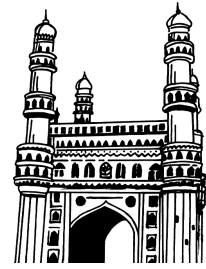


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**The key role on International HRM in Successful MNC Strategy-**Knowledge Transfer-Global Leadership training and Development-Strategic Control Needs-Competitive strategy of Multinational corporations-Structuring for Optimal global Performances- Linking Human Resource management practices to Competitive Strategy and Organization Structure-Paradigm Shift of international Human Resource Management form contingency model to Process Development.

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**Global Human Resource Planning** – From strategy to Decision about work Demand and labour supply External Environment Scanning- Job Design for Meeting global Strategy work demand HR planning for the Long term-Global Staffing: General Actors Affecting Global Staffing-Global Recruitment of Human Resources-Global selection of Human Resources.

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## Frequently Asked & Important Questions

### UNIT - I

1. What is the key perspective in global workforce management ?

*Ans :* (Imp.)

Refer Unit-I, Q.No. 4

2. What are the Internal & External factors influencing Global Workforce Management .

*Ans :* (Imp.)

Refer Unit-I, Q.No. 5

3. What are the cultural factors that influence IHRM ?

*Ans :* (Dec.-19, May-19, Imp.)

Refer Unit-I, Q.No. 7

4. What is Globalization and Explain Globalization Process ?

*Ans :* (Dec.-19, Imp.)

Refer Unit-I, Q.No. 12

5. Who are contingent workforce ? Discuss factors Emerging workforce in modern Economics.

*Ans :* (Dec.-19)

Refer Unit-I, Q.No. 15

6. Discuss the challenges in global work - force management

*Ans :* (May-19, Imp.)

Refer Unit-I, Q.No. 17

### UNIT - II

1. Explain the role of international HRM in control & coordination of global operations.

*Ans :* (Imp.)

Refer Unit-II, Q.No. 3

2. What is strategy ? Discuss in detail various strategies of MNC's.

*Ans :* (Dec.-19)

Refer Unit-II, Q.No. 4



3. Write about import firms of organization structure ?

*Ans :* (Se.p.-20, Dec.-19, Imp.)J

Refer Unit-II, Q.No. 5

---

4. How to link human resource management practices to competitive strategy & organizational structure ?

*Ans :* (May-19, Imp.)

Refer Unit-II, Q.No. 6

---

5. "A shift of IHRM from link between strategy and structure to value-adding process is essential to optimize environmental responsiveness and competitive advantage". Discuss.

*Ans :* (Imp.)

Refer Unit-II, Q.No. 8

---

### UNIT - III

1. Briefly explain logical flow from strategy to decision about work demand & labour supply.

*Ans :* (May-19, Imp.)

Refer Unit-III, Q.No. 2

---

2. Explain in detail, how you design Job for meeting Global Strategy work demand .

*Ans :* (Sep.-20, Imp.)

Refer Unit-III, Q.No. 4

---

3. What are the various trends & conditions that must examine by HR planning in organizations long term survival & competitives

*Ans :* (Sep.-20, May-19, Imp.)

Refer Unit-III, Q.No. 6

---

4. Discuss the General Factors / Issues affecting global staffing.

*Ans :* (May-19, Imp.)

Refer Unit-III, Q.No. 8

---

5. Explain about Polycentric Approach ?

*Ans :* (Dec.-19)

Refer Unit-III, Q.No. 11

---

6. Write about Regiocentric Approach ?

*Ans :* (Dec.-19)

Refer Unit-III, Q.No. 12

---

7. Write about Global Selection ? Explain the process of Global selection ?

*Ans :* (Imp.)

Refer Unit-III, Q.No. 15

#### UNIT - IV

1. Write about Global Training and development, explain the strategic role of training and development.

*Ans :* (Sep.-20, May-19, Imp.)

Refer Unit-IV, Q.No. 1

2. Discuss the fundamental/basic concepts and principles which guide decisions regarding employee training and development.

*Ans :* (May-19)

Refer Unit-IV, Q.No. 2

3. Write about Mendenhall and Oddou model for training and development?

*Ans :* (Sep.-20)

Refer Unit-IV, Q.No. 5

4. Write about preliminary visits technique?

*Ans :* (Sep.-20)

Refer Unit-IV, Q.No. 6

5. Explain the key imperatives for global training.

*Ans :* (Sep.-20, Dec.-19, Imp.)

Refer Unit-IV, Q.No. 8

6. Foreign experience phase includes initial international adjustment and ongoing support. Discuss.

*Ans :* (Dec.-19, Imp.)

Refer Unit-IV, Q.No. 11

7. Explain the measures for enhancing international assignment effectiveness involving global teams.

*Ans :* (Sep.-20, Imp.)

Refer Unit-IV, Q.No. 18

#### UNIT - V

1. List out the Important consideration for Global Performance Management.

*Ans :* (May-19, Imp.)

Refer Unit-V, Q.No. 3

**2.    Write about Host Country Nationals.**

*Ans :* (Dec.-19, May-19, Imp.)

Refer Unit-V, Q.No. 10

---

**3.    Write about Third Country Nationals.**

*Ans :* (Dec.-19, May-19, Imp.)

Refer Unit-V, Q.No. 11

---

**4.    Define Employee Relations? Explain objectives of employee relations**

*Ans :* (Sep.-20, Imp.)

Refer Unit-V, Q.No. 12

---

**5.    What are the current employee relations issues Globally?**

*Ans :* (Sep.-20, Dec.-19, Imp.)

Refer Unit-V, Q.No. 13

---

**6.    How Unions & International Industrial Relations influence on MNC's in managing Global ER ?**

*Ans :* (Imp.)

Refer Unit-V, Q.No. 14

---

# UNIT I

**Introduction and Overview-** Global Market Context-Key Perspective in Global Workforce Management - Cultural Foundations of International Human resource Management- Understanding culture-Major models of National Culture- final Caveats on Culture and Global Workforce Management- Changes and challenges in the Global Labor Market- Globalization- Technological Advancement- change in labour force Demographics and Migration-Emerging on the contingent workforce- Offshore sourcing- global workforce Management challenges.

## 1.1 GLOBAL MARKET CONTEXT

### Q1. Define IHRM Explain the Factors affecting IHRM ?

*Ans :*

#### Definition of IHRM

International Human Resource Management is defined as “the process in which multinational companies manage their employees internationally. It deals with the worldwide management of employees.

**According to Scullion** IHRM is “the HRM strategies, policies and practices which firms pursue in response to the internationalization of business”.

**According to Ferner and Hyman**, “International HRM is an extension of HRM which also focuses on strategic importance and on vertical and horizontal integration. It stresses on the need of industrial relations and focuses on national differences in employment and managerial practices, the collective organisation of labour and conflict resolution mechanisms”.

**According to P.V. Morgan**, International HRM is the result of interplay among the three dimensions – human resources activities, types of employees and countries of operation. The complexities of operating in various countries and employing different national categories of workers is an important variable that differentiates domestic and international HRM, rather than any major differences between HRM activities performed.

Generally speaking there are three sources of employees for an international assignment. The organization might choose to hire :

#### 1. Host Country Nationals (HCNs) :

Also called local nationals, they are the employees from the local population. A worker from Bihar employed by an American firm operating in India would be considered a host country national.

#### 2. Parent or Home Country Nationals (PCNs) :

Also called expatriates, they are the people sent from the country in which the organization is headquartered. And American manager on assignment in India is an expatriate.

#### 3. Third Country Nationals (TCNs) : T firm employs a manager from Great Britain at facilities India, he would be considered a third country national.

#### Nature of IHRM

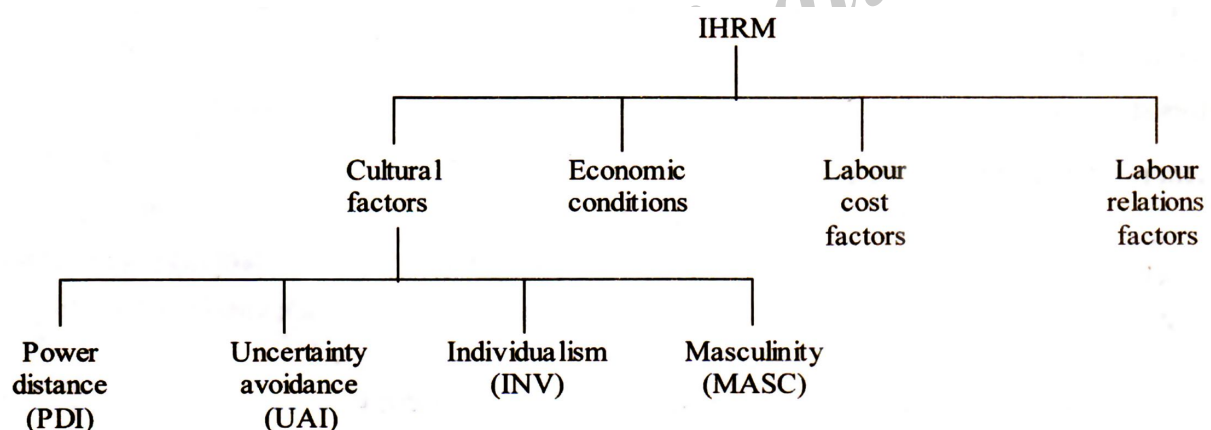
The important features of IHRM includes the following,

1. International HRM involves placing the right people at the right positions regardless of geographic location.
2. It involves the long-term HR plan for effectively aligning global HR strategies with the organisational objectives.
3. To ensure faster information sharing, it necessitates the development of centralized reporting relationship around the world.

