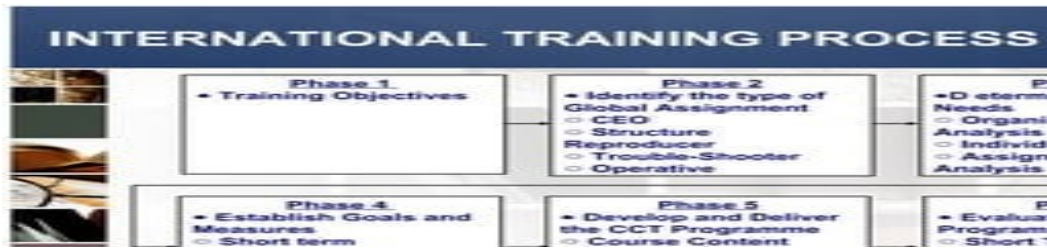
Language Training □ It is the strongest dimension that affects cultural adjustment □Teaching the expatriate the native language and/or the business language (English) of the host country. □ Fluency might not be attained; □ however it develops the ability to enter informal discussions; □ use common courtesies and show cultural empathy. □ Knowledge of the local language is important to send visible signals of politeness; to better understand the host culture.

Cultural Assimilators□ This method consists of a series of intercultural short episodes, judged to be critical for the interactions between members of two cultures. In the episodes, encounters between members of two different cultures are used to practice interactions with a new culture □ A Cultural Assimilator consists of critical incidents. □ Critical incidents are short descriptions of situations where there is a problem of cultural adaptation, or where there is a problem rising from cultural differences between the interacting parties. □ In a Cultural Assimilator the incidents are equipped with alternative explanations & feedback. Trainees are expected to choose the "best" explanation considering the context. □ This method helps to sensitize users to cultural differences between their own culture & the target culture

Attribution Training□ Aimed at developing empathetic skills. □ Thinking and acting as a host national. □ Developing Cultural relativism. □ Insight into the cultural point of view in the host country. □ Explain and understand host national behavior. □ Attribution training is closely connected, but not limited, to a teaching method called “cultural assimilator”

Experiential Training □ Content: Skill acquisition □ Learning by doing approach □ Intellectual and Cultural intelligence □ help expatriates experience the impact of cultural differences on their behaviors. □ Provides through: □ immersion programs or intensive workshops □ practical exercises: workshops and simulations, role plays, look-see visits, interaction with host nationals, in-country cultural coaching and language training .

Didactic Training □ Content: Knowledge □ Cognitive understanding □ Norms & behaviour of the host culture □ hard facts: job requirements, policies, travel arrangements etc. □ prepare expatriates to establish a framework for understanding and adapting to a new culture □ facilitate lifestyle adjustments. □ Medium of instruction: □ lectures, seminars, reading material, discussions, videotapes, case studies and culture general assimilators □ Classroom lectures, one way communication □ Conversations with experts. □ Provides factual information: □ Working and living conditions □ Cultural aspects of the host country □ Addresses practical issues, such as shopping and dress codes in the host country etc.



UNIT-III

International Compensation – Performance Management & Labour Relations: Objectives and Key Components of an International compensation program – Approaches to International compensation – Performance Management of Expatriates- International Labour Relations – Key issues in International Labour Relations.

International Compensation

(Key Components of an International compensation program – Approaches to International compensation)

“International compensation can be defined as the provision of monetary and non-monetary rewards, including base salary, benefits, perquisites, long- and short-term incentives, valued by employees in accordance with their relative contributions to MNC performance.”

International compensation and benefits are overseas compensation packages. The idea is to offer various perks and benefits for international employees to keep them engaged and productive.

International benefits and compensation packages include health insurance, travel allowance, bonuses, complimentary lunch/ breakfast, merit pay, etc.

Objectives

Designing and developing a better compensation package for HR professionals for the international assignments requires knowledge of taxation, employment laws, and foreign currency fluctuation by the HR professionals. Moreover, the socio-economic conditions of the country have to be taken into consideration while developing a compensation package. It is easy to develop the compensation package for the parent country national but difficult to manage the host and third country nationals. When a firm develops international compensation policies, it tries to fulfill some broad objectives:

- The compensation policy should be in line with the structure, business needs and overall strategy of the organization.
- The policy should aim at attracting and retaining the best talent.
- It should enhance employee satisfaction.
- It should be clear in terms of understanding of the employees and also convenient to administer.
- Employee expects proper compensation against his competency and performance level.
- Employee expects substantial financial gain for his own comfort and for his family also.
- Employee expects his present and future needs to be taken care of including children's education, medical protection and housing facilities.
- The policy should be progressive in nature.

- Attract employees who are qualified, experienced and interested in international assignments

- Facilitate the movement of expatriate's from one subsidiary to another, from home to subsidiary, and back from subsidiary to home.
- Provide a consistent and reasonable relationship between the pay levels of employees at headquarters, domestic affiliates and foreign subsidiaries
- Be cost effective by reducing unnecessary expenses
- Should be easily understood and easy to administer

Elements/Components of International Compensation

There are many complexities in the international compensation programme as all the objectives are difficult to meet and require a high degree of expertise. The main elements are discussed as follows:

- **Base pay**
- **Incentives**
- **Retention and Referral Bonuses**
- **Allowances**
- **Benefits**
- **Taxes**
- **Long-term Benefits**

Base Salary □ Amount of money that an expatriate normally receives in his/her home country
 □ In a domestic context, base salary denotes the amount of cash compensation serving as a benchmark for other compensation elements (such as bonuses and benefits). □ Used to establish expatriate pay □ Paid in home currency, local currency or combination □ Serves as benchmark against which bonuses & benefits are calculated

Base pay is the primary component of a package of allowances and may be paid in-home or local-country currency. The base salary is the foundation block for international compensation whether the employee is a Parent Country or from any other country.

It is the main element in the compensation structure that decides the status, rank or grade. This is the basic element upon which all the other components are built and retirement benefits calculated both in domestic and international compensations.

Benefits □ constitute a substantial portion - approx. one third of compensation □ Transportability of pension plans, medical coverage & social security coverage are very difficult to deal as national practices varies. □ issues surround the amount & nature of the benefit package for expatriates □ Whether MNC's should maintain expatriates in home country benefit programs particularly if firm does not receive tax deduction for it □ Whether MNC has option of enrolling expatriates in host country benefit programs □ Whether home or host country is responsible for the expatriates social security benefits □ Whether benefits should be subject to the requirements of home or host country

Incentives

Incentives are used to motivate employees for higher performance and to undertake foreign assignments. Latest trends in total compensation package has seen a rise in monetary benefits.

Retention and Referral Bonuses

Almost every organisation faces the issue of turnover of employees at some point or the other. Referral bonus is paid to employees who bring qualified new employees who meet the selection criterion.

This reduces recruitment cost and time of the organisation and hence referral bonus is paid. There are many factors leading to retention of employees apart from money such as quality of work-life, flexibility at work timings, challenging assignments, transport and other benefits and rise in career graph.

Allowances

- **Foreign Service premiums:** most common for employees on long-term assignments (over one year). More often paid to parent country nationals (PCNs) than to third country nationals (TCNs).
- **Hardship:** in consideration of isolation, crime, natural hazards, political violence, based on government data upon which rates can be provided by consulting organizations such as International SOS, a global medical and security assistance company.
- **Relocation:** compensation for costs such as transport, storage, temporary accommodation, purchases of appliances and vehicles, associated with moving to the host country.
- **Education:** for assignees' children. This may involve compensation for language classes, books, and school fees. Home country boarding school fees may also be involved for assignees who opt not to take their children to isolated and or politically violent locations.
- **Home leave:** provision for the assignee and family to return home periodically during the length of the assignment. (Dowling et al., 1999; Stanley, 2001)

Benefits

These are also known to be indirect compensation and their purpose is to minimise the payments and enhance quality of life. Benefits could include use of health clubs, medical treatment to family, upkeep of house, servants etc.

Taxes

These take a substantial part of the salary to governments of both host and home countries. Hence, MNCs follow tax equalisation policy, according to which the expatriates pay only the taxes required to be paid in the home country and what is required to be paid to the host country is paid by the country. Expatriates are required to obtain tax clearance certificate from the host country before they are allowed to leave the country.

Long-term Benefits

- **Employee Stock Option Plan (ESOP)-** a certain nos. of shares are reserved for purchase and issuance to key employees
- **Restricted Stock Unit (RSU)** –Units of stocks are provided with restrictions on when they can be exercised. It is usually issued as partial compensation for employees

- **Employee Stock Purchase Plan (ESPP)** –Company sells shares to its employees at a discount. Company deducts the purchase price of these shares every month from the employee’s salary
-

Approaches to International Compensation

There are seven approaches of international compensation, such as follows:

1. **Going Rate Approach**
2. **Balance-Sheet Approach**

Going Rate Approach

The key characteristics of this approach are summarised:

- Based on local market trends and rates
- Relies on survey comparisons
 - Local nationals (HCNs)
 - Expatriates of same nationality
 - Expatriates of all nationalities
- Compensation based on the selected survey
- Base pay and benefits may be supplemented by additional payments for low-pay countries

In this approach, the base salary for international transfer is linked to the salary structure in the host country. The multinationals usually obtain information from local compensation surveys and must decide whether local nationals (HCNs), expatriates of the same nationality or expatriates of all nationalities will be reference points in terms of benchmarking.

For example, an Indian bank operating in London would need to decide whether its reference point would be local U.K. salaries, other Indian competitors in London, or all foreign banks operating in London. With the Going Rate Approach, if the location is in a low-pay country, the multinational usually supplement base pay with additional benefits and payments.

Advantages and Disadvantages of Going Rate Approach

ADVANTAGES	DISADVANTAGES
Equity with local nationals	Variation between assignments for the same employee
Simplicity	Variation between expatriates of the same nationality in different countries
Identification with host country	Potential re-entry problems
Equity amongst different nationalities	

Balance-Sheet Approach

Many multinational companies commonly apply the balance-sheet method for determining expatriate compensation. The balance-sheet method provides a compensation package that attempts to equate or balance an expatriate's purchasing power in his or her home country.

To balance the compensation received for the international assignment with compensation received in the home country, multinational companies usually provide an additional salary. This increased salary includes adjustments for differences in taxes, housing cost, and the cost of basic goods and services.

Goods and services include items such as food, recreation, personal care, clothing, education, home furnishing, transportation, and Medicare etc.

There are four Balance Sheet approach categories:

- Goods and services –home-country outlays for items such as food, personal care, clothing, household furnishings, recreation, transportation and medical care.
- Housing –the major costs associated with housing in the host country.
- Income taxes –parent-country and host-country income taxes.
- Reserve –contributions to savings, payments for benefits, pension contributions, investments, education expenses, social security taxes, etc.

Besides matching the expatriate's purchasing power, companies often provide other allowances and perquisites to the expatriate manager. These cover the initial logistics of the international move (such as hotel costs while settling in), provide compensation for lifestyle differences between the home and host country, and provide incentives to take the assignment.

Some of these additional allowances and perquisites include the following Foreign Service Premiums: Multinational compensations often provide 10 percent to 20 percent of base pay for accepting the individual and family difficulties associated with an overseas assignment.

- Hardship Allowance: This is extra money paid for particularly difficult posting due to issues such as high risk or poor living conditions.
- Relocation allowance: Along with the basic costs of moving a family to an international assignment, many companies pay a flat sum equal to one month's salary at the beginning and end of the assignment to cover miscellaneous costs of relocating.
- Home-Leave Allowances: These provide transportation costs for expatriates and their families to return to their parent country once or twice a year.