4. It involves in creating a well-organized evolution system to determine the performance of employees over different locations and nations.
5. The value of HR activities may changes over the various locations of international companies.
6. For the employees who are required to work beyond national boundaries, IHRM necessitates the development of special skills for those employees.
7. In IHRM, the compensation for host home and third country national is determined based on the country specific factors.
8. In order to integrate the various parts of global business, IHRM ensures the introduction of formal and informal methods.
9. It involves the understanding of different cultural dimensions of host countries which affect the HR operations.
10. At the international level, IHRM ensures good communication among the different parts and people of the organization.

### Factor Affecting international HRM/Global HRM

The various factors/issues which effects international HRM are discussed below,



#### 1. Cultural Factors

Culture refers to the beliefs, values, norms and morals which are shared among the individuals. Organizational Culture refers to a set of beliefs, assumptions, values, shared feelings and perceptions that affect the behaviour of the employees in an organization.

According to Greet Hofstede, the following are the four aspects on which the societies differ :

- i) Power Distance (PDI)
- ii) Uncertainty Avoidance (UAI)
- iii) Individualism (INV) and
- iv) Masculinity (MASC).

**i) Power Distance (PDI)**

According to Hofstede, Power Distance (PDI) refers to the degree to which the members of society accept that the power must be distributed equally to all the labours in institutions and organizations. Hofstede found that in a democratic country like India, the workers have more power to influence the government decisions when compared to dictatorial ones like Philippines.

**ii) Uncertainty Avoidance (UAI)**

Uncertainty Avoidance, refers to the development of rules and structures for removing uncertainty or ambiguity in organizations and supporting those rules and structures which assure certainty and confirmity. Uncertainty avoidance is the major factor influencing IHRM. The elimination of this factor helps in achieving efficiency towards work.

**iii) Individualism (INV)**

Individualism refers to the extent to which the individuals cares for themselves and their immediate families. The countries which have more individualism are USA and Britain while Pakistan and Indonesia, have relatively low individualism.

**iv) Masculinity (MASC)**

According to Hofstede, Masculinity refers to the degree to which the society values both masculinity and femininity. Masculinity is applied to the societies which differentiate social gender roles (i.e., men is regarded as confident and powerful). Femininity is applied to the societies in which the women are regarded as tender, valuing for quality of life, caring and modest.

The countries where masculinity is high are Japan and Australia, whereas Denmark and Sweden have low masculinity.

**2. Economic Conditions**

Economic conditions have a significant influence on IHRM practices. The variations

in economic conditions lead to intercountry differences in HR practices. HR practices play different roles in different situations, like if a country follows free enterprise system, then the HR practices strives towards achieving productivity, efficient workers, better output etc., and if the country follows socialist system, then the HR practices strives towards creating more employment opportunities for the betterment of the nation.

**3. Labour Cost Factors**

High labour cost, gaps in working hours, pay for performance are the important labour cost factors influencing IHRM. In case of high labour cost HR practices strive towards improving the standards of labour performance in order to gain labour efficiency towards work. The labours get their remuneration as per their performance. Labour cost is high in UK when compared to India. Gaps in working hours such as 5 working days in central government departments and 6 working days in state government departments also influence HR practices. Effective HR practices helps in overcoming the above problems of labour.

**4. Labour Relations Factors**

The relationship which exists between employees, employers and the government is termed as 'Industrial Relations' or 'Labour Relations'. The differences these relationships affect the HR practices.

Germany, follows a Code Termination Rule, where the employees have legal rights to participate in the various matters of the company. In India, the government plays a major role in industrial relations and HR policies such as on fixing compensation and retirement benefits and enacted Acts like Minimum Wages Act, 1948, the Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965 etc.

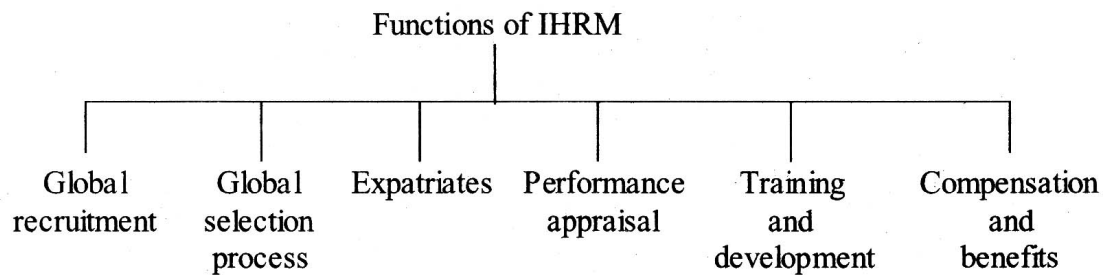
Thus, the above mentioned were the factors influencing IHRM practices.

**Q2. Explain the functions of IHRM ?**

*Ans :*

**Functions of IHRM**

The functions performed by International Human Resource Management (IHRM) are as follows,



**Figure: Functions of IHRM**

**1. Global Recruitment**

Recruitment is the process of selecting potential candidates and motivating them to apply for jobs by giving them recruitment information. The recruitment information, helps the selected candidates to know the company's position and to send the candidates profile to that company. Through recruitment, the company can select the best talent out of many candidates.

**Sources of Global Recruitment**

The three sources of global recruitment are,

- (a) Parent Country Nationals (PCNs)
- (b) Host Country Nationals (HCNs) and
- (c) Third Country Nationals (TCNs).

**(a) Parent Country Nationals (PCNs)**

Parent Country Nationals are the employees of a company or its subsidiaries are located in different countries. These employees are the citizens of the country in which the headquarters of the company are situated.

**(b) Host Country Nationals (HCNs)**

The employees who are working in subsidiary companies are called Host Country Nationals. These employees are citizens of the country where the subsidiary is located.

**(c) Third Country Nationals (TCNs)**

The employee working in a company's subsidiary situated in a country which is not the native place of the employee is called as third country nationals.

For Example: The scientists of India working for a London subsidiary in Spain they are called as third Country Nationals.

**2. Global Selection Process**

The selection process of global business differs from domestic country as they require employees having multi-skills, balanced emotion, potential to adjust with multiculture recruitment etc.

**3. Expatriates**

The employees who work or live in foreign countries are called as 'expatriates'.

**Example:** Parent country nationals working for foreign subsidiaries and third country nationals come under expatriates.

**4. Performance Appraisal**

Performance appraisal is the method of analyzing the behaviour of the employee in both qualitative and quantitative job aspects and then making decisions regarding the performance of the individuals by appraising them with rewards.

**Guidelines for Performance Appraisal**

- (i) Self-appraisal should be given more importance.
- (ii) More focus should be on rating of the on-site manager's appraisal on account of proximity.
- (iii) Host country nationals must give due importance to the culture of the expatriate employee.

**5. Training and Development**

Training and development is one of the essential aspects of HRM which helps in

- (i) Developing and improving skills and knowledge at every organizational level.
- (ii) Enhancing the morale of human resources.
- (iii) Makes efficient utilization of human resources.
- (iv) Increase profitability.
- (v) Building effective relationship between boss and subordinate.
- (vi) Helping in understanding culture of different countries.
- (vii) Improving the behaviour of the employees.

**6. Compensation and Benefits**

It is one of the important aspects of HRM process. It is the reward given to the employees by employers in relation to the employee's service and contributions to the company. It gives boosting to the employees.

Compensation deals with the amount of salary, fringe benefits, welfare benefits, bonus, profit-sharing, stock options etc.

**Q3. Discuss Globalization of markets ?**

*Ans :*

Globalisation of markets refers to the process of integrating and merging of the distinct world markets into a single market. This process involves the identification of some common norm, value, taste, preference and convenience and slowly enables the cultural shift towards the use of a common product or service.

**Features of Globalisation of Markets**

Features of globalisation of markets include:

- The size of the company need not be too large to create a global market. Even small companies can also create a global market. *For example,* Harry Ramsden - a small British company with an annual sales of US \$ 16 million is trying to sell its product of Fish 'n' chips in Japan based on the Japanese culture.
- The distinctions of national markets are still prevailing even after the globalisation of markets. These distinctions require the companies to formulate different strategies for each market. *For example,* Coca-Cola, Levis jeans and McDonald employ separate strategies for each country.
- Most of the foreign markets are the markets for non-consumer goods like industrial products, machinery, equipment, raw materials, computers, software, financial products etc.

**Reasons for Globalisation of Markets**

Reasons for Globalisation of markets include :

- Large scale industrialisation enabled mass production. Consequently, the companies found that the size of the domestic market is very small to suffice the production output and thus opted for foreign markets.



- ▶ Companies in order to reduce the risk diversify the portfolio of countries.
- ▶ Companies globalise markets in order to increase their profits and achieve company goals.
- ▶ The adverse business environment in the home country pushed the companies to globalise their markets.
- ▶ To cater to the demand for their products in the foreign markets.
- ▶ The failure of the domestic companies in catering the needs of their customers pulled the foreign countries to market their products.

### 1.2 KEY PERSPECTIVE IN GLOBAL WORK FORCE MANAGEMENT

**Q4. What is the key perspective in global workforce management ?**

*Ans :* (Imp.)

The key perspectives in global workforce management are discussed below,

1. Global Perspective
2. Inclusive view of workforce
3. Human Resources and Global Business Ethics
4. Globalization and social Imperatives
5. Ongoing challenge of convergence versus divergence.

#### 1. Global Perspective

Global perspective means, the focus will be on global strategy as operating with one global market standardization all around countries and centralized control from headquarters where the business can be managed. But, usually they consider only global to involve managing the organization with wide context by associating national and international aspects. The usage of global refers to management of human resources in organization in all over the world in abroad and company headquarters in home country. This suitable for large multinational organizations which have operations all over

the world like Michelin, Siemens, GE and for smaller organizations with less number of operations all over the world and which focuses mostly on domestic market of country. It is also providing information to smaller organizations who are planning to establish or setup or increase their operations globally without any restrictions. Besides this, it is also providing information to those who are interested to do business globally are coming more in number.

In general, the term international is used for referring the abroad/international problems and away from domestic market of an organizations headquarters but the term global is used in managing the whole organization.

#### 2. Inclusive View of Workforce

The emphasis of global strategy is mainly on management of entire workforce wherever it might be located in world for carrying out international business objectives effectively. Various businesses which are located in developed countries seems to be not advanced very far from ethnocentric model of imperialism. The predominant focus of businesses is mainly on headquarters that means home country expatriate working abroad and repatriated or returned along with adjustment of family members. But, the non-expatriate employees who are working for the organization in foreign operations regularly are kept-aside of the picture completely or mentioned at best. The concepts which are used for preparing employees to work abroad, building global leadership skills and global contexts are completely limited for home country employees. However, this ethnocentric mainly emphasizes on continuous change as is more enlightened and less ethnocentric firms notice that the human talent do not identify national borders, citizenship, ethnic distinctions and such organizations will increasingly explain the competitive advantage with the most effective management of a truly global employees.

**3. Human Resources and Global Business Ethics**

The increased workforce or employees is mainly described in guiding sense of international/global business ethics. The ethical framework of social contract theory by Donald son's states that any society which is having a right to expect the profit making organizations within its national borders will increase the usual preferences or interests of employees, stakeholders and consumers within the society. There are some important/ crucial moral responsibilities that organizations should acquire includes the following.

- (a) Support all employees irrespective of location and origin in executing their assignment successfully.
- (b) Avoid the appearance of differentiated treatment.
- (c) Support the complete status of foreign employees and their host countries into the global economy.
- (d) Increase/Boost up the personal enlightenment and self-enrichment of all employees.
- (e) Support a long-term emphasis on creating an continuing value for more number of stakeholders instead of short-term and less profits.
- (f) Assist all the employees in developing their useful marketable skills.
- (g) Lead to the greater development, more functional labour skills based countries that host MNC global or international operations.

In addition to this, human resource function is also playing a significant role of conscience of organization and is also having crucial responsibility of monitoring/controlling and creating an organizational culture and overall internal environment which is supporting and encouraging ethical

behaviour comprising of traditionally listed moral responsibilities. The crucial responsibility of human resources in international business ethics is especially challenging due to which its enhanced scope all around national borders with widely various regulations, legal systems, cultures and social expectations.

**4. Globalization and Social Imperatives**

The world wide sharing of ideas by open global trade and other kinds of cooperative interaction that results in higher advancement in innovation in complete areas of human attempts that finally benefits humanity. Based on individual level, the organization oftenly noted and experienced first hand involvement in global education and business repeatedly leads to new understanding resulting in improvements of business process and productivity, personal growth and development.

Hence, the globalization results in higher prosperity for those countries which are involved in unfettered world trade and higher support from human for very less developed countries in human interest. The basic emphasis of charitable programs is to facilitate international or global assistance.

**5. Ongoing Challenge of Convergence Versus Divergence**

A significant convergence of technological, social, political and economic practices all around the world from instantaneous communications that are provided by interest and global cell phones to cigarette-free workplaces, overall countries and restaurants. Especially, an enhanced adoption sharing in human resources and international management of recognized best practices in the world which contribute to global competitive advantage. Wherever possible, the adoption and usage of best practices and general principles of human resource management.

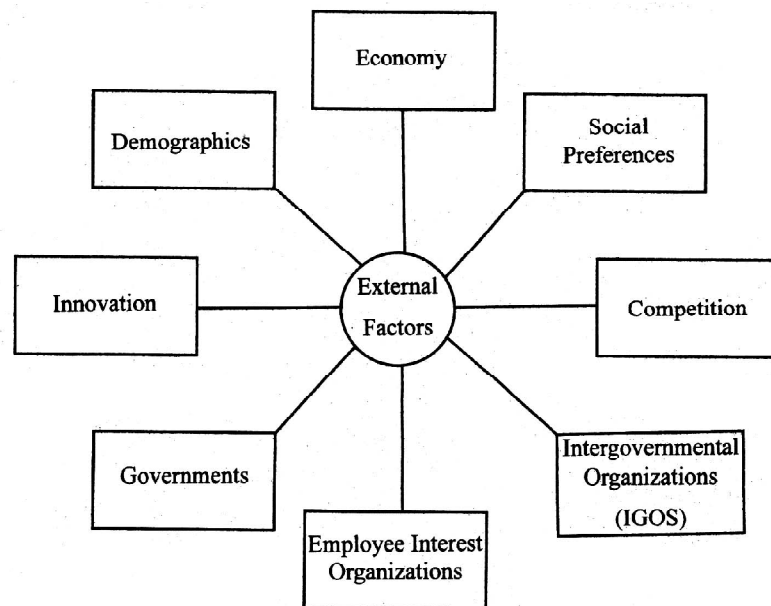
**Q5. What are the Internal & External factors influencing Global Workforce Management .**

*Ans :*

(Imp.)

**I. External Factors Influencing Global Workforce Management**

The following figure indicates various significant factors external to an organizations that managers will consider them in planning and making decisions influencing their global workforce.



**Figure: Factors Influencing Global Working Management.**

**1. Economy**

The economic strength of local, regional, national and global can highly effects business activity, economic conditions which can highly influence the decisions of workforce for performing the business activity. The regions may vary in their economic favor ability, MNC's shift their business activity which can emphasize to attain the highest benefits for the organization, by placing varied workforce demands in various regions. The exchange rates around the global economy financial markets will influence the human resource arrangements to crucial level.

**2. Social Preferences**

Social preferences are created by the broad set of beliefs, norms, expectations, attitudes, values and customs managed by communities, groups and societies. The term culture represents a significant consideration of social preferences with an extreme, relevant effect on global workforce management and international business which can be assessed and referred in managing global businesses. The social preferences will also be highly effected by present day technologies of communications like internet that enhances broad awareness of new problems, Social models and opportunities quickly changing their traditional expectations and norms. The time constraint will change social preferences like growing sentiment in various countries in contrast to smoking in public areas that may in return effects the actions of government with respect to new laws and regulations. Social preferences may also be affected by some other factors like court rulings in contrast to discrimination in workplace, government legislation that leads to changed public expectations regarding representation of gender in workplace particularly in western countries.

**3. Competition**

The international competition is to enhance market share and profitability by enhancing the large number of customers who are satisfied at lower costs is a fundamental determination of globalization. The organizations are not willing to compete risk liquidation. The greater accessibility to less cost at labour markets, the organizations are influenced to move their operation that influences workforce employment and relations in home country and host country environments. The encouragement of communication technologies and advancing information, the organizations are in a position to attain efficiencies by combining and moving by offshore outsourcing and by moving various operation to be less expensive labour markets. One of the main sources of competitive advantage is organizations human resources. The organizations can attract and retain their employees successfully with the help of workforce management practices.

**4. Intergovernmental Organizations (IGO's)**

The formation of intergovernmental organizations facilitated with governmental meetings and agreements, indepth, continuous transnational administrative and governmental activities and encourage structures. It is an institution which is made up of governments of member states that are joined together to cooperate on common goals. Generally it has formal, permanent structure with various organs to carry out its tasks.

**(a) United Nations**

The united nations has 192 general assembly members is the largest, most comprehensive IGO and international forum in external environment of global workforce management. Besides the workings of its agencies that are essentially dedicated to international labour issues (ILO), the UN has high-profile effect on global workforce management with its global compact that is officially launched in 2000.

**(b) International Labour Organization (ILO)**

The ILO fundamentally focus on global labour force which is a specialized agency of UN which seeks the promotion of social justice and globally recognized human and labour rights. It was founded in 1919 at the end of world war I via tripartite participation of governments, employee unions and employers at the time of initial planning of ill fated Nations League. In 1946, It has become the first ever specialized agency of UN. It formulates and monitors international standards in fundamental labour rights across a wide spectrum for its 178 member countries. Four areas can be covered by ILO member countries when the declaration, expected to be hold and reinforced. They are,

- (i) Elimination of variations in workplace.
- (ii) Elimination of forced and compulsory labor.
- (iii) Freedom of Association and right to collective bargaining. Abolition of child labour.

**(c) Organization for Economic Cooperation and Development (OECD)**

The OECD was created as an economic counterpart to North Atlantic Treaty organization (NATO) which was developed in 1947, encouraged by Canada and United states to organize the reconstruction of Europe after world war II. From beginning of this mission, it is helping governments in attaining substantial economic growth and employment and enhancing the living standards in member countries for contributing to the world economy development.

**(d) World Trade Organization (WTO)**

The global intergovernmental organization managing the rules of trade among nations which involves, trade and traiff barrier reductions and the resolution of international/global trade disputes is World Trade Organization (WTO).

**(e) Financial IGO's**

The World Bank and IMF are the two significant global institutions that emphasize on financial issues attendant to challenges and requirements of globalization. These institutions are motivated to reduce the world poverty and enhances the economic health and stability of developing countries. 186 member countries has encouraged IMF which is having a selected financial emphasis that is working to upgrade international monetary cooperation, exchange stability and systematically exchange arrangements. World Bank acts as an agency of UN which has much wider scope than IMF, working directly in partnership with member governments, non-profit organizations like world vision, care and agencies to encourage projects and programs to counter illiteracy, disease, family abuse and child, corruption and fraud and other maladies linked with poverty in developing countries.

**(f) IGO Impact**

There has been criticism of voluntary nature of IGO's various declarations, measures, conventions and guidelines due to lack of enforceability.