Taxation

Tax Equalization

- Firms withhold an amount equal to the home country tax obligation of the expatriate, and pay all taxes in the host country

- The employee pays no more and no less tax while on assignment than they would have paid had they remained in their home country
- The company bears all the actual home and host country tax due
- The most common approach to tax management, used by 80% of companies

Tax Protection

- Employee pays up to the amount of taxes would pay on remuneration in the home country, but could end up paying less if the host country tax burden is lower than in the home country
- The company will reimburse the employee for any excess tax resulting from higher tax rates in the host country

INTERNATIONAL CITIZEN'S APPROACH

In this approach to expatriate compensation, an international basket of goods is used for all expatriates regardless of country of origin. The basket of goods includes food, clothing, housing, etc. However, expatriates are not given salary adjustments that would allow them to purchase the same items in the host country as in the home country. Rather, they receive adjustments that would allow them to purchase a comparable local product of the same nature.

LUMP SUM APPROACH

This involves giving expatriates a predetermined lump sum and letting the individual decide how to spend it. Finally, there is the regional system, under which the company has a compensation system for all expatriates who are assigned to a particular region.

The Home-Based Approach

The home-based approach aims to match the **employee's usual living standards in their native country**, considering taxes, housing, commodities, and services. This approach divides the employee's basic pay into four broad categories. They are: taxes, commodities and services, housing, and discretionary income. The

home-based approach is the **most popular approach to international compensation worldwide**. Almost 76% of long-term postings worldwide and 85% of US multinational organizations follow this pay structure to compensate their expatriate workers.

The Host-Based Approach

The host-based approach means that the **organization assigns an employee to the payroll of their host country**. The organization also follows that country's procedures, rules, and regulations to determine the compensation and other incentives. When employing a host-based approach, **your employees will likely not earn additional allowances for their assignments**. So, this approach is the most cost-effective option for businesses that wish to save expenses. However, even after returning to their home countries, the employees may remain too absorbed in the compensation systems of their host countries. This strategy often faces challenges.

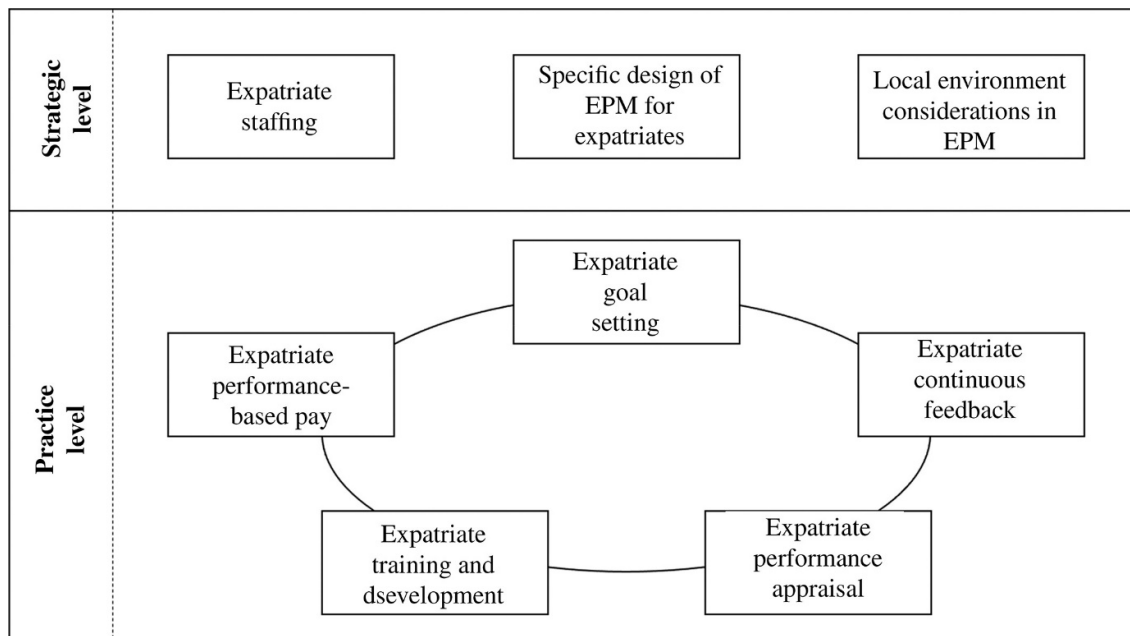
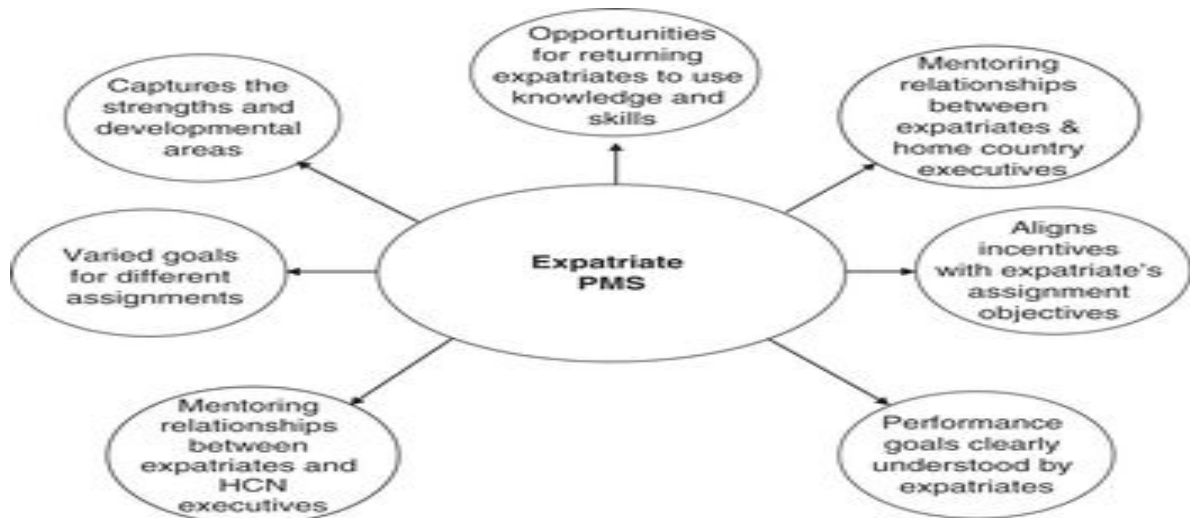
The Global Market Approach

The **global market approach considers an international assignment to be continuous**. Even if the project is for varying lengths of time and the employee is assigned to various countries, this approach uses only one compensation scale. Simply put, regardless of their country of origin, the organization treats all employees according to the same scale. The global market approach seeks to be more **inclusive, and the principal benefits don't depend on the employee's country of assignment**. Even though companies want to make their compensation packages more international, this approach is still only used by about 4 to 5 percent of companies.

Performance Management for Expatriates

In order for an employee to help the organization achieve strategic success through his or her performance, he/she must work at optimal levels towards very clear and specific objectives. In other words, the organization must design and implement a performance management system (PMS) that empowers employees and allows them to work at optimal levels. However, a review of the related research shows but when it comes to expatriates, most organisations do not develop dedicated PMSs – instead, it seems that most organizations evaluate and manage expatriates on an ad-hoc basis, often leading to dissatisfaction with the outcomes and conduct of the PMS, and subsequent dip in performance levels and quality.

DIMENSIONS OF THE 360-DEGREE FEEDBACK SYSTEM Multi-source or 360-degree feedback is a process that allows managers various ratings from a variety of sources. These sources include peers, managers, direct reports, and sometimes even customers. The 360 instrument measures perceptions across six dimensions or scales: technical competence, management skills, interpersonal skills, confidence/efficacy, leadership effectiveness, and cultural fit



Expatriate goal setting

Goal setting is an important aspect of performance management as it provides the baseline for performance measurement and appraisal. Particularly, in EPM, where defining success and outcomes has proven to be difficult, defining and agreeing on goals is essential. Goal-setting theory, an important theoretical construct underlying performance management, suggests that goals have a motivational aspect and can be used to direct employees' behaviour. From this point of view, goal setting is crucial for expatriates to provide clarity about expectations associated with an international assignment. The set performance goals can increase the perceived efficiency of performance management. Prior research has highlighted that both “hard” goals (e.g., those based on corporate figures and “soft” goals (e.g., leadership) play an important role during assignments. Most frequently, goals are set by the expatriate and the host country manager.

Expatriate continuous feedback

Not much research has been conducted regarding the specific meaning of feedback for expatriates as it is commonly seen as a part of the performance appraisal process. However, feedback is important as it provides the expatriate an opportunity to improve. It is also argued that frequent feedback can outperform annual performance appraisals and help expatriates to understand where they stand in terms of goal achievement. How feedback is provided differs across organizations and ranges from one-way, top-down to open, trustful feedback. Feedback is most commonly given by the host country manager, but varies across types of assignments. Furthermore, research refers to the implementation of instruments such as 360° feedback systems, which involve various parties to provide feedback to the expatriate. Interestingly, research highlights that satisfaction with feedback varies across different types of expatriates and many expatriates claim that they do not receive sufficient feedback

Expatriate performance appraisal

Performance appraisal is an important component of performance management, as it encompasses the evaluation of the expatriate's performance and goal achievement. In fact, it is the basic practice and origin of our understanding of managing performance). As in many domestic companies, MNEs have started including instruments, such as multisource or 360° feedback and rating that help to improve the quality of feedback and objectivity of ratings. Such feedback systems include different actors above and beyond the line manager.

In terms of the specificities of expatriate performance appraisals, research indicates a few other interesting findings. For instance, there is evidence that the location of the supervisor and the involvement of the expatriate in the appraisal process do not increase the perceived effectiveness of the performance management system. Furthermore, the effect of frequency of evaluation is inconsistent across studies. While some suggest higher frequency to increase efficiency and accuracy, others do not support this notion

Expatriate training and development

Performance appraisals are often used as the basis for making training and promotion decisions. If designed correctly, they allow for a relatively objective way to determine employees' needs and rewards, and thus are an important instrument for leading and developing employees. Looking at training related to expatriation, research has frequently highlighted the importance of pre-departure and cross-cultural training for expatriate success. Furthermore, assigning mentors to support expatriates is believed to improve performance

In turn, it is highlighted that the relevance of performance management for career development has a positive influence on perceived performance management success; additionally, the vast majority of US companies base promotion decisions on appraisal results.

Expatriate performance-based pay

Research on performance-based pay thus far is univocal. It shows a great majority of expatriates are on performance-based bonus systems linked to the outcome of the performance appraisal. Likewise, in Martin and Bartol's (2003) study, 81% of companies used appraisal results to determine performance, 47% for bonus allocation, and 9% for profit sharing, indicating a strong connection between appraisal results and pay. Both studies,

however, were conducted in the US context, thus mirroring the importance of performance-based pay there.

Strategic level

Both domestic and international literature suggests that there is a strategic level to EPM. Interestingly, these strategic considerations have not received much attention in EPM literature since the main focus so far has been on EPM practices]. One EPM aspect that needs particular attention is staffing strategy, as managing expatriates' performance relates to more general questions of control and performance in MNEs. Another, more strategic aspect to consider is the specific overarching design elements of EPM. Prior research indicates performance management of expatriates is different from performance management of domestic employees. It is therefore important to consider the specificities of expatriation when designing an EPM system. We will review the expatriate staffing strategy literature, including the consideration of the local environment in EPM and the specific design of EPM for expatriates, in more detail below.