**5. Employee- Interest Organizations**

Various non profit organizations are committed to encouraging and safeguarding the interests of workers and enhancing workforce management practice. These firms of different sizes and purposes are situated at local, national, regional and global levels. These organizations tend to coordinate with intergovernmental organizations like UN, world Bank, companies and governments and assists in shaping public opinion and social preferences to utilize powerful influence on how people are managed in the global marketplace. Labour unions or trade unions, NGO's and employer and professional associations are the main types of employee-interest organizations.

**(a) Labour Unions**

Technically, a labour or trade union is a group of wokers who are collectively acting to address common organizations or Problems connected with an arrangement of employment. Nevertheless, we are treating unions as external factors which influence global workforce management as they are especially structured as separate entities, external to firms that legally represent employees and frequently include their membership around various organizations collectively.

**(b) Non governmental Organizations (NGOs)**

Possibly, the strongest force present to moderate the great global influence of MNC's is the integrated influence of NGO's which has invalidated on both national and global scene in increasing over past thirty years. The NGO impact in different forms is accountable for significant change in corporate behavior and policy, highly enhanced government scrutiny and reform activity. Some significant advantages has been experienced by MNC's from NGO's which helps with implementation of corporate commitments to social responsibility comprises the follows,

- (i) Local network and community connections.
- (ii) Previous and existing partnerships with governments.
- (iii) Local knowledge base because NGOs look after the work closely with grass roots movements.
- (iv) Credibility by NGO's unselfishness purpose and mission.

**(c) Employer and Professional Associations**

The major emphasis of employer associations is on the interests of their companies still the activities will also indirectly involve the employees interests. The employer associa-

tions are frequently identified as legal entities especially where their role comprises the regulation of relations between employers and unionized employees like trade unions. Employer associations are highly differentiated in their size and might be designed by industry like united kingdom's Retail Motor Industry federation or functional specialization like Employers Group of Southern California which is specialized in human resource management requirements of small and medium sized organizations. The main responsibility of employer association is to represent its members at the time of multi-employer collective bargaining with recognized trade unions.

## 6. Governments

The governments have important role in monitoring economic activity and may have powerful impact on workforce management practices.

### (a) Individual Government

A main objective of government is to safeguard and protect their citizens. The government has active role in providing economic health that results in enhanced employment opportunity for national labour force. Governments are highly active in enhancing national infrastructures, labour force skill development, negotiating tax arrangements and investing in education successfully engage MNC's in global marketplace will facilitate new jobs by their foreign direct investments. They also have responsibility to direct labour practices to safeguard right of workers, seeking employment and particularization of employee management policy is attained with the establishment of government agencies, regulations and laws which refer and enforce acceptable consumer behaviour.

### (b) Multilateral Agreements

Due to the impact of a single government, two or more governments generally form treaties and agreements which act to

encourage cross border commerce and economic development for all the governments involved in it.

## 7. Innovation

Innovations will enhance organizational performance frequently leads in significant changes all over the world that influence workforce management. The two essential types of innovations are, technological innovation and management practice.

### (a) Technological Innovation

The most visible external factors influencing global workforce management in present days is technological Innovation. If the organizations are adopting technological innovation training should be required to simple upgrade in computer software.

### (b) Management Practice

New developments and innovations in management practice all over the world from action-learning training methods to zero-based human resource forecasting may possibly influence individuals in the workplace. New innovations and ideas can be selected by companies for enhancing workforce management practice in many ways comprising/involving attendance of professional meetings and conferences where information is communicated formally via professional presentations and informally with networking and maintaining with online newsletters and professional publications.

## 8. Demographics

The general labour demographics or labour force demographics like gender\* skill base, age and ethnicity may affect the nature of challenges and practices of workforce management. The significant area of demographics is labour skill base which will carefully considered by MNC's while planning for opening operations in other countries.

## II. Internal Factors

The following are some of major internal company factors which are influencing global workforce management.

1. Culture of an organization
2. Climate of an organization
3. Strategy and structure.

### 1. Culture of an Organization

The culture of an organization constitute the overall existing set of beliefs, assumptions, attitudes, priorities, values and norms within the company. It is highly affected through setting up of leaders and the combined history of its members. The organizations' culture is imparted explicitly and implicitly to state which behaviours are appropriate and which are not appropriate. Therefore, the members of an organization has indicated that culture has a strong impact on behavior and have a tendency to adopt and train new organizational members. It is complex to change culture of an organization due to its extensive and regular inherent nature. In order to change behaviour and practice of organizational culture, it is essential to have enough time and in-depth planning, particularly focus should be laid on redesign of rewards of an organization. Few company cultures such as national cultures are very "tight", or homogeneous, with slight change in style and choice of sufficient behaviour. Other cultures like MNC's who have decentralized operation will share usual name only and sometimes not even share name and can be very loose or have many subcultures. With its huge impact, the culture of an organization has influenced the managerial thinking patterns and philosophy and behaviorally communicated by common management style, company policy, strategy and behavioral prescriptions and actual practices.

### 2. Climate of an Organization

Climate of an organization means the total available level of pride of a workforce. Climate will rapidly alter like declaration of required downsizing of employees and there will be no increase in pay for next year. Due to its quick changing nature, the climate of workforce will influence employee retention and also major performance measures of an organization such

as profitability, productivity and satisfaction of customer. This is because the choice of workforce vary from one country to other country so, the management must believe that the similar workforce practices and rewards would give greater satisfaction level over all operations. Rather, they should gain worker feedback frequently in order to evaluate local levels of satisfaction and customize local workforce management practices to increase satisfaction within every operation.

### 3. Strategy and Structure

The strategy of an organization is a technique which will assist to compete in the international market place. Successful workforce management is a means to effective strategy implementation of the organization.

Strategic management might include recognition of core values of a firm accompanied by an alignment of organization policies, programs and activities which are compatible with those values. Developing values particularly among larger MNC's, is the appreciation of accountability to stakeholder's of the MNC inclusive of consumers, governments, employees and also external entities like NGOs and IGOs which requires, fair treatment and employees protection. Therefore, the human rights protection and workplace health and safety is developing as a major internal value between several MNC's which then carry out consonant practices over their international workforce. In reality, several firms realized the importance of high workforce standards as a source of competitive benefit by stakeholder relationships and reputation of international firm for social responsibility.

The structure of a firm is described by how it is organized, physically as well as administratively. This structure will identify how employees carry out their task. Smaller organizations will have tendency to have less formal structures in which individuals communicate in such a way to deal with problems and overcome them. Although,

such communications in large firms are less foreseeable because of distance or the sheer number of employees, huge formal structure with uniform meetings and reporting processes might be productive.

### 1.3 CULTURAL FOUNDATIONS OF INTERNATIONAL HRM

#### 1.3.1 Understanding Culture

##### Q6. Define culture and its characteristics.

*Ans :*

##### Definition :

" Culture is the collective programming of the mind which distinguishes the members of one human group from another. In simple words, culture include system of values constitute the building blocks of culture ".

Culture is thought and behaviour pattern, derived mostly from climate and economics conditions.

##### Culture is:

- ▶ Derived mostly from the climatic conditions of the geographical region and economic conditions of the country.
- ▶ A set of traditional beliefs and values which are transmitted and shared in a given society.
- ▶ A total way of life and thinking patterns that are passed from generation to generation.
- ▶ norms, customs, art, values etc.

##### Characteristics of Culture

The concept of culture must possess the following characteristic features,

##### (a) It must be Learned or Experienced

An individual obtains cultural values over a course of time by becoming a member of a specific group or transferred from generation to generation. For example, National culture can be learnt during early stages of life wherein, an individual can easily communicate and understand his/her own language.

##### (b) It is Interrelated

One part of culture is strongly correlated with other part of culture like, religion and marriage, business and social status.

##### (c) It must be Shared

Thoughts and beliefs of a culture is extended to other members of the group because, cultural values are passed-on to an individual by other members of the culture group such as, parents, other adults, family, institutions like schools and friends .

#### 1.3.1.1 Cultural Factors

##### Q7. What are the cultural factors that influence IHRM ?

*Ans :* (Dec.-19, May-19, Imp.)

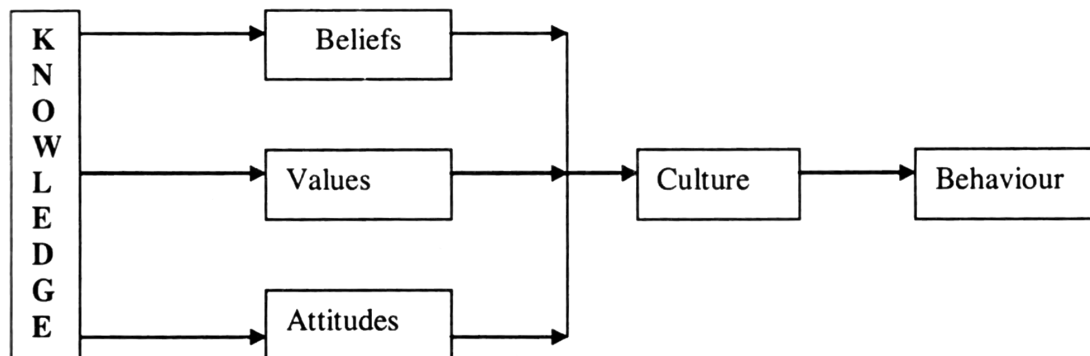
Taylor defined culture as "that complex whole which includes knowledge, belief, art, morals, law, customs and other capabilities and habits acquired by man as a member of society."<sup>1</sup> Pascale defines culture as "acquired knowledge the people use to interpret experience and generate social behaviour. In turn this knowledge is used to form beliefs and values, create attitudes and influence behaviour."<sup>2</sup> In fact, people learn a lot from the environment viz, social environment, technological environment, economic environment, political environment, international environment and natural environment. Thus, culture is :

- ▶ learnt from the environment and interaction at workplace and social spheres.
- ▶ shared and exchanged between two people or among several people.
- ▶ trans-generational, in the sense that it is transferred from one generation to other generation.
- ▶ adaptive as individuals adapt the cultures of other persons or societies.
- ▶ descriptive as it defines boundaries between groups.



### Cultural Factors

Cultural factors influence the cultural formation and thereby behaviour as presented in figure.



1. **Knowledge :** People gain knowledge from the influence of environmental factors as well as interaction with the environment. In addition, people gain knowledge from the readings of various books, journals, magazines and news papers and interaction with the people at work as well as social spheres.
2. **Beliefs:** Belief is a cognitive representation of one's relevant environment may be right or wrong good or bad and cause and effect relationships.
3. **Value:** Value is an "enduring belief that a specific mode of conduct or end state of existence personally or socially preferable to an opposite or converse model of conduct or end-state of stence. Some studies have categorized values in the following hierarchy :
  - ▶ **Level -1: Reactive:** These people react only to basic physiological needs. Therefore, they are not really aware of themselves or others as human beings.
  - ▶ **Level- 2: Tribalistic:** These people are strongly influenced by tradition and are dependent upon others.
  - ▶ **Level -3: Egocentrism:** These people are aggressive, selfish and power-responsive.
  - ▶ **Level- 4: Conformity:** These people can't tolerate ambiguity and are uncomfortable with people possessing values that are different those of them.
  - ▶ **Level- 5: Manipulative:** These people prefer materialistic gains, seek status and manipulate others.
  - ▶ **Level -6: Socio-metric:** These people prefer to go along with others rather than differently from others.
  - ▶ **Level -7: Existential:** These people tolerate ambiguity and also people with different values than those they possess to a greater extent. They prefer flexible policies. They don't emphasise on status symbols and use of power.
4. **Attitude:** Attitude is defined as, "a learned predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object."<sup>6</sup> Attitudes are evaluative statements - either favourable or unfavourable - concerning objects, people or events. They reflect how one feels about something. Thus, components of attitudes include:
  - ▶ **Cognitive:** Cognitive component of an attitude is the opinion or belief segment.

- ▶ **Affective:** Affective component of an attitude is the emotional or feeling segment.
- ▶ **Behavioural:** Behavioural component of an attitude is an intention to behave in a certain way towards someone or something.

### 1.3.2 Major Models of National Culture

#### Q8. Write about National Culture .

*Ans :*

Organisation culture is shaped not only by technologies and markets, but also by the cultural preferences of leader and employees. Some international companies have European, Asian, American and Middle-Eastern subsidiaries, which would be unrecognizable as the same company except for the logo and reporting procedures.

National culture influences the extent to which leadership, teams and employee activities are socially valued and supported. Studies suggest that directive styles of leadership appear culturally inappropriate in northern Europe, North America, Australia and New Zealand. An employee participation programme failed in Russia, perhaps because of the national culture's disbelief and distrust in participatory programmes. On the other hand, the cultures of Sweden and Japan strongly support employee involvement in organisational activities. Jirompennars, and Charles Hampden-Turner (1997) have studied the impact of national culture on organisation cultures by distinguishing corporate culture along two axes: equality, hierarchy and orientation to the person — the task. This gives broadly four types of cultures depending on how they think and learn, how they change and how they motivate, reward and resolve conflicts. The four types can be described as follows :

- 1) the family;
- 2) the Eiffel Tower;
- 3) the guided missile; and
- 4) the incubator.

Each of these types of corporate culture is the 'ideal' type. In practice, the types are mixed or overlaid with one culture dominating.

### 1.3.2.1 Hofstede: Culture and Workplace

#### Q9. Discuss in detail Hofstede model of National culture ?

*Ans :*

Software of the Mind, focuses on the 1980, 1984, and 1991 versions of his IBM studies involving 1,16,000 employees in 70 countries and 3 regions, namely East Africa, West Africa and Saudi Arabia. By restricting research to one company, he tried to eliminate the impact of the changing organisational cultures and analysed the influence of different national cultures. The findings demonstrate that:

- ▶ Work-related values are not universal;
- ▶ Underlying values persist when a multinational company tries to impose the same norms on all its foreign interests;
- ▶ Local values determine how the head quarters' regulations are interpreted;
- ▶ By implication, a multinational that tries to insist on uniformity is in danger of creating morale problems and inefficiencies.

**The four well-known dimensions that Hofstede examines were:**

#### a) Power Distance

It is 'the extent to which less powerful members of organizations accept that power is distributed unequally.' It is the distance between individuals at different levels of hierarchy. Countries in which people blindly obey the orders of their superiors have high power distance. Examples would include Mexico, South Korea and India. In such societies, lower-level employees tend to follow orders as a matter of procedure. Even at higher levels, strict obedience is the practice. Hofstede found that power distance is greatest in Malaysia and least in Austria and Israel. The proportion of supervisory personnel are less and the workforce will often consist of highly qualified people in high power distance countries. The salary gap between levels will be higher. Power will be reflected through status symbols. Status will be highly valued and have higher motivational appeal. Management is more by control than by participation.

**b) Uncertainty Avoidance**

It is 'the extent to which people feel threatened by ambiguous situations, and have created beliefs and institutions that try to avoid those. High uncertainty-oriented nations tend to have a high need for security and a strong belief in experts and their knowledge. Examples would include Germany, Spain and Japan. Members in such countries are more anxiety-prone and have high job stress. Employees place high premium on job security, career planning, health insurance and retirement benefits.

Countries with low uncertainty culture are more entrepreneurial, innovative and exhibit less emotional resistance to change. Swedes, for instance, suppress emotions and see shyness as a positive trait and talkativeness as a negative one. In business they opt for the rational than the emotional course. Swedes are 'avid' applicators of new technology and are ruthless in scrapping what is old inefficient. Trade unions, which find a place on the board, will accept job cuts if they find rational arguments in favour. Organisations encourage personnel to use their own initiative and to assume responsibility for their actions. Sweden, the US and UK are examples of countries with low uncertainty avoidance.

**c) Individualism**

Individualism is the tendency of people to look after themselves and their immediate families only. Hofstede measured this cultural differences on a bipolar continuum with individualism on one end and collectivism on other. Collectivism is the tendency of the people to belong to groups and to look after each other in exchange for loyalty. Americans, high on individualist score, readily go to court against authority and each other to claim their rights. Individual decisions are valued over group decisions and individuals have the right to differ from majority opinion.

Hofstede found that wealthy countries have higher individualism scores, and poorer countries have higher collectivism scores. Countries like the USA, Canada, Denmark, and Sweden have high individualism and higher gross product. Japan is an exception. Conversely, countries like Pakistan, or those in Latin America have low individualism (high collectivism) and low gross national product.

**d) Masculinity**

Masculinity is defined by Hofstede as 'a situation in which the dominant values in society are success, money, and things. Countries like Japan, with a high masculinity index, place great importance on earnings, recognition, advancement and challenge.

Countries like Norway, with a low masculinity index, tend to place great importance on cooperation, friendly atmosphere, and employment security. The workplace has a cordial atmosphere and managers give more credit to employees and freedom to act.

Cultures with a high masculinity index like Germany and Spain favour large scale enterprises. Economic growth is more important than conservation of environment. Cultures with high femininity tend to favour small-scale enterprises and place great importance on conservation of environment.

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**Q10. What are the other models of National Culture ?**

*Ans :*

**a) Kluckhohn-Strodthbeck (1961)**

This theory is based on the 'patterns of behaviour and thinking' in different cultures. The researchers distinguish and compare cultures based on the dimensions listed in Table :

S. No.	Orientation of People	Pattern of Behaviour or Thinking
1.	What is the nature of people?	Good, evil or mixed
2.	What is a person's relationship to nature?	Dominant, harmony, or subjugation
3.	What is a person's relationship to individual?	Hierarchical, collectivist or others?
4.	What is the modality of human activity?	Doing, being or containing
5.	What is the temporal focus of human activity?	Future, present or past
6.	What is the conception of Space?	Private, public or mixed

**Table : Kluckhohn-strodtbeck's Criterion for Comparing Culture**

Douglas McGregor wrote the 'Human side Enterprise' in 1960 in which he described his famous Theory X and Theory Y assumptions of human nature. The task of management is to change organisational structures, management practices and the human resource practices including organisational culture to allow individual potential to be released. This corresponds to assumptions that human nature is basically evil and therefore people at work require controlling. It is easier to build teams and delegation of authority is more common in countries where the orientation to people and organisations is good'. Democracy is a preferred way of life in such countries.

In countries where the orientation to human nature is 'Mixed', there is more use of middleman and business contracts are made more specific. In such countries legal profession is a flourishing trade. America and India are nations with mixed orientation while Saudi Arabia and Japan are countries where orientation towards human nature is good. Americans are optimistic about other people's motivations and capacities.

The second orientation is about relationship to nature, which relates to locus of control - whether it is internal or external. Americans with an orientation for being 'dominant' believe that man can control nature and spend huge amounts on space research, weather control, biotech and so on.

The third orientation - a person's relationship to others - is about the importance of hierarchy or respect for seniority on the basis of age, sex, familial or official position. In countries like Thailand, China and Indonesia, there is more follower-ship than leadership.

**The fourth orientation is the modality of human activity.** When it is towards 'doing as in the case of Americans, Germans or the English, self-identification is achieved through action and performance. Where the orientation is towards 'being', people are more philosophical and spend time in abstract thinking.

The fifth orientation is the temporal focus of human activity. When it is 'future' oriented as in the case of the US, the belief is that a better future can be planned and controlled.