Expatriate staffing strategy

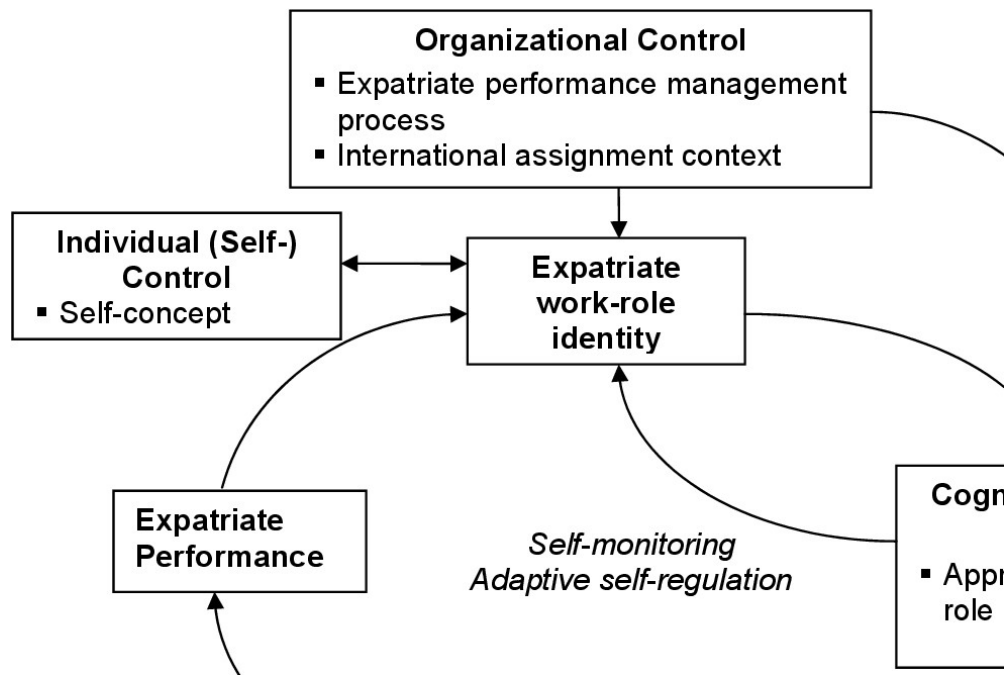
It is long evident that companies differ in the degree as to which they rely on expatriates to manage and control their operations. Consequently, the expatriate staffing strategy links to goals and performance expectations and should thus be considered a part of the EPM system. Typically, IHRM research has investigated whether MNEs from different countries of origin vary along their types of control and, relatedly, their expatriate staffing strategies. For instance, Anglo-Saxon MNEs have been shown to prefer bureaucratic rather than social control of their foreign subsidiaries and implement formal, worldwide policies for performance appraisals and remuneration of managers.

Specific design of performance management for expatriates

While it has been argued that EPM should differ from local employee performance management, not much research has been conducted to address whether and how it differs on more strategic design elements. Rather, prior research indicates EPM is often a duplicate of performance management in the organizational headquarters without much adaptation for expatriates. Initial evidence suggests despite the specifics of expatriate assignments, most MNEs have not developed performance management structures and appraisal forms specifically for expatriates; instead they use one standardized system for all employees. This has been shown to be negatively correlated with the accuracy of the expatriate performance assessment. However, we do not know much about how it is designed yet and to which extent firms develop specific policies and systems for expatriates.

Local environment consideration in EPM

Adding to the question of the overall design of EPM, Martin and Bartol (2003) suggested that performance appraisals need to account for local conditions and thus the particular challenges expatriates face abroad. For instance, it is a well-known fact that expatriates face specific challenges in their host countries such as their challenges to establish effective working relationships with host country nationals and therefore the extended time they need to adjust to the host country before they are able to fully perform a consideration that should be accounted for in EPM.



EXPATRIATE PERFORMANCE APPRAISAL

A performance appraisal is the formal assessment of employee's job performance. Such appraisals are important to the employing institution because they: (1) provide feedback to employees that will assist them in doing better and in planning their career path;(2) provide information that is needed to make employment decisions on such issues as pay levels, promotions and training needs; and (3) provide information necessary for human resource research tasks, such as validating selection methods and training programmes. There are many performance appraisal methods, and they can be divided into two categories, i.e. the objective appraisal methods and judgmental appraisal methods.

Objective Appraisal Methods

Objective performance appraisal measures involve such objectives and quantifiable outputs as sales volume, units produced, scrap rates, and so on. Yet another objective measure is the score on some form of standardized performance test. These data are fairly easy to obtain and compare, but they suffer from two major weaknesses First, these data may not measure performance related to many important organizational goals, such as customer service or corporate image. Second, these data are subject to "opportunity bias", wherein some employees are in a better position to succeed than others. For instance, a computer salesman in an underdeveloped country does not have an opportunity to generate sales when compared with a salesman in a developed community.

Judgmental Appraisal Methods

There are three commonly used judgemental performance appraisal methods: (1) Checklists; (2) graphic rating scales; and (3) behaviourally- anchored rating scales. I) Checklists – The simplest judgmental technique for evaluating job performance is simply to check statements on a list or on a questionnaire. Check-list should describe worker behaviour with short phrases and/or adjectives that can be checked (yes) or not checked (no).ii) Graphic Rating Scales – Because of the inherent limitations of the checklists, the graphic rating scales

are developed to provide a method to rate individual performance on rating scales.iii) Behaviourally-Anchored Rating Scales – The behaviourally-anchored rating scale (BARS) is a more sophisticated rating scale that is designed for particular job or group of jobs. Superiors are asked to construct the rating scales around critical behavioural anchors i.e., the specific, observable behaviours that define behaviours which are common to varying levels of performance. According to Wikipedia BARS are normally presented vertically wherein the scale points range from five to nine. BARS can be an effective tool for performance appraisal provided the behaviourally-anchor statements are accurately stated. BARS can add behavioural scale anchors to traditional rating scales like graphic-rating. Multinational Performance Management While the general strategic position of a large corporation may be international,

Multinational, global, or transnational (depending on its size, industry, geographic dispersal, etc.), the corporation makes strategic choices based on economic and political imperatives. Within this context, the multinationals have specific expectations for each of its foreign affiliates in terms of market performance and contribution to total profits and competitiveness.

When evaluating the performance of a subsidiary against these expectations, it is important to recognize various constraints that may affect goal attainment.

We identify five major constraints.

- 1) Whole versus part performance appraisal
- 2) Non-comparable data
- 3) Volatility of the international environment
- 4) Separation by time and distance
- 5) Variable levels of maturity

Criteria Used For Performance Appraisal of International Employees:

The criteria used for performance appraisal of international employees have the following Goals:

- Hard Goals
- Soft Goals
- Contextual Goals

Who conducts the Performance Appraisal? The performance appraisal may be

Conducted by the:

- Immediate superior back home?
- The immediate host-country superior?
- Multiple Ratters or “360-degrees Feedback”?

How to Conduct Appraisal of HCN Employees?

The practice of performance appraisal confronts the issue of cultural applicability. Performance appraisal in different nations can be interpreted as a signal of distrust or Even an insult. In Japan, for instance, it is important to avoid direct confrontation to “Save face,” and this custom affects the way in which the performance appraisal is conducted. A Japanese manager cannot directly point-out a work-related problem ora mistake committed by subordinate. Instead, he is likely to start discussing with the subordinate about the strong points of that person’s work, and further continuing with a discussion about the work on relatively general level. Then she/he might continue to explain the consequences of the type of mistake committed by the subordinate, still without directly pointing out the actual mistake of the individual employee. From all this, the subordinate is supposed to understand his/her mistake and propose how to improve his/her work. One way to overcome the dilemma of cultural adaptation is to use host-country nationals to assist in devising a suitable system for appraising the local staff in the subsidiary and to advice on the conduct of the appraisal. The need for local responsiveness may affect the multinational’s ability to effectively implement a

standardized approach of performance management at all levels in international business operations.

Industrial Relations

- Industrial relations or employment encompasses the **interrelations** **employers** and **employees, labor/trade employer organizations** and the **state/ government**

International Industrial relations

- International industrial relations deals with complex relationships among **employers of foreign nationalities, employees of nationalities, home and host country governments and trade unions** of the organizations operating in various countries and their national & international federations.

Approaches to IR

- **Unitarist**
 - Mutual cooperation, teamwork, sharing common goals; conflict is seen as destructive
- **Pluralist**
 - Conflict is inevitable, and trade unions are seen as a counter management authority
- **Marxist**
 - Industrial conflict is because of division in the society; the solution being the overthrow of the capitalist system

Key Players

- Government
- Employers and their organisation
- Employees and their Organisation (Trade Unions)

Union Structure

- **Craft Unions**
 - Members do **one type of job**
- **Industrial Union**
 - Includes members **working in same industry**
- **General Union**
 - Members working in **different industries with particular city / region**
- **Federations & Confederation**
 - **National level** entities
 - Confederation: Association of Federations
- **International Federation**

Influence of trade unions on I practices of MNCs

- **Employment**
 - Trade unions prefer host country nationals
- **Salaries and benefits (Influencing wage level)**
 - Salary discrimination between expatriates and HCN
 - Enhancement of Salary for all kinds of employees
- **MNC's Optimum size**
 - Limits the economies of scale that MNC can avail by m takeovers and joint ventures.
- **Location and shifting (Social Dumping)**
 - Opposes the shift to other countries because of the few job opportunities
- **Closure of units**

MNCs strategies to Counter Trade Union Influences

- **Massive financial resources** to absorb losses in subsidiary
- Options to **shift production units** to other countries
- **Distance** between HQ and subsidiary
- **Restricting key activities in home country** and subsidiaries in developing countries for operational require relatively lower level of skills.
- **Development of superior knowledge in labour in host country**, skills of negotiations with trade union, salary recruitment and other human resources.

Response of Trade Unions to Multinationals

- The response of labour unions to multinationals is threefold:
 - To form international trade secretariats (ITS)
 - To lobby for restrictive national legislation
 - To try to achieve regulation of multinational international organizations.

Regulation of multinationals international organizations

- Attempts are made by trade unions to influence over multinationals via international organizations such as
 - Organization for Economic Cooperation and Development (OECD)
 - International Labour Organization (ILO)
 - United Nations Conference on Trade and Development (UNCTAD)

Impact of digital economy

- The creation and loss of jobs
- The content and quality of work
 - Manufacturing to a knowledge based
- The location of work
- The nature of the employment contract
 - Rigid to flexible
- The skills required
 - AI, Analytics, cloud Technologies etc.
- Digital divide exists between countries and regions

Key Issues in International Industrial Relations

We have seen a growing curiosity about the issue of **internationalization and best practices adoption** and its impacts on the convergence of employment relations

Industrial relations refers to a set of phenomena, both inside and outside the workplace, worried about identifying and managing the employment relationship. International Industrial Relations (IIR) handles the complicated associations between employers employing foreign

nationals, employees of various nationalities, home and host country governing bodies and trade unions of the organizations functioning in different nations around the world in addition to their national & international federations.

Globalization and international trade has put stress on organizations to standardize practices and policies. Globalization's influences on Human Resource Management come through the opening and penetration of economic systems to outside forces. This is certainly a two-way procedure, with both local organizations and multinational corporations embrace one another's HRM practice.

What are the Key Issues in International Industrial Relations (IIR)?

Issue 1: Who should handle Labour Relations – Headquarter or the subsidiary in the concerned country?