The last orientation is the concept of space in the minds of people - how much people value privacy. If people think space is 'public' then a notice that a meeting is in progress is interrupted as a request to stay out. In countries like China, space is more 'public' when doors are closed. People suspect something fishy. In the western.

#### **b) Hall's Theory of Cultural Context**

Hall (1939) distinguishes between high-context and low-context cultures. Members of high-context culture depend heavily on the external environment, situation and non-verbal behaviour in creating and interpreting communication. Members of this culture group learn to interpret the covert clues when they communicate - so much meaning is conveyed indirectly. These high-context cultures are Arabia, Chinese, and Japanese, where indirect style of communication and ability to understand the same is highly valued.

In low-context cultures like the US, Sweden, and Britain, the environment is less important, and non-verbal behaviour is often ignored. Therefore, communication has to be explicit and clear. People pay

more attention to words than to gestures. People publish their experiences, which are widely read and commented upon. In the East, experiences are not published but passed on to close individuals.

**High-context cultures have the following characteristics :**

- ▶ People in authority are personally responsible to the actions of subordinates.
- ▶ Agreements between members tend to be spoken rather than written.
- ▶ 'Insiders and outsiders' are closely distinguished; outsiders include first non-members of the family, clan, organisation, and foreigners.
- ▶ Cultural patterns are slow to change.

The characteristics of low-context cultures are :

- ▶ Relationships between individuals are of relatively short duration, and deep personal bonds with others is not greatly valued.
- ▶ Messages are explicit; the sender depends less on the receiver to understand : from context.
- ▶ Authority is diffused throughout the organisation and personal responsibility difficult to pin down.
- ▶ Agreements are always written and expected to be binding on both parties.

**c) Andre Laurent's Study of Culture**

This research by Laurent (1979) was directed to bring into focus some of the implicit management and organisational assumptions that managers are known to have; it is not so much to explore national differences. Laurent used four parameters; (1) perceptions of the organisations (2) authority systems (3) role formulation systems and (4) hierarchical systems. The research treated management as a process by which managers express their cultural values. It examined the following points :

To explore how far a manager carries his status into the wider context outside the workplace; framed the following question in their survey; 'through their professional activity, managers play an important role in society.

These findings show that in France and Italy, managers carry their status into activities outside the workplace. But Danish and British managers are less able to apply their organisational status to influence their non-workplace relationships. This means a British manager can easily play under his subordinate in a club match than a French or Italian manager. In contrast, in Eastern and Middle-Eastern societies managers are expected to behave as managers even outside their workplace.

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**1.3.3 Final Caveats on Culture and Global Work Force Management**

**Q11. Discuss in detail about Final Caveats on culture & Global Workforce Management.**

*Ans :*

**a) Individual Strategies**

Individuals with broad minded approach can formulate strategies based on the situations. ego-state and cultural background of other persons at the workplace in order to manage the diversified cultural situations. Individual strategies to manage cultural diversity are not inclusive. However, we discuss some important strategies. They are :

- ▶ Understanding the cultural background of others;
- ▶ Belief that all cultures are good;
- ▶ Perceive from other's perspective;

- ▶ Approach of 'no-winning-over' other's culture;
- ▶ Clear communication.

### Managing Culture Diversity

#### 1. Understanding the Cultural Background of Others

Individual employees before transacting the business should understand the cultural background of his/her colleagues and/ or others. This would enable them to estimate the probable ways of approaching or dealing with others by predicting their behavioural patterns. in advance and prevent the possible conflicts of cultural diversity.

#### 2. Belief that 'All Cultures are Good'

Cultures are evolved over a period mostly based on the climatic and economic conditions of a region or a country. However, other environmental factors also played their part in the formation of cultures. Thus cultures in different parts of the world are formed in response to the environmental factors that existed in the region concerned.

#### 3. Perceive from Others' Perspective

Perceiving a situation/transaction from the perspective of the other person to the transaction/ situation and act accordingly would invariably result in harmony as the transaction ultimately takes place by convincing other person or being convinced by the other person to the situation.

#### 4. Approach of 'No-Wining' over Others' Culture

Individual employees should not adapt the strategy of winning over the other's cultural issues or values. At the same time, one should not try to convince others over their cultures or try to have a 'trade-off over the cultural issues.

#### 5. Clear Communication

Communication is a prime factor in cultural diversity. Speaking about the known and conveying the meaning as viewed by the

sender of the communication under the know situations would be difficult in many times. It would be rather difficult to communicate under the 'unknown situations of the culture'.

#### b) Group Strategies to Cultural Diversity

Group of employees belong to the same culture can understand the cultures of other groups and cultural differences between the two groups. They can also formulated appropriate strategies for managing cultural diversity. The group strategies include:

- ▶ Knowledge sharing
- ▶ Advising and cautioning
- ▶ Cultural exchange through socialization programs

#### 1. Knowledge Sharing

Expatriates from the same nationality meet, discuss and share the information and knowledge with regard to the culture of the host country nationals as well as cultural of other expatriates from other nationalities. They also share their experiences of cultural conflicts as well as cultural harmony. Exchange and sharing of knowledge greatly help the employees to set their mind and behaviour before hand, in accordance with the culture of the employees/employee groups with whom they transact or interact at the workplace.

#### 2. Advising and Cautioning

Expatriates of a particular nationality living in a foreign country for a quite long time acquire cultural values and cultural practices of the host country. These experienced expatriates advise the new immigrants from their home country about the cultural expectations in the host country. In addition, they also caution the new immigrants about the possible cultural conflict areas and appropriate strategies that can be used to prevent as well as to solve them. For example, Chinese living in USA as well as in other countries, widely practice this strategy and they continuously caution their new immigrants.

### 3. Cultural Exchange through Socialization Programs

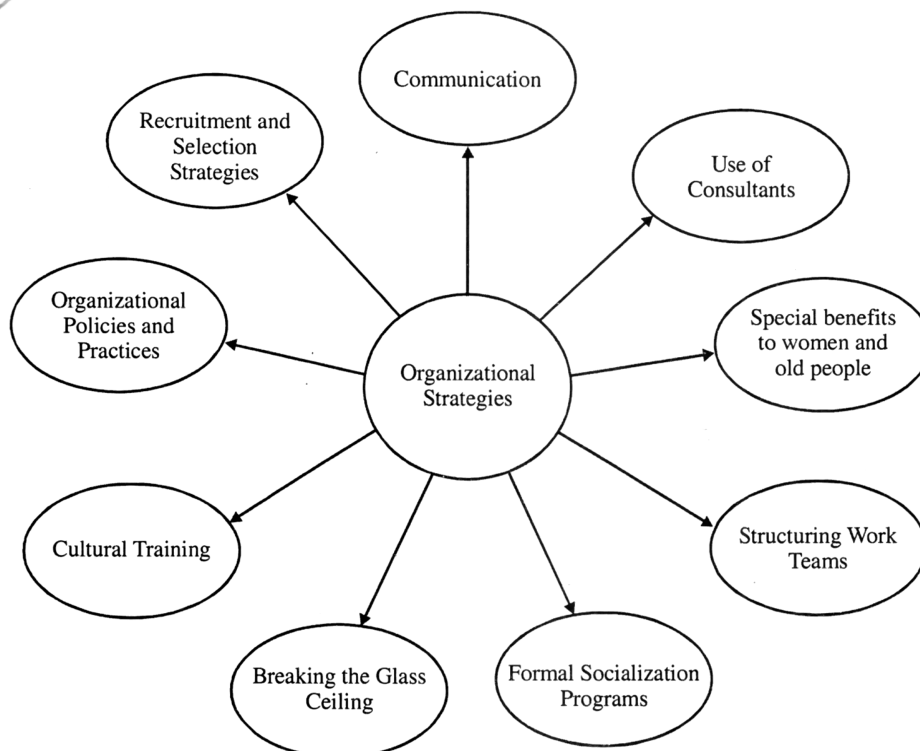
Expatriate groups of various nationals as well as host country nationals organize informal as well as formal socialization programs. These programs, particularly informal programs over a cup of tea or a dinner encourage the participants to speak about their cultures and listen to the others' cultural practices with an open mind, understand the reasoning behind it, and advantages of those cultural practices.

#### c) Organizational Strategies to Cultural Diversity

Organizations can formulate effective strategies to manage cultural diversity at the work place in addition to the strategies adapted by individuals and groups. Organizational strategies include:

- i) Recruitment and Selection Strategies
- ii) Organizational Policies and Practices
- iii) Cultural Training
- iv) Breaking the Glass-Ceilings
- v) Formal Socialization Programs
- vi) Structuring Work Teams
- vii) Use of Counsellors
- viii) Communication
- ix) Special Benefits and Facilities for Women and Old People

Figure depicts organizational strategies towards the management of cultural diversity.



**i) Recruitment and Selection Strategies**

MNCs adapt different approaches in recruiting the prospective employees viz., ethnocentric (parent country nationals), polycentric (host country nationals), regiocentric (candidates from the regional countries where the subsidiary is located) and geocentric (from any part of the world).

1. Country Cluser Strategy
2. Selection Tests
3. Employee Referrals

**ii) Organisational Policies and Practices**

Organizations formulate various human resource management policies. The most important among them is cultural policy. Cultural policies should contain :

1. Recruitment/selection
2. Payment of salary and benefits
3. Work distribution
4. Training and Development
5. Human and Idustrial Relations.

**iii) Cultural Training**

MNCs, in addition to job training should also arrange for cultural training. The purpose of the cultural training basically is to manage the cultural diversity in order to maximize its advantages. So cultural training can be viewed from two dimension viz., (i) educate the employees in others' cultures and (ii) educate and train the employees to reach higher levels in the organization, so that employees belong to certain cultures doing the lower level jobs feel a sense of cultural equality.

**iv) Breaking the Glass-ceiling**

As explained earlier, certain categories of employees particularly women and employees belong to minority categories are mostly found in lower level jobs in MNCs. Therefore, MNCs should offer special educational programs with an alliance with educational/training institutions/ universities that are relevant for higher level jobs. On successful completion of the respective programs and after acquiring diplomas/degrees, MNCs should promote them to higher level jobs.

**v) Formal Socialization Programs**

MNCs organize Socialization Programs in the form of 'outings', Company Annual Days, Achievement Days and special celebrations, wherein cultural events and programs of cultural understanding and exchange are widely organized. Exhibit below presents steps for creating a diversity-friendly workplace.

STEPS FOR CREATING A DIVERSITY-FRIENDLY WORKPLACE	
<ul style="list-style-type: none"> <li>• Make diversity a corporate goal and secure high commitment from all employees.</li> <li>• Hold a "Brown bag lunch" series to talk about cultural diversity issues</li> <li>• Provide employees with opportunities to attend local cultural events and exhibits.</li> <li>• Avoid singling out employees of a particular race or ethnicity to handle diversity issues on behalf of everyone else.</li> </ul>	<ul style="list-style-type: none"> <li>• Start a mentoring program that pairs employees of diverse backgrounds.</li> <li>• Foster an open, friendly work environment.</li> <li>• Establish an internal procedure for employees to report incidents of harassment or discrimination.</li> </ul>



**vi) Structuring Work Teams**

MNCs structure the work teams by drawing the employees across the functional departments in order to take-up and complete a project or a specific task. MNCs should include employees across the cultures within each functional area in the project teams. This process results in structuring of cross cultural and cross-functional teams. Employees understand and adapt to others' cultures intensively while working in such teams

**vii) Communication and use of consultation**

Information sharing, consultation, negotiations, bargaining, networking and working together need effective communication. Face-to-face discussions, and intensive interactions become successful with careful communication. In fact, organizational communication policy should include bottom-up communication, communication and consultation with all cultural groups and communication across ethnic groups, so as to enable employees to share and exchange cultural values and practices of different groups and adapt them towards organizational culture.

**viii) Special Benefits to Women and old people**

Women, old people and partially and physically disadvantaged people though they broadly belong to the same cultural group, they bring slightly different cultural values and norms in many respects. Therefore, MNCs are expected to provide special benefits and concessions.

- ▶ **Telecommuting** : Telecommuting is a non-traditional work arrangement in which employees can work at home and transfer the work via on-line.
- ▶ **Flexi-time** : Under flexi-time, working hours are flexible in that workers must work in their stipulated length of working hours say eight hours a day, but can choose their starting and ending time without a disturbance to the

supply chain of the work process in the office/factory

- ▶ **Job sharing** : full-time job is shared by two people.

**1.3.4 CHANGES AND CHALLENGES IN THE GLOBAL LABOUR MARKET****1.3.4.1 Globalization****Q12. What is Globalization and Explain Globalization Process ?**

*Ans :* (Dec.-19, Imp.)

Multinational companies (MNCs) have become some of the largest economic entities in the globe, surpassing many governments. Their political manoeuvre, lobbying and continuous push for liberalization have driven globalization. MNCs invest more money in various foreign countries than even before. Foreign direct investment increased tenfold over the last 20 years. The foreign direct investment, though it is a tool for development of many countries, it has often increased instability as had happened in the case of Asian Tigers and inequality in the distribution of rich and poor as in case of India, Malaysia and Papua New Guinea.

Interdependence and integration of individual countries of the world may be called as globalisation. Thus, globalisation integrates not only economies but also societies. The globalisation process includes globalisation of markets, globalisation of production, globalisation of technology and globalisation of investment.

**Globalisation encompasses the following features :**

- ▶ Operating and planning to expand business throughout the world.
- ▶ Erasing the differences between domestic market and foreign market.
- ▶ Buying and selling goods and services from/to any country in the world.

- ▶ Establishing manufacturing and distribution facilities in any part of the world based on the feasibility and viability rather than national consideration.
- ▶ Product planning and development are based on market consideration of the entire world.
- ▶ Sourcing of factors of production and inputs like raw materials, machinery, finance, technology, human resources, managerial skills from the entire globe.
- ▶ Global orientation in strategies, organisational structure, organisational culture and managerial expertise.
- ▶ Setting the mind and attitude to view the entire globe as a single market.

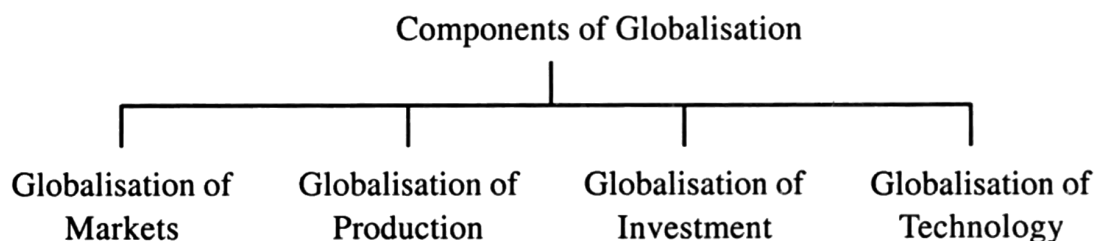
Global companies plan or venture not only on national markets, but also venture globally and view themselves as a global company. Executives and employees of such companies are trained and tuned in world-wide operations. For example, employees in a global company based in India speak of London, New York, Mumbai, Tokyo, Singapore, Asmara and the like, as Indian businessmen speak of Delhi, Hyderabad, Ahmedabad, Mumbai, Chennai, Kolkata and the like. They make investments based on the feasibility of world-wide projects, and procure raw materials, human resources and other inputs from all points of the world where they are available at low cost and high quality.

### Globalisation Process

Globalisation does not take place in a single instance. It takes place gradually through an evolutionary approach. According to Ohamae, globalisation has five stages. They are:

- i) Domestic company exports to foreign countries through the dealers or distributors of the home country.
- ii) In the second stage, the domestic company exports to foreign countries directly on its own.
- iii) In the third stage, the domestic company becomes an international company by establishing production and marketing operations in various key foreign countries.
- iv) In the fourth stage, the company replicates a foreign company in the foreign country by having all the facilities including R&D, full-fledged human resources etc.
- v) In the fifth stage, the company becomes a true foreign company by serving the needs of foreign customers just like the host country's company serves.

Globalisation is the trend toward a more integrated global economic system. Figure shows the components of globalisation. The components of globalisation are: globalisation of markets, globalisation of production, globalisation of investment and globalisation of technology. First, we discuss the globalisation of markets.



### 1.3.4.2 Technological Advancement

#### Q13. How Technological Advancements are contributing in process of Globalization.

*Ans :* (Dec.-19)

Technological change is amazing and phenomenal after 1950s. In fact, it is like a revolution in case of telecommunication, information technology and transportation technology.

#### Methods of Globalisation Technology

The methods of globalisation of technology include :

- ▶ Companies with latest technology acquire distinctive competencies and gain the advantages of producing high quality products at low cost. With these advantages, these companies enter the foreign markets and introduce their latest technology in foreign countries also.
- ▶ Companies may have technological collaboration with the foreign companies through which technology spreads from country to country.
- ▶ The foreign companies allow the companies of various other countries adopt their technologies on royalty payment basis or on outright purchase basis.
- ▶ Companies also globalise the technology through the modes of joint ventures and mergers.

Companies spread the latest technology throughout the globe and technology itself makes the global company possible and fastens the process of globalisation.

#### How Technology Fastens the Process of Globalisation?

Technology makes a company to acquire distinctive competencies over other foreign companies and paves the way for entering foreign markets.

#### 1. Microprocessors and Tele communications:

The development of microprocessors paved the way for the growth of high-power,

superior-speed low cost computing and handling vast amount of information. These have been revolutionary changes in global telecommunications consequent upon the developments in microprocessors.

#### 2. The Internet and World Wide Web:

The internet and world wide web will be the backbone of future global business. The activities of the global companies across the globe are co-ordinated, monitored and controlled with the help of internet. The various facilities of the internet and world wide web like e-mail, voice mail, data, real-time video communications such as video conferencing enable the global business companies to operate efficiently.

#### 3. On-line Globalisation:

The companies with manufacturing facilities throughout the globe can send information regarding changes in raw material, customer preferences, changes in product designs etc., through the internet all over the globe. Even the customer enquiries and complaints can be received and redressed through the internet.

- ▶ The online transaction and interaction facility enabled the domestic companies to transact with the foreign companies and also export and import of goods.
- ▶ Business Process Re-engineering Enterprise Resource Planning and Supply Chain Management enable the companies to buy raw materials from one country, undertake the manufacturing operations and assembly operations in number of other countries and finally sell the product in different countries.
- ▶ The Business to Business (B2B) transactions of e-commerce enabled the companies to become global companies without physically entering any foreign country, B2B transactions are more effective for service industry like tourism, hospitals, banks, insurance companies etc.
- ▶ In addition, the Business to Consumer (B2C) transaction enable the consumer of one country to buy the products from the foreign

companies. /For example, the Indian consumer can buy the electronic goods from Japan or an Indian student can buy books from the USA without visiting the USA.

- Similarly, the customers from one country can also avail the services of foreign companies.

### Transportation Technology

The significant development in transportation technology reduced the distance among the countries drastically. The important developments in the transport technology include: commercial jet aircraft, superfighters, containers etc. These developments made the transshipment from one mode to another easy and reduced the travel time from one country to another drastically.