The national dissimilarities in economics, political, and legal systems create diverse labour-relations system across countries, MNCs HQs typically delegate the control over labour relations to their foreign subsidiaries. Having said that, the participation of the MNC headquarters in host-country labour relations is impacted by 4 key elements:

1. In case there is a high level of inter-subsidiary production integration, the labour relations function is centralised and is coordinated by the head quarter.
2. The nationality of ownership of the subsidiary has an influence on who should take care of employee relations.
3. Furthermore, subsidiary character has a bearing on who should deal with employee relations.
4. Finally, where a subsidiary is dependent more on its parent company for resources, you will see a greater corporate involvement in labour relations.

Issue 2: Trade Union Tactics

Trade Unions make use of a number of tactics to deal with international business:

1. The most common one is 'strike'. A strike is a concerted and temporary suspension of work, intended to put pressure. Unions should be cautious prior to resorting to a strike in international scenario because the bargaining power of a union could possibly be threatened or weakened by the financial resources of an MNC. This is especially evident where a multinational firm uses transnational sourcing and cross subsidization of its products or parts across different international locations.
2. Form International Trade Secretariats (ITSs): There are Fifteen ITSs who help the exchange of information. Main objective of ITSs is to accomplish transactional bargaining with the MNCs.
3. lobbying for limited national legislations – Trade unions have for several years lobbied for restrictive national legislation in the U.S. and Europe. Trade unions pursue restrictive national legislation to avoid the export of jobs via multinational investment policies.
4. Intervention from the global body like ILO, UNCTAD, EU, and OECD: ILO has issued guidelines which cover disclosure of information, competition, financing, employment, industrial relations, taxation, science and technology.

(Organisation for Economic Co-operation and Development)

Issue 3: Political

There is little doubt that national industrial relations (IR) systems continue to be greatly different. There are 3 faces of industrial relations which the international union movement encounters in the international environment, specifically social democracy, neo-liberal (Neoliberalism is contemporarily used to refer to market-oriented reform policies) and authoritarian. The dissimilarities in national industrial relations systems are also mirrored in the structure, power and status of individual actors in the system. For example trade unions maintain a comparatively strong position within the Scandinavian IR model while their role is a lot more limited in the US context. The international labour movement is usually prohibited

direct access to robust intergovernmental establishments like the WTO. So they have to depend on national government to represent their interests to these institutions. Significantly, the interests of government might not always be directly in-line with the union movement. (Neoliberalism is a **political and economic philosophy that emphasizes free trade, deregulation, globalization, and a reduction in government**)

Issue 4: Social and Identity

A key problem with the international labour movement and specifically international collective bargaining is the absence of identity that individual workers have with their international associates. Additionally they see these peak associations to be a lot more conservative than activists at the local level. Associated with this point, there is a common lack of solidarity between actors at a national level. Additionally, there are endemic cultural, social and language differences among individuals in different countries resulting in lowering the degree of a shared identity between workers on an international level.

Issue 5: Power and knowledge

While labour's power continues to be local in scope, capital has grown to become more global in nature and decisions effecting workers are increasingly being made at a supra-national level. The locus of Multinationals decision making stretches beyond national borders and key facts are seldom transparent or accessible to trade unions. Additionally the well-rehearsed point that multinational organizations can counter the strength of local unions by threatening to move manufacturing to another place so that they can outmanoeuvre trade unions or following threats of industrial action is significant.

UNIT IV IHRM

HRM practices in different countries

IHRM Practices in Selected Countries – HRM practices in different countries- Japan – America, Britain – Germany – China and India.

(Global HRM Practices)

The primary objective of Human Resource Management is to ensure the availability of a competent and willing workforce in the organization.

1. Hire the Right People

Employees are a company's asset. The first best practice as an HR is to hire people whose beliefs align with your company. The right employees maximize productivity and frame a fitting work culture and morale. Thus, hiring the right people is one of the crucial global HR practices.

STRATEGIZED HIRING

Your hiring methods determine the future of your company. Thus, strategizing the hiring procedure is crucial. You can set a fitting persona for each role and screen candidates matching that persona.

A global hiring strategy helps you identify and filter suitable people across the world. The wider you search, the more likely you are to find the right candidates.

2. Employee Management

After hiring, comes employee management. It is a holistic approach that helps employees perform their best to achieve the set goals.

MANAGE EMPLOYEE PERFORMANCE

Employees like to get evaluated, get feedback for their work. It makes them understand what is expected of them and shifts their focus towards that.

They boost high performers further to continue working in the same direction at a faster pace. Also, performance evaluation gives a chance for underperformers to rectify their mistakes and perform better.

TRANSPARENCY

A crucial international HRM practice is to be open with the employees, regardless of the success or failure of the business. Companies that foster transparency of communication and feedback make employees feel trusted and respected.

3. Compensation and Benefits

Compensation, incentives, and benefits make your employees feel acknowledged and appreciated. Thus, it is one of the crucial global HR practices to follow.

FAIR COMPENSATION

Excellent workers deserve excellent compensation. Fair compensation motivates your employees to continue their good work and to even outdo their performance.

Your compensation plan should keep in mind the performance of the individual, the value they add to the business, and competition in the market. Strategizing compensation packages better than the rest in the market helps you retain talent and thus, supports continued organization growth.

ADDITIONAL BENEFITS

Benefits make the employee value their employment with you. Thus, another good global HR practice is to design benefit plans that provide value to the employees. Some of them include: Providing health insurance plans Travel concessions Maternity and paternity leaves Enforcing family time Profit-sharing plans These are some of the best ways to show the employees that you value their work. Further, your benefits can also focus on setting up a comfortable work

culture and space. This can include mentors to guide young talents, open discussions, flexible working hours, etc. The pandemic gave us an additional array of benefits that could be offered to boost your employees' trust and help them cope up with the stress. Some of these benefits can include: The option to choose between remote and office working Strategies ensuring work-life balance Health insurance plans covering dependent's medical expenses due to Covid-19, etc.

4. Create a Safe Workplace

An office is where employees spend most of their day. In fact, on average, an employee spends almost 1/3rd of their life in the office premises. Thus, prioritizing workplace safety is crucial and vouches for a sound global Human Resource practice.

AVOID WORKPLACE ACCIDENTS

Workplace safety is not just a best practice but also a fundamental right of every employee. Thus, as an HR professional, ensuring infrastructure and physical safety is more than a practice. It becomes your duty. Safety procedures must be strictly followed and in place to ensure a secure workplace. Security checks at vulnerable points must also be deployed. Conducting fire drills, creating awareness of the various safety aspects such as fire, electrical, hardware components, and women safety can be beneficial. Additionally, due to the pandemic, proper sanitization and screening procedures must be followed to avoid the further spread of the virus.

AVOIDING VIOLENCE AND ABUSE

According to Tec jury, every year nearly 2 million people experience some form of workplace violence. Sadly, workplace violence and abuse, especially against women are becoming common. Thus, there is a compelling need to address them to avoid disasters, and discomfort to all especially, the female workforce. Dedicated policies and rules must be in place to prevent such workplace abuses and violence. As an HR, you must ensure that these policies are strictly followed and adhered to by all. Anti-ragging policy and policies against misconduct must be included while drafting company laws and policies. These are some of the ways to evade violence and abuse, and set up a secure workplace.

5. Create an Ethical Workplace

Though an open, casual work culture is widely adapted, it should not be at the expense of ethics. Your workplace must still hold strong ethical codes to maintain office decorum. Good global HR practice is to strike a balance between both. The ethical aspects encompass a moral code of conduct, professional dress code, effective communication, etc. These aspects define who you are, as an entity. Thus, to sustain the changing market, make sure your ethics sustains the modern work culture.

6. Risk Management

Risk Management involves assessing potential risks to your business and figuring out the best solutions to handle them. Risk management is crucial irrespective of the business size or industry. Below are some of the potential risks and how to evade them.

COMPLIANCE AND REGULATIONS

As an HR, you're well aware of the complicated laws and regulations surrounding employment. As a global recruiter, it just gets more complicated. Thus, it is crucial to follow local labour laws and stay compliant. All of your HR processes must be regulated and audited to ensure you are as compliant as possible. The laws keep changing and get updated regularly. Thus, an international best HRM practice is to track the revisions in the laws in each country and reflect them in your policies and documents.

GET ASSISTANCE

Tracking every law posed in all the countries you're present in is a tedious job. It is easier said than done. To avoid such laborious work you can make use of PEOs (Professional Employer Organizations). PEOs partner with you to assist in tracking and maintaining

compliance with local labour laws and regulations. We, at Multiplier, take care of local compliance in each country and help you save time and effort.

NETWORK AND DATA SECURITY

2021 cyber security stats state that cybercrimes are by a whopping 600% due to the pandemic. Data thefts and security breaches are, sadly, increasing rapidly. If not addressed immediately, this might be catastrophic to your business. Network security risk management is about anticipating possible security breaches and avoiding them. You can set up a sound internal hack and security team to identify such weak ends and strengthen your network.

EMPLOYEE INCOMPETENCY

Training and competency failures occur when your employees aren't equipped to face future challenges. As seen above, the best practice is to provide them with sufficient knowledge and training to up skill themselves to face unanticipated challenges in the future. The above are some of the possible risks you might face as an HR professional and ways to evade them.

7. Adopt Fair Termination Policies

A good firing policy is as crucial as the hiring policy. However, they require tremendous effort and planning to get right. Wrong strategies will induce a fear of unsettlement among the others and result in overall dissatisfaction. As an HR professional, a good global HR practice is to give the underperforming employee a chance to change. Except for critical issues such as violating company policies and regulations, discussing your concerns and helping them understand their mistakes is fair play. Also, our mental stress has shot up due to constant agitation and unsettlement due to the pandemic. Such situational productivity loss should be accepted, and as an employer, you must help them sort it out. If the employee volunteers to terminate the employment, the best practice is to conduct an exit interview. This gives insight into the reasons behind the termination and helps you plan new strategies to retain other talents

Human Resource Management Practices in Japan

Evolution of Japanese Human Resource Management Systems Japan is an old, complex and a highly respected culture. The human resource management practices are derivatives of their lush civilisation and are at the core of any institutional organization's work culture. "The Three Pillars" of Japanese HRM practices: **Lifetime Employment, Seniority plus Merit Pay and Enterprise Unions** have been the most formidable support system of Japanese human resource systems. In addition, practices namely **Consensus decision-making, Quality Management System, Employee loyalty and Lack of Gender Equality** are common and some of the most influential practices present in all Japanese corporations.

Lifetime Employment: "Sushin Koyo" (Lifetime Employment) was an important and necessary part of traditional Japanese HRM model as it involved practices where graduates were recruited with the guarantee that they will remain employed as long the employee desires. The practice was used because it provided numerous advantages to both employees and the company. The long-term promise bought the company the loyalty of its employees. The employees in turn perceive the guarantee as a lifetime worth of stable opportunities and are devoted to the companies.

The safety of monetary remunerations both during and post-employment results in improving employee work performance and yielding high returns for the company on its investment in human resources.

Recruitment and careers

Cutting back new hiring is not such a simple and risk-free way of reducing labour costs as it may seem. Maintaining a stable yearly influx of new graduates reassures the labour market of the stability and trustworthiness of a Japanese firm and corporations fear that their competitiveness for new talent will be threatened by reduced hiring. However, the traditional system of hiring inexperienced graduates from elite universities is being called into question and a growing number of companies claim an interest in hiring white-collar and technical workers without college degrees. The firms are administering sophisticated tests and other screening devices to select high quality recruits, whatever their deficits in academic certification.

Seniority Plus Merit Pay: “Nenko” (Seniority plus merit) is a practice derived from the very roots of Japanese culture. Respect for elders and their wisdom is prevalent in every aspect of life. The institutional organizations follow the same philosophy.

Senior staffs that have stayed with the company for long durations are presented with constant pay increases and career development opportunities in lieu of their growing knowledge and expertise within the organization.

Both economic pundits and upcoming younger generations have constantly criticized this practice in Japanese market. Japan has an increasing ageing population.

It has a direct economic impact; the labour costs are forever increasing with higher number of senior staffs earning higher wages.

As for the younger workforce, they naturally resist a system where their skills, abilities and performance are not appreciated or remunerated adequately. The exponential growth of globalization has younger employees either seeking foreign opportunities or demanding a performance based wage system.

Enterprise Unionism: “Kigyo-naikumiai” (Enterprise unions) have a very common presence, long prevailing in Japanese corporations.

These unions act as an intermediary between the blue-collar and the white-collar staff.

Senior staff regularly meets with the unions to understand lower level staff’s requirements, issues and salary expectations, Unions also negotiate on behalf of the employees to resolve issues, reflecting a cordial and cooperative mannered approach to maintain harmony between management and the staff, thereby benefitting the enterprise itself.

Consensus based Decision Making: “Ringi System” (Consensus based decisions) is one of the most important elements in Japanese culture and has a long association with Japanese HRM model.

Traditionally, HRM model was ingrained with the concept of ‘ringi’ wherein all conflicts are dealt with a cooperative discussion and mutual agreement between all parties regarding company’s objectives and decisions.

The discussions are structured in a rational, analytical and thoughtful flow to reach to a collective logical decision.

Furthermore, long-term perspectives of such decisions are taken into consideration rather than having a short-term insight.

Quality Management System:

- Japan has always been reputed as one of the most quality centric economies of the world.
- Traditional model suggests that the core of quality production systems, however, lays in the human resource quality management practice.
- The most common of these practices is quality control circles.
- More or less all-Japanese companies establish these circles with six to twelve members ranging from low-level staff to senior managers, who participate it voluntarily.
- The circle meets regularly in respect with each production stage to discuss new innovations to improve the quality and competitiveness of the business.

Employee Loyalty: In 2015, about 22 per cent full-time employees worked overtime making working more than eighty-nine hours a week without any compensation¹⁵. The family values are rich and omnipresent in the Japanese culture. The same philosophy is what drives these employees to work irrespective of the remunerations³². Employees are extremely loyal to their companies and prioritize company's performance over self-interest. The sense of belongingness and collectivism nurtures goal congruence for each employee and any employee rarely takes a blame or appreciation as an individual

Gender Equality in Japan: The strong family values entrenched in Japanese culture have led to believe that women cannot handle family and career responsibilities at the same time³⁴. This results in rigid and unaccommodating Japanese work customs for women, creating an environment where female graduates find it very difficult to get opportunities that match their skills. For example, out of 40 foreign pharmaceutical companies operating in Japan, only one is led by a female president in contrast to none of the local Japanese pharmaceutical companies with women at a senior management level.

Human Resource Management Practices in China

For years, employers relied on China's huge workforce to provide products and services at low cost. Part of the reason for the low labour cost was the dearth of labour laws on things like severance pay, minimum wages and benefits.

However, things are changing.

For one thing, China's workforce, while still huge, is growing at a slower rate. China also has new labour contract laws, adding many new protections for employees and making it more expensive for employers in China to implement personnel actions such as layoffs. Multinational companies doing business in China argue that the new law will raise labour costs and make it difficult to lay off employees, by instituting new severance package rules.

Local firms, including the remaining state-owned enterprises, tend to use fewer modern HRM tools than private Chinese MNCs, but they must all still deal with the fallout of the new labour laws. **There are, therefore, wide variations in how companies in China deal with HR issues such as:**

Recruiting: Compared to some Western countries, it's relatively difficult to recruit, hire and retain good employees. China's employment contract law requires, among many other things

that employers report the names, sexes, identification numbers, and contract terms for all employees they hire within 30 days of hiring to local labour bureaus.

Selection: The dominant employee selection method involves analysing the applicant's résumé and then interviewing him or her. The ideal way to do this is to institute a structured interview process, as many of the foreign firms in China have done.

Compensation: Although many managers endorse performance-based pay in China, other employers, to preserve group harmony, make incentive pay a small part of the pay package. And, as in other parts of Asia, team incentives are advisable.

Labour unions: Recently, Chinese facilities of IBM, PepsiCo, Walmart and others have seen extensive strikes by workers, with several things potentially contributing to this action. China's new labour law expands workers' rights, an ageing population in China means a diminishing supply of factory workers, and China's government may see the strikes as a way of raising workers' incomes and thus supporting its desire to boost consumer spending.

HRM Practices in USA

In general, American HRM model is more emphasis on freedom and flexible working practices; high degree of formalisation; strong sense of managerial 'right to manage' and contractual; strong in private enterprise culture; low level of state involvement and legislative control; and antagonism (**active hostility or opposition**) to trade unions

Dominant Features

HRM in the USA HRM in Europe

Roots

1) Freedom and autonomy (USA)

Qualitative impact of cultural diversity (Europe)

2) Organisational cultures

Private enterprise

Sense of organisational and managerial responsibility towards employees

3) Role of the state

Low interference from the state

Greater involvement of the states and European supranational agencies

4) Trade unions and representative

Traditional antagonism of management towards trade unions

Wider support towards trade union and other forms of employee representation

American HRM stresses on high degree of formalisation in the processes. It can be seen in the implementation of total quality management (TQM) by MPS in USA from the case study. MPS's employees in USA works are basing on a systematic process and procedures that had been benchmarked according to a certain standards in the industry for quality control purpose

- Communication plays an important role in HRM to generate workforce commitment
- American is culturally more individualistic and autonomous
- The HR function is increasing its strategic role.
- Relying predominantly on recruiting the head of HR internally from the organization's HR department,
- HR leaders are more often part of the Board or equivalent top executive team.
- Human resource management (HRM) strategies are also being formalized in writing.
- Clear distinctions are emerging between the HR function and line management in the responsibilities for HRM policy decisions, combined with high reliance on technology-based systems.

- Organizations are increasing the size of their workforce and are also reporting higher levels of employee turnover than in recent years.
- Where downsizing has been necessary, it has been achieved primarily through recruitment freezes, wage freezes and voluntary attrition.
- The recruitment that does take place is predominantly through in-house activities, such as internal hires and postings on company websites, with emphasis on attracting minority groups.
- The use of commercial job websites is also increasing.
- In contrast, other selection methods, including application forms, references and one-on-one interviews, among others, are being used less frequently than in the past.
- The use of part-time work is decreasing, while teleworking and shift-work are on the rise.
- Appraisal processes frequently require the input of employees themselves, often leading to recommendations for future training and career development needs, as well as pay decisions.
- Organizations are becoming smarter with providing training, as the average number of training days is increasing, likely due to greater use of e-learning systems and on-the-job training.
- Perhaps related to stock market volatility, the use of incentives based on stock options and profit sharing as a part of management compensation has decreased.
- Similarly, the practice of offering employee benefits that exceed statutory requirements has been declining slightly, except for health care insurance (likely related to recent changes in legislation).
- The concentration of trade union members and the percentage of organizations recognizing trade unions have increased slightly. Nevertheless, perceptions of trade union influence in organizations remain low. Downward communication is most commonly taking place through electronic means, whereas upward communication is done through supervisors. Both upward and downward communication rely little on collective representation.

The HR Policies Your Organisation Should Implement Today

1. Attraction HR Policies

Referral Policy

Popular HR policies during the attraction phase typically revolve around having a clear referral policy. If you have a referral program and policy in place, you can make it much easier and incentivise current employees to recommend other smart professionals in their network.

Leave Policies

How you structure your leave can be a key differentiator when it comes to competing for the best talent. Any candidate will be interested in how much **PTO** they will be afforded, so it is crucial to have this policy set in stone from the very beginning.

[Learn about all of the possible types of leave from work in our handy guide.](#)

2. Recruitment HR Policies

Recruitment and Selection Policy

Your team is best served to outline your hiring practices, your diversity, equality and inclusion efforts, as well as how you go about handling promotions and transfers between departments. Keeping everything transparent can also bolster your **candidate experience**.

3. On boarding HR Policies

Employee Relations Policy

We consider this a policy that falls within the 'onboarding' stage as it should be made clear to employees from day one. There should be a clear policy that outlines the terms of engagement when employees have issues with one another or need to loop in HR teams.

Employment Classification Policy

What kind of employees do you have under your employ? Full-time, part-time, contract? How many hours do they work? When do you expect work to get done? All of these things need to be set out so employees know what is expected of them the moment they start working for you.

4. Retention HR Policies

Reward Policy

Your organisation should have a clear reward policy when it comes to rewarding every employee at your company. Who is eligible for a raise? Which benefits are available to everyone? What about top performers? This is what you need.

Health & Safety

It is a legal requirement to pay respect to health and safety at work. This policy is essential, not only because it helps maintain the safety of all of your employees, but because it is legally mandated under UK law.

5. Development HR Policies

Learning & Development Policy

By crafting a proper learning and development policy, you can help open up opportunities for employees to get better at what they do. This could outline the use of budgets for development work, or courses employees can take to improve their work.

Performance Policy

How performance do reviews work? Who is up for a promotion and when? You need a performance policy to accurately communicate to your entire organisation how development looks and what it means to move up in your organisation.

6. Separation HR Policies

Grievances & Dismissal

Your HR team absolutely needs to have an employee grievance and dismissal policy and procedure. In it, you need to clearly outline grounds for dismissal, how employees can launch or appeal grievances and the steps HR needs to take in every case.

HRM practices in India

HR has considerably evolved in the past decades and continues to do. Yet, core human resource best practices have persisted, serving as guidelines for HR professionals over the years.

These best practices are:

Employment Contracts

- India does not mandate a written employment contract for local employees. However, it is advisable for companies to use contracts to limit risk and define the terms and conditions of employment. Indian employment laws are diverse and form a complex framework that employers must navigate carefully when constructing contracts. Apart from labour laws, there are industrial laws, The Companies Act, and the Contract Act, that govern employment conditions in India.
- Both the state and federal governments create and enforce laws pertaining to employment, which can complicate compliance for those that are unfamiliar with the

country. HR managers should keep themselves updated and develop employment contracts in accordance with these to prevent future legal complications.

Wages

- Employers should seek to periodically audit their wage structure to ensure it remains competitive within the local labour market. However, it is perhaps more important to ensure wages are compliant with prevailing laws.
- Under the Minimum Wages Act, 1948, all employers in the organized sector must provide 'the basic cost of living' to employee categories specified within the act. The Code on Wages Bill, 2019 further enables the federal government to fix minimum statutory wage for millions of workers.
- The Equal Remuneration Act, 1976 mandates non-discrimination for payment of wages to men and women, while The Payment of Wages Act, 1936 orders the timely disbursement of wages to employees.
- Payment of wages below the minimum wage limits amounts to forced labour. This is prohibited under the Bonded Labour System (Abolition) Act, 1976.
- Companies should ensure that employment contracts consider this while defining the terms and conditions for the remuneration for employees.

Termination of employment

- Employees in India may only be terminated as per the terms and conditions within their employment contract.
- However, companies should note that all employers must adhere to the federal and state labour laws when laying off or terminating workers – the conditions drafted in company contracts cannot supersede these legal statutes.
- Finally, termination without notice is prohibited in India. Termination periods vary by function and length of employment.
- Maternity and paternity leave

The Maternity Benefits (Amendment) Act, 2017

- **It** applies to all shops and any establishments that employ over 10 workers. Under the Act, 26 weeks of paid leave is available for women for the first two children, and 12 weeks subsequently. Companies employing more than 50 people must also provide crèche services.
- The Paternity Benefits Bill, 2017 is set to be up for discussion in the next parliamentary session. However, a significant number of organizations, especially foreign companies like Microsoft and IKEA, already include a mutually decided paternity leave clause within their company policy.
- This practice has been well received by the Indian workforce and lauded as a good HR move.

Prevention of sexual harassment in the workplace

- The Indian government has brought the safety of women in the workplace to the forefront of its law making.
- An Internal Complaints Committee must be set up by all organizations with more than 10 employees in accordance with the norms laid out in the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. All complaints should be actively pursued, evidenced, and redressed immediately.
- To guarantee employee safety, companies must draft appropriate HR policies within the firm, and ensure they are clearly communicated to all personnel.

- HR personnel should organize workshops or sensitization programs and encourage communication to promote an organizational culture that provides for a fair and safe working environment for all its employees.

Public holidays and work weeks

- India observes three national holidays – Republic Day (January 26), Independence Day (August 15), and Gandhi Jayanti (October 2). On these days, all institutions, whether public or private, must remain closed.
- Government approval is necessary for any organization to function on these days. Only certain establishments, such as factories, and industries where the work process is considered to be continuous, including hospitals, and travel agencies, are allowed to operate over 24 hours across 365 days. However, establishments that operate on these days are subject to provide additional wages for staff working on those days.
- Additionally, firms must inform the annual list of holidays and weekly offs available to employees each year. The number of leaves and categories of leave must ideally be explained in the employee contract.
- Many laws in India, such as the Factories Act, 1948, also provide for the maximum number of work hours and the amount of overtime wages to be paid to labour employed.

Restrictive clauses in employment contracts

- Employers should note that including restrictive clauses into a contract might not be enforceable through the Indian courts. The Contract Act, 1872, necessitates the fundamental right of all citizens to carry on any profession, trade, or business.
- Non-compete, non-disclosure, non-solicitation, and ‘garden leave’ clauses are examples of restrictive clauses that can only be imposed by the courts if plausible grounds – with respect to time-period and nature of activities involved – are provided.
- The best way to ensure enforceability is to restrict the scope of the clauses as much as possible within these dimensions. However, this does not guarantee legal protection to employers.

Gratuity and Provident Fund

- The Payment of Gratuity Act, 1972 provides the guidelines for gratuity owed to an employee.
- The number of years of service of the employee is the criteria for deciding the amount of gratuity owed, and this payment by the company is obligatory by law.
- The minimum amount (more may be approved) must be given to an employee in case of the following circumstances:
 - Retirement;
 - Resignation;
 - Disablement due to accident or illness; or,
 - Death of the employee (gratuity paid to employee’s nominees).
- However, if an employee is dismissed for proven criminal or moral reasons, no gratuity is owed to him.
- Similarly, the Employees Provident Fund Organization of India (EPFO) oversees and regulates the Employee’s Provident Fund (EPF).
- Under this scheme, the employer and employee contribute an equal amount to the fund every month, which is accessible to the employee at certain points in their career.
- The EPF scheme is mandatory for a salary below Rs 15,000 (US\$220) and voluntary thereafter.

- **Impact of digitalization**

Workplaces are becoming increasingly virtual. Firms and employees both require real time employee information to improve critical efficiencies and maintain core compliances within the organization.

The scope of work for HR departments has expanded to include the use of digital technology, through apps and in-house databases, especially in the service and consultancy sectors. This includes the use of online platforms and applications for processes such as recruitment, learning and development, and even day-to-day administration.

Business leaders should consider increasingly affordable integrated software solutions that automate aspects of HR administration and payroll. This often allows back offices to focus on providing value added services, allowing front offices to invest more into growth, services, and innovation.

➤ **Adaptive work culture**

Job seekers in India are moving away from traditional work modes – such as a ‘9 to 5’ time pattern – to a more holistic view of career development.

Organizations are also gradually incorporating the idea of work-life balance into their corporate culture.

Responsive and adaptive HR departments are key to cultivating these organizational values, and fostering a balance between employee satisfaction and productivity.

Working conditions in Indian multinational companies are also changing to incorporate flexi-time or work from home options into employment contracts to boost employee retention and loyalty.

This article was originally published on May 31, 2018 and was updated on October 29, 2019.

- **Developing a happy workplace-** Expert HR professionals say that one of the most effective ways of keeping employees motivated as well as determined is to offer them a safe, healthy, and happy work atmosphere. \
- **Open book management style-** open book management style stands for enabling a completely transparent system. The company should share company updates with all its employees. It will make the employee passionate about the business goals of the company.
- **360 performance management-** how an employee is performing you should get feedback on that from various sources. You should collect feedback from peers, juniors, managers, and so on. Here, you should value each person from the list. You should tally feedback with the performance record you have. In order to collect as well as storing performance records, you should take the help of a cloud-based human resource management system software such as HRMWARE. With feedback from various sources and data records, you will be able to do 360-degree performance management.
- **Neutral evaluation system-** in order to run a business organization and to motivate all employees at the best level, you should develop a neutral evaluation system. It will help you in linking the performance of each employee to your corporate goals and significance.
- **Sharing knowledge-** Over time, your company may have offered a lot of tips and suggestions to all its employees so that they can grow faster and achieve the business goals easily.
- **Rewards and recognition-** There are some people who are working at your place and improving themselves on a regular basis. They are doing great contributions to your organization on a regular basis. We have seen that many companies do not put much effort into recognizing the real talents of their organization. And as a result, a

lot of talented employees leave the organization and the organization fails to maintain the quality of work. In order to improve employee engagement and employee retention, you should appreciate the best employees and reward them rightly.

- **Delight your employees-** the workplace can be boring if there are no pleasure-some activities conducted by the HRs of an organization. Employees will come, perform, and return to their homes. If you too enable such a process, you will definitely suffer from poor employee engagement and retention. In order to eliminate the monotonous working hours and to bring some refreshment to the workplace, you should properly delight your employees.
-

UNIT-V

Special Issues in IHRM

UNIT-V

Special Issues in IHRM – Information Technology and International HRM – Human Resource Out-Sourcing – Women Expatriates and their problems – Ethics in IHRM – Future challenges in IHRM.

IHRM shows how the organisations' workers are monitored and used. It includes a wide range of functions like registering and choosing suitable applicants to increase their KSA (knowledge, abilities and skills), assessing their skills and fixing suitable wages, promoting and encouraging processes to guide their overall professional development and relieving workers from the firm. There are essentially three types of e-HRM, i.e. organisational, social and transformative e-HRM. Operational relationships apply to the Management elements in the HR branch, social interactions with the data supplying of the participants and the establishment of virtual relationships between the members. It ties the human resources work of company systems to achieve the goals properly and productively. It also allows the monitoring and exchange of virtual machine content.

Information Technology “provides the application of technology to solve business/organisational problems on a broad scale. Information technology has 3 primary pillars of responsibility for a department, *IT Governance, IT operations and Hardware & Infrastructure*. **IT** has multiple importance’s for any organisation like “*Data overload , Mobile and wireless usages , cloud services, Bandwidth for video hosting*.”

- **Significance of using technology in IHRM**
- **Role of IT in Placement:** A new way has been created by the HR function by Information Technology of approaching HR applications. This application of IT in HR processes includes placement from remote area (web based Recruitment), e-learning, and HR self-service . Virtual Recruitment is a web based recruitment that includes virtual interview, online psychological test, resume search and online job statement which changed the recruitment process and brought a big easiness in that area, and has changed the recruitment process faster. These applications also removed potential barriers to accessing the pool of nominees. Before the Internet, HR recruiters had to rely on print publications like as-journal; but information technology has made the recruitment process more effective and efficient as compared to the previous manual hiring system .
- **Role of IT in Training:**With the new phenomenon of IT, the human resource manager can train new staff in the organization more efficiently and their availability is not an issue anymore. They can train new staff remotely with the help of IT. Lecturers can work directly with new staff through information technology and training programs from each curve of the globe via online seminars, workshops and teaching classes.
- **Role of IT in Performance Management:** Human resource managers use information technology to get employee better performance and also evaluate employee by is/her own feedback or feedback via stockholders to be used for the benefit of the organization. There are many applications, hardware and software available for HR managers to review their employees' performance and set the

performance standards. The HR managers compare the actual performance of an employee with the standard performance and removes the differences and also provides additional training to his/ her employees. IT plays a vital role to know about an organization related employees to understand their output, to know their skills and get feedback of other involved parties.

➤ **Role of IT in HR Development**

As Information technology is caused for a big revolution in human life, so Information technology is also necessary for the development of human resources in companies and organizations and determines the principle of human resource development according to the needs of the staff and companies. Information technology cooperate and contribute to human resource development by developing human capacity and quality on an ongoing project. In the information technology process, information are always produced, processed, distributed, and organized, so information technology will be the a better solution to the problems during employees training and human capabilities that are combined and thus develop and improve productivity . Through information technology a firm or organization can improve capacity building locally and can train their staff from abroad as well through IT.

➤ **Scope of IT in IHRM**

1. Human Resource Planning: By building databases for experimentation, large amounts of employee details may be processed that not only helps to identify the involved and empty roles but also helps to determine whether or not an individual is the right candidate.

2. Administration: The details provided with the employees are inserted into a database, and can be retrieved in all cases, such as their name, identity, email address, phone number, ability, rewards, encounter and dating of job in the organisations, state of work (contracts, permanents, full-time, low maintenance and so on).

3. Recruitment: In the last decade, the network brought about the greatest shift to the registration process, since it links businesses and job-seekers.

4. Training and Development: E-learning is a gradual solution that allows employees to keep track with a rapidly changing industry. The e-learning platform can be used successfully by linking the assessment method to the HR database.

5. Compensation and Benefits: The e-pay packages give short, simple, accurate and evaluable details about employees' compensation structures.

➤ **Opportunities for implementing IT with IHRM function**

1) Competitive Advantage: Given custom apps via HRM portals, e-HRM can be an important innovation technology.

2) Accessibility: Data is available to everyone, through the network or intranet. Any staff can easily obtain any details HR entries enable members to access all necessary information by clicking on the transgression.

3) Rapid and Mistake-free exchanges: The rate of administration of organisations has increased with technological advances. End human mistakes of mechanical mechanisms.

4) Interactive Atmosphere: Technology improves representative experiences that electronic gates. Greater organisations have greater data requirements and may draw more attention from these data. It allows data spreading through different systems and locations of mid-sized organisations.

5) Effective recruiting

- 6) Data management and critical analysis
- 7) Inventory management tools and human resource management
- 8) Cost-reduction and efficiency
- 9) Career development and human capital management
- 10) Automation of HR processes
- 11) Analytics grants access to more data

➤ **Challenges associated with HR technology:**

1. Fetched: "Price pulls technology" An HR system focused on creativity is costly, but when implemented, operating costs are decreased. Significant organisations, while small and medium-sized enterprises find it impossible to bear the costs HR gateways and packages.

2. Acknowledgment: Because of IT usage, different issues like skills/knowledge for its utilization, job dangers and so on dependably ascend in its direction. Acknowledgment from the workforce is required for using it up to its fullest.

3. Back-ups and Security: If we have to avoid hacking/opening up to any arrangements/illegal actions, maintenance costs are heavy. In these areas, much thinking is required.

4. Increasing Isolation: The organisation of virtual networks by means of intranet or eHR gateways has diminished the individual cooperation between the officials. They function for and are an important part of the organisation in the conventional contexts. They are now disentangled and linked only by those entries for all purposes.



HR outsourcing

For several reasons, including cost savings and the freeing of human resource professionals to focus on more strategic efforts, HR functions are among the services organizations are most likely to choose to outsource. As a result, HR professionals are being asked to identify outsourcing solutions for businesses and guide organizations through vendor selection and management of the outsourcing relationship.

HR outsourcing is a contractual agreement between an employer and an external third-party provider whereby the employer transfers the management of, and responsibility for, certain HR functions to the external provider.

SOFTWARE-AS-A-SERVICE

Software-as-a-service (SAAS) is a software licensing and delivery model in which software applications are hosted remotely by a vendor or service provider and made available to customers via a Web browser. This model of software delivery creates greater organizational agility and provides an opportunity for cost savings. In the HR realm, employers most

commonly pay for access to talent management (e.g., applicant tracking and training/performance) and payroll applications.

HR's Role

The process of deciding whether to outsource HR functions begins with consideration of how outsourcing could help an organization and includes how well positioned HR would be to help the organization manage a transition to outsourcing. It is important to analyze how the company is currently delivering HR and to identify whatever gaps may exist between the organization's HR needs and HR functions. Employers should also research the outsourcing industry and its trends and analyse how industry trends could affect their organizations.

Choosing Functions for Outsourcing

U.S. employers are selective in outsourcing certain functions, among them are benefits administration, recruiting and payroll. Selective outsourcing—as opposed to relying exclusively on a single provider—generally means outsourcing routine, transaction-oriented processes and is popular because it can be tailored to meet an organization's exact needs. Following are major areas of HR expertise and the ways in which they can be outsourced.

COMPENSATION

The compensation functions commonly outsourced are payroll, job evaluation systems, salary surveys, executive compensation design and expatriate compensation. Outsourcing to third-party administrators for payroll and related tax duties helps employers meet filing deadlines and deposit requirements. The reasons for outsourcing may include cost savings, a need to improve customer service, the decision not to develop internal expertise, the ability to take advantage of technology not available in-house, or a desire for the HR department to work more strategically and less transaction ally.

WORKFORCE ADMINISTRATION

The term workforce administration refers to the following set of HR functions and activities:

Development, maintenance and operation of HR information systems.

Employee and manager policy and procedure support.

Employee and manager self-service and customer service.

Employee data management and records retention.

Outsourcing workforce administration is often considered the foundation for the outsourcing of many other functional areas. In fact, many functional areas within HR, such as compensation administration and performance management, are typically outsourced only in conjunction with workforce administration.

EXTERNAL RECRUITMENT

Outsourcing is not a panacea for recruitment, but many organizations are testing it and finding it useful. Success in outsourcing external recruitment depends on defining and deploying an effective talent-sourcing strategy, selecting an appropriate area for testing recruitment outsourcing in the organization, establishing clear performance expectations and measures, and carefully selecting a recruitment partner. The potential benefits include building a strategic partnership focused on obtaining top-quality talent critical for the organization's success.

With recruitment-process outsourcing (RPO), buyers take full advantage of flexible options that turn a fixed expense into a more manageable variable expense—a flexibility that enables the organization to adapt to the ups and downs of a fluctuating marketplace.

EMPLOYEE REWARDS AND RECOGNITION

Recognition and rewards programs are taking their place among services better handled by outside specialists. Recognition programs can provide incentives and reinforcement for desired employee behaviors in areas such as productivity, sales, workplace safety, years of service and cooperation with peers

BENEFITS ADMINISTRATION

HR managers, who spend an estimated 25 percent to 30 percent of their time managing employee benefits, must protect their organization's bottom line while maintaining employee satisfaction. One way for HR to achieve those purposes can be to partner with a third-party benefits administration provider—a practice known as benefits administration outsourcing.

Why HR outsourcing is important?

1. Cost-effective

When an organisation outsources HR tasks, it eliminates the need to hire skilled workers. In addition, it rules out the need to organise training programmes for the new employees. This improves work efficiency and quality along with cost savings.

2. Risk Minimisation

Payroll processing, administration of incentives and other arduous HR processes may be time-consuming. Due to a lack of experience, processing errors may occur in these areas of HR activities.

Since HR outsourcing services generally entail the work to be delegated to those who are already specialists in the field, you minimize the chances of risk and errors.

3. Support & Compliance

Expansion of a business into a new market or region demands conformity to local tax and labour rules that differ from region to region. Hiring a competent outsourcing firm help assure law and regulatory compliance in the HR processes.

4. Security of Data

When working with sensitive information, data security is critical. In order to keep the data secure, respectable HR outsourcing companies use advanced security systems and software encryption.

5. Hiring & Recruitment

6. Payroll & Compensation Management

7. Specialised Consultancy Services

Payroll and tax processing: From working out employee wages to organising taxes, this function can support companies to make sure your workforce receives accurate, timely pay while supporting you to fulfil legal requirements.

8. Benefits management: Helping companies to effectively run your benefits offer for employees; this could include support with enrolment, eligibility, and claims.

Time and attendance software: This might comprise of supervising their hours worked, processing time off, reducing errors linked to inputting manual hours and producing data reports.

Policy making and workplace health & safety: Putting the right HR policies and practices in place takes both expertise and time. Services on offer could include compliance evaluations, strategy design, and programmes to help retain employees.

9; Recruiting and on boarding: Supporting you to recruit the best talent - from the very beginning when you want to make a positive first impression with a well written job description, through to interviewing, processing references, and creating a constructive on boarding process.

10. Compliance and risk: Keeping up with developments in the world of employment law and regulations can be complex – but HRO companies with this specialism can help you to navigate it all, also delivering support and learning in topical areas.

Learning and development: Supporting you to go beyond simply managing your employees, this HRO solution can help elevate everyone and accelerate skills, including providing you with insights into performance and strengths.

11. Enabling businesses to focus on core operations

- ii. Delivering cost savings – whether direct or indirect
- iii. Helping to create a stable, cost-effective operating platform
- iv. Transferring focus from internal processes to achievement of business goals
- v. Realizing investment in HR transformation and IT systems
- vi. Ensuring compliance with legal, regulatory and best practice requirements, and
- vii. Transferring risk and liability for people issues.

12. Applicant tracking

13. Retirement planning

14. Safety management

15. Talent acquisition

16. Training and up skilling

17. Workplace risk management

Women Expatriates and their problems]

Moving to a new country can seem like a real challenge no matter who you are/ But moving to a new country as a woman, whether moving with a partner, family or solo, can throw up a whole bunch of unique challenges. Whether it's down to different customs, specific religious traditions and rules, or laws which differ to what you're used to there are several reasons why expat women face different challenges to men. While the challenges women face can vary considerably, there are a number of common issues that face female expats.

- Cultural challenges expat women can face
- Gender diversity may not be a priority
- Learning to adjust your ways of working
- Building a network as an expat
- Less women travel alone internationally than men.
- Social Isolation
- Prejudice or resistance

- One of the main hurdles on the path to an international career is a limited access to opportunities abroad due to a lack of female networks in foreign countries.
- Family matters are most likely to create a barrier to expatriation, or to cause its failure.
- Another personal challenge comes in the form of an inability or a struggle to achieve the sometimes elusive work-life balance that is so crucial to a fulfilling professional career.
- Still touching upon individual issues, loneliness constitutes a great hindrance when living and working abroad, and could lead to an early return.
- Lack of support, either from your own company at home or from the locals once you are in the new country is also very detrimental
- As feeling isolated and left to your own devices will probably create anxiety and impact performance.
- A lack of planning before relocating is most likely a recipe for failure, where women feel unprepared and not ready for whatever awaits them in their new environment.

- Finally, in terms of repatriation, failing to devise a strategy is also likely to generate feelings of frustration when things don't work out once you are back in your home country.
- The challenge is to find a balance between exuding self-confidence and taking sensible precautions
- Cultural attitudes are complex and often contradictory creatures, and it is difficult to overemphasize the importance of realizing how different these cultural attitudes are.
- Women generally need not only connection with their own families, but they also tend to be more in need of feeling that they are connected with a community
- Having a Hard Time Fitting In
- Worried about Money Management
- Ignoring personal qualities such as **adaptability, open-mindedness and a love of different cultures**
- Candidate's personality, lifestyle, interests and previous experience with foreign cultures
- Lack of ability to speak a foreign language, The language skills necessary to communicate with their colleagues, navigate, purchase provisions and services, and make casual conversation
- Insufficient training prior to the move
- Relocating the entire family is difficult: there needs to be spousal support, decisions made about schools, day-care, the partner's career and even basic things like family healthcare. Language barriers and housing needs can become more complicated (**Family Stress**)
- A suitable and well-organized Global Mobility team are essential to the success of an international assignment

Better understand what makes women successful in global assignments was developed the four critical factors in the model include

- Personality traits
- Organizational support
- Family support
- A Host nationals' attitudes toward women expatriates.

Ethics in IHRM

Areas of ethics in HRM include **safety in the workplace, respect, fairness, privacy, basic human rights, justifiable treatment of employees, and honestly based processes** in the workplace.

The importance of ethics in human resources management is due to globalization which has affected the organizational policies to work in the world economy; the growing competition which forces the company to find a competitive advantage and increase profitability. With the

increasing scope of companies to do business at the international level, there is an increasing need to address the ethical issues dealing with human resources. The company now considers *human resources* as strategic importance and has considered being of competitive advantage for ethical decision-making. This is because it is imperative to ensure only appropriate information is used in decisions affecting the employment relationship.

Discrimination issues, sexual harassment, and unfair employment policies can land companies in trouble with consumers, potential strategic partners, and potential future employees. The questions of how employees should be treated, how they should be paid, how they should be trained, under what conditions they should be expected to work, how hard they should work, how they should be disciplined, and how their employees should be terminated, are fundamental to HRM. These are to be answered in the code of ethics designed by Human Resource professionals and ethical HR leaders must make tough decisions.

Incorporating ethical practices in Human Resource Management and ethical values in individuals empowers an organization in maintaining and increasing trust. However, the impact of ethical violations on human resource management within an organization can be enormous. It hurt individuals, businesses, stockholders, and society. It may have an adverse influence on *human resource* discipline and organization profitability. It can also negatively affect the organization's financial stability and competitive position.

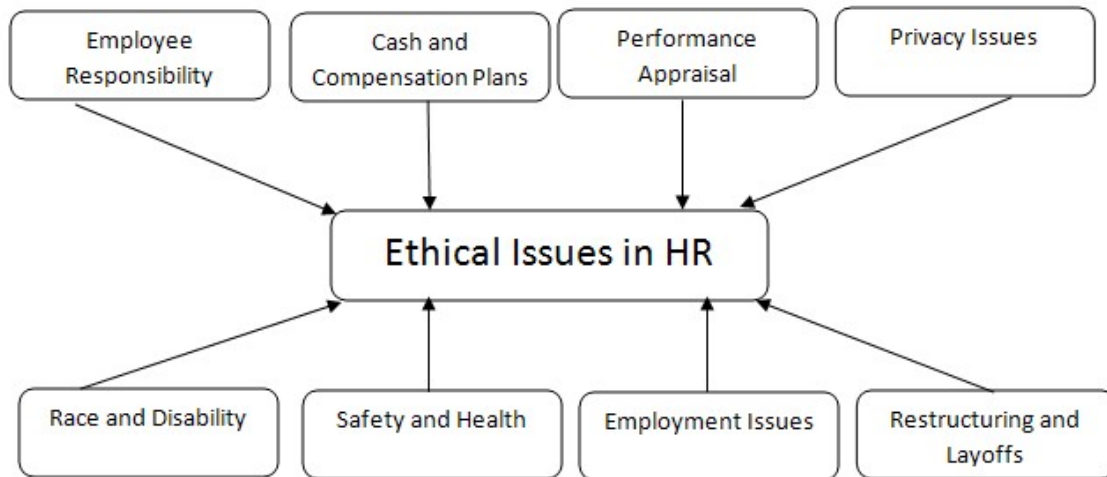
Unethical practices in Human Resource Management

- Unfair employee benefits and compensation plans
- Discriminatory practices based on gender, race, disability, age, etc.
- Biased recruitment practices whereby a human resource manager favours recommended individuals or those with personal relations.
- Interfering with employees' personal lives that they do not intend to disclose. This can include religious beliefs, political preferences, etc.
- Sexual harassment
- Unfair employment policies
- Child labour
- Illegal layoffs
- Physical violence
- Ignoring social responsibility
- Ignoring labour laws
- Lack of Cultural Awareness
- Bribery
- Privacy
-

Role of Ethics in Human Resource Management

- Abide by Employment Law
- Protecting Your Employer Brand/Reputation
- Promotes Employee Retention
- Better Decision Making
- Guide, encourage, and mentor your employees to be on their best workplace behavior
- Respectful and always talk to them privately whenever they conduct themselves unethically
- Keep communication as honest and transparent as possible to gain your workers' trust

- Encourage social responsibility
- Do not take advantage of your position for any gain whatsoever, whether financial, personal, or material. Simply put, avoid being biased.
- Respect culture of various countries
- Follow a strong culture and value system



The international human resources management is the interactive combination of human resources activity and the staff type. International human resources management has more functions and activities and often involves employee’s individual life. The emphasis of international human resources management has changed. And it will confront bigger risk and be influenced by more external factors. This requests enterprise implements the global human resources management and adjusts human resources management policy to adapt the national culture, commercial culture and the social system. Simultaneously, enterprise is not only the machine which makes money, is also an important component society. So, enterprise must undertake the corresponding social responsibility. The social responsibility in the international human resources management is mainly the responsibility to staff. But the phenomenon that breaking law is massive. In addition, many ethics issues also exist in enterprise human resources management. Enterprise should enhance the ethics values in the international human resources management, increase humanities concern to staff and take responsibility for staff.

Future challenges in IHRM

As remote work and globalization expand, so will the need for workforce planning concerning international employees. This will help organizations with building up their applicant pool, pursuing plans into international territory, new competencies and more, but one thing is for certain. Your organization’s **human resource department** will have to learn to navigate international HR challenges for human resources.

Managing domestic teams can already be difficult but adding the challenge of time zones and cultural differences can make an unprepared team unable to thrive. This can lead to an increase in **turnover** rate and inconsistent employer branding which will hurt your organization in the long run and decrease talent acquisition.

Why Do Global Companies Face More Challenges?

- ✓ Organizations that have expanded their business to other countries may face **international HR challenges** due to cultural differences, time zones, and the failure to maintain **legal compliance** with labour laws. **Human resource** officers must excel at communication and devise **strategic management** systems to **oversee** employees all over the world.
- ✓ One way to accomplish this is through using centralized HR platforms, such as **People Spheres**, to allow global employees to collaborate, communicate, and stay engaged remotely. Through a software, HR management will be able to be manageable and facilitate all HR functions and allow to access strategic HR.
- ✓ When growing and attracting new talent into your company internationally, make sure your **HR department** is aware of the many **international human resource issues** that may arise concerning performance management and employee development. Differences in time and culture can bring about many international HR challenges, such as breaking local **employment laws**, creating a healthy **work environment**, administering ethical **HR policies**, **managing people** globally, and training international talent.

➤ **Breaking Local Employment Laws**

One international human resource management challenge that your **human resource department** needs to be prepared for is global **employment laws**. When hiring outside of your organization's typical area of operation, ensure that your **HR department** has read up on **local labour laws** in that particular country. Failure to maintain **legal compliance** may impact your organization's image and work-force branding. Labour laws are different from country to country, so stay up to date on new HR developments around the globe.

➤ **Creating a Healthy Work Environment**

Forming a healthy work environment remotely is one of the most important international challenges for **HR professionals** to conquer. It may be difficult to **motivate** teams to reach **business goals** and build genuine connections amongst different departments. If the **work environment** is not addressed before building teams across the globe, your organization's efficiency and retention rates will suffer significantly.

But, how can you create a healthy **remote work environment** from afar? Your organization should strive to dedicate time to team building, host annual events for teams to meet, encourage participation, and listen to the needs of your employees. Remember who is the base of your business, respect and treat employees well and they will do the same to your organization and its clients.

➤ **Administering Fair and Ethical Policies**

When your organization's workplace expands globally, your **HR department** will need to understand the ethics of different cultures around the globe. As labour laws change from country to country, so will ethics.

Some key international ethical issues to look out for may surround the topics of data, privacy, and compensation. These potential international HR problems can be easily addressed through training. Lack of awareness can damage your organization's

reputation and relations overseas, so it is imperative to train all employees on international business ethics.

Another policy that is mandatory is regarding equal employment around the world. Any human resources personnel should consider this their mission to keep in recruiting and dealing with any HR services. Have a handbook of employment laws and policies you want to encourage more into the company and what are the main ones in that specific country. Make sure to let employees know that any employee assistance is there at their disposition.

➤ **Training and Development of Talent**

Since your organization is expanding to international territory, your company's workforce will expand too and will be in need of organizational leadership. Make sure that your **HR department** is ready to manage a larger pool of talent virtually. When **human resource departments** get swamped with all the HR systems, skill gaps and trainings can easily be missed or mismanaged. Stay on top of **training and development** with a unified HR platform that brings all your learning management systems together.

When **recruiting** and trying to acquire international talent, ensure that your recruiters know how to find international candidates and the cultural awareness needed to recruit new hires with the right qualifications for years to come. This talent management, will ensure that new candidates aren't discouraged and have a good onboarding process.

➤ **Managing People All Over the World**

As companies expand overseas, new employees will most likely be in a time zone far from yours and may communicate in another language. Both of these matters can lead to the largest HR international challenge, communication problems. **Communication is huge** when working domestically or internationally. As the world moves to remote work, you may not have the chance to meet your team in person for months. So, creating a human connection may be difficult as well.

One way to address this is through a centralized HR system that can connect employees from all over the globe to promote teamwork and productivity. As for employees, every team player should attempt to document their work, communicate with all team members, and meet frequently to ensure everyone is within the same page of organizational change.

➤ **Staff shortages**

Businesses worldwide are still grappling with the global staff shortage with millions of vacancies left unfilled despite high unemployment levels. Although reasons for the shortage vary between geographies, many cite the changing expectations of would-be employees following the pandemic, along with country-specific policy changes.

➤ **Failed expatriate assignments**

As common reasons for failure include culture shock, isolation, and domestic issues (e.g., children or spouses struggling to settle in the host country), international HR managers must devise a comprehensive expatriate strategy that mitigates these problems.

➤ **Localisation vs. standardisation of HR practices**

One of the biggest issues facing multinational corporations is the tension between standardisation versus localisation. And for HR professionals, this means trying to strike a balance between promoting global values while recognising the need to adapt certain HR practices and policies to local markets, cultures, and institutions.

➤ **Ethical challenges in multinational corporations**

Linked to the localisation versus standardisation dilemma, establishing and maintaining one overarching ethical code across various jurisdictions remains one of the key challenges of International HRM.

➤ **The evolution of digital HRM**

Digital HR, including digital platforms, tools, and cloud-based technologies, is increasingly used to automate daily processes and acquire data to create predictive models for better strategic decision-making. While there are numerous benefits to the rise of digital HR, including increased productivity and efficiency, it can also pose several challenges to HR line managers who must engage with these systems, as well as the workers.

➤ **Managing different cultures**

International teams represent a diversity of cultures. This diversity can be greatly beneficial, offering a dynamic work environment that promotes different perspectives, creative problem solving, and greater employee engagement.

➤ Ensuring legal compliance

➤ International teams must remain compliant with all the local labor laws and regulations of the countries represented in their workforce. Local culture plays an important role in dictating legal labor requirements and norms.

➤ **Talent Retention**

Most of the HR's across the world believe that they would have to fight tooth and nail so as to retain top and outstanding employees in the near future. While the economy is becoming globalized, the markets are expected to become more and more competitive. The HR's have to prepare themselves for the dire consequences as an extra strenuous effort would be needed to establish loyalty amongst the employees.

➤ **Leadership Development**

Another challenge faced by HR managers is how to build next-generation organizational leaders? As the number of top performing candidates is increasing, the employers are finding themselves indecisive on how the organization's future pillars will be developed? The attrition and employee turnover rate is giving jitters to the recruiters. The HR managers and the recruiters are having a tough time in implementing employee engagement strategies which may pursue them to stay with the organization for a longer time.

➤ **Flexible Timings and Workplaces**

The modern day job seekers or we can say that millennial just love flexible workplaces and time schedules. The aim is to keep the things in a result-oriented way but avoid the stereotype 9-to-6 job. This under no circumstances disrupts the company's discipline rather it gives the much-desired freedom to the employees which result in better productivity and efficiency.

➤ **Career Growth**

To shine out over the competitors, the organizations should take the employees' career growth and advancement seriously. These challenges facing HR are a major contributor to the elevation of the attrition rate. If the company is offering good opportunities for employee career growth, there will hardly be a reason for an employee to switch.

➤ **Staff Turnover**

Staff turnover will continue to be an HR issue. Employees move on after a tenure of about four years, notes the Fast Company website. Therefore, enticing and retaining new talent becomes the next priority for HR professionals. Many large companies offer high salaries, swanky offices and extensive benefit packages, making recruitment and retention of good staff tough for small businesses, which often struggle just to pay the rent due for their

offices. Providing a learning environment and new opportunities within the organization might help retain contributing employees because the employee gains experience even as he becomes more marketable.

➤ **Cloud-based HR tech**

Cloud-based HR systems are already shaping global HR and are set to further revolutionise HR data management and people analytics. Mercer, the American asset management and consulting firm, anticipates that cloud-based HR tech ‘can convert the HR department from a muddled bureaucracy to a business driver’

➤ **Equality and diversity**

Equality, diversity, and inclusion is not only one of the most pressing issues for contemporary organisations, but is also an area where there is still much to be done, particularly surrounding social mobility.

➤ **Ethics and sustainability**

A sixth trend and challenge that HR faces is ensuring ethics and sustainability in the organization. Ethics and sustainability refer to the principles and practices that guide the organization to act responsibly, ethically, and sustainably, in relation to its stakeholders, society, and the environment. Ethics and sustainability can affect every decision and action of the organization, such as the governance and compliance, the social and environmental impact, the stakeholder engagement and trust, and the reputation and image.

How to take on the challenges of international HRM

- ✓ Network with HR professionals around the world
- ✓ Hear from expatriates themselves and learn from their experiences
- ✓ Explore case studies from multinational corporations facing the challenges highlighted
- ✓ Learn about best practices for coaching, employee engagement, HR reporting and more.
- ✓ Develop comprehensive training programs for employees
- ✓ Maintain open lines of communication
- ✓ Receive regular feedback