### 1.3.4.3 Change in Labour Force Demographics & Migration

#### Q14. Discuss change in Labour Force Demographics.

*Ans :*

(Dec.-19)

As the need for PCNs and TCNs declines and more trained locals become available, resources previously allocated to areas such as expatriate taxation, relocation, and orientation are transferred to activities such as local staff selection, training, and management development. The latter activity may require establishment of a programme to bring high-potential local staff to corporate headquarters for developmental assignments.

### Risk Exposure

The human and financial consequences of failure in the international arena are more severe than in domestic business. For example, expatriate failure (the premature return of an expatriate from an international assignment) is a potentially high-cost problem for international companies. Direct costs (salary, training costs, travel and relocation expenses) per failure to the parent firm may be as high as three times the domestic salary plus relocation expenses, depending on currency exchange rates and location of assignments. Indirect costs such as loss of market share and damage to international customer relationships may be considerable.

Terrorism is another aspect of risk exposure relevant to international HRM. Most major multinationals must now consider this factor when planning international meetings and assignments; it is estimated that firms spend 1 to 2% of their revenues on protection against terrorism. The HR department also may need to devise emergency evacuation procedures for highly volatile assignment locations. The invasion of Kuwait and the ensuing Gulf War in 1991 is an example of a situation in which employees unexpectedly and very rapidly came to risk.

### More External Influences

Major external factors that influence international HRM are the type of government, the state of the economy, and the generally accepted practices of doing business in each of the various host countries in which the multinational operates. A host government can, for example, dictate hiring procedures, as is the case in Malaysia.

In addition to complexity, there are four other variables that moderate differences between domestic and international HRM. These variables are discussed below:

#### i) The Cultural Environment

Anyone travelling abroad, either as a tourist or businessperson, experiences situations that demonstrate cultural differences in language, food, dress, hygiene, and attitude to time. While the traveller can perceive these differences as novel, even enjoyable, for people required to live and work in a new country, such differences can prove difficult. They experience culture shock—a phenomenon experienced by people who move across cultures. The new environment requires many adjustments in a relatively short period of time, challenging people's frames of reference to such an extent that their sense of self, especially in terms of nationality, comes into question. People, in effect, experience a shock reaction to new cultural experiences that cause psychological disorientation because they misunderstand or do not recognize important cues. Culture shock can

lead to negative feelings about the host country and its people and a longing to return home.

Activities such as hiring, promoting, rewarding, and dismissal will be determined by the practices of the host country and often are based on a value system peculiar to that country's culture. A firm may decide to head a new international operation with an expatriate general manager but appoint as the HR department manager a local—a person who is familiar with the host country's HR practices.

## ii) Industry Type

Porter (1986) suggests that the industry (or industries if the firm is a conglomerate) in which a multinational firm is involved is of considerable importance because patterns of international competition vary widely from one industry to another. At one end of the continuum of international competition is the multidomestic industry, one in which competition in each country is essentially independent of competition in other countries; traditional examples include retailing, distribution, and insurance. At the other end of the continuum is the global industry, one in which a firm's competitive position in one country is significantly influenced by its position in other countries; examples include commercial aircraft, semiconductors, and copiers.

Lanrent (1986) proposes that a truly international conception of human resource management would require the following steps :

1. An explicit recognition by the parent organization that its own peculiar ways of managing human resources reflect some assumptions and values of its home culture.
2. An explicit recognition by the parent organization that its peculiar ways are neither

universally better nor worse than others but are different and likely to exhibit strengths and weaknesses, particularly abroad.

3. An explicit recognition by the parent organization that its foreign subsidiaries may have other preferred ways of managing people that are neither intrinsically better nor worse, but could possibly be more effective locally.
4. A willingness from the headquarters to not only acknowledge cultural differences, but also to take active steps in order to make them discussable and therefore usable.
5. The building of a genuine belief by all involved that more creative and effective ways of managing people could be developed as a result of cross-cultural learning.

## iii) Reliance of the Multinational on its Home-Country Domestic Market

A pervasive but often ignored factor that influences the behaviour of multinationals and resultant HR practices is the extent of reliance of the multinational on its home-country domestic market.

## iv) Attitudes of Senior Management to International Operations

It is likely that if senior managements do not have a strong international orientation, the importance of international operations may be underemphasized in terms of corporate goals and objectives. In such situations, managers may tend to focus on domestic issues and minimized differences and international HRM practices.

### 1.3.4.4 Emerging on the Contingent Workforce

**Q15. Who are contingent workforce ? Discuss factors Emerging workforce in modern Economics.**

*Ans :* (Dec.-19)

Contingent worker is anyone who is hired through a temporary help agency, or on-call basis, or as an independent contractor. Contingent workers mostly hold professional, clerical, or labor positions and the duration of their employment varies according to their convenience and

employer's business requirements. A worker on temporary basis or a part-time worker is usually the one who is working under contract for a fixed period or for a specific project

### Use of Contingent Workers

The estimates of number of global/international contingent employees differentiate widely, partly because of distinct ways where contingent workers are defined. The general agreement is that the contingent workers are large and significant component of global workforce. Some observers also started that the temporary workforce will have fast growth when compared to permanent workers for years. The typical rise in demand for temporary technical and professional workers resulted to formation of particularized temporary employment organization of which some are globally integrated.

### Major Forces Encouraging Contingent Workers

The major forces encouraging contingent workers has been recognized by Peter Allan as follows.

#### (a) Increasing/Enhancing Interdependence of Global Economy

With the recent global financial crisis, it is specifically evidenced that, the borders. As per, businesses requirement to be observant and be ready to communicate quickly to sudden, unforeseen or unexpected variations in long places. The advantage of contingent workforce facilitates employers with flexibility to satisfy unexpected variations in demand occurring in global market place.

#### (b) Competitive Pressures

The requirement for a global market presence strengthens the competitive pressures on organizations to look after or enhance productivity partly by decreasing both variable and fixed labour costs. The advantage of contingent workforce better fulfills the goals than looking after a huge number of permanent workers. Temporary workers were conventionally have less payment and will have few benefits than regular workers and they are hired, recruited and trained by temporary staffing

organizations. They might also work hard for becoming permanent employees.

#### (c) Virtual Organizations

Small organizations may not be willing/interested or may be unable to manage functions like recruiting and selecting workers, payroll and benefits, unemployment insurance claims and workers compensation, They may be unwilling to recruit a permanent workforce to manage such activities because of this reason they are outsourcing these functions to staff temporary organizations that facilitate services for fee.

#### (d) Technological Innovation

Various new industries has developed fastly in this information age. Eventhough, the dot-com fad evidenced to be a bubble that cleared the complete world entering into twenty first century explains the quick and easy ways of creating new businesses. The organizations are supposed to recruit/staff highly trained and skilled workers who are valued highly for maintaining their even-changing technologies. But, the employers may not have the required talent on board or financial or human resources to develop it. The use of contingent workers is to accommodate those requirements.

#### (e) Changing Relationship Between Employers and Employees

The long lasting implicit social contract between employees and employees look after to have come to an end in recent years like japan where employees are provided a lifetime employment system. Besides enjoying lifetime employment, employees are now expecting responsibility for growing their skills and knowledge which allows them to market the emphatics to other employers. The continued downsizing organization to remain competitive makes it difficult for employers to consider long-term commitments to employees where employers are not expecting to show their employers loyalty.

**1.3.4.5 Off shore sourcing****Q16. Explain in detail off shore sourcing ?**

*Ans :*

Some quarters of the developed countries raised the controversy over off shoring. They are particular of the development of their countries at the cost of the developing world but not vice- versa. Their fear is regarding the possible reduction in their employment opportunities based on relocations of company call centers in countries like India, South Africa, Malaysia and Philippines.

Off shoring just like any other activity of globalization of business is becoming commoditised and as such it is mainly based on cost and price. Most of the developing countries feel that advanced countries should encourage the off shoring on equal footing with globalization of trade though it affects their industry as the globalization of trade and manufacturing adversely affected the developing economies.

The improved technology enables globali- zation to penetrate the service sector like telemedicine. Of late, off shoring is extended to R&D work. Off shoring is not free from limitations. These limitations include quality, customer satisfaction, and fear of losing intellectual property protection and transfer of medical and other personal information abroad. These limitations forced some of the European Union member states to ban the export of personal data to those countries where the privacy standards equivalent to those of EU are not followed.

**1.3.4.6 Global Workforce Management Challenges****Q17. Discuss the challenges in global work - force management**

*Ans :*

(May-19, Imp.)

**1. The first challenge on Global workforce management**

Although people involved in international business activities face many of the same ethical issues as those in domestic business, the issues are made more complex because of the different social, economic, political and legal environments in which multinationals operate. Consequently, multinationals will need to develop self-regulations operate. Consequently, multinationals will need to develop self-regulatory practices via codes of ethics and behavioural guidelines for expatriate, TCN and local HCN staff. Firms which opt consciously or by default to leave ethical considerations up to the individual not only contribute to the pressures of operating in a foreign environment (and perhaps contribute to poor performance or early recall of the expatriate), but also allow internal inconsistencies that affect total global performance.

**2. The second challenge**

When selecting expatriates, their ability to manage with integrity could be a job-relevant criterion. The pre-departure training of expatriates and their orientation programme should include an ethics component. This might include formal studies in ethical theory and decision-making as well as interactive discussion and role playing around dilemmas that expatriates are likely to encounter. In an effort to sensitize managers to cultural diversity and to accept the point that home practices are not necessarily the best or only practices, there has been an emphasis in international business training on adapting to the way in which other cultures do business. Insufficient attention is generally

given to when doing so, resulting in unacceptable ethical compromises. In designing training programmes to meet the challenges of multinational business, HR professional must raise not only the issue of cultural relatives but also the extent to which moral imperatives transcend national and cultural boundaries.

### 3. The third challenge

It is also important for the HR department to monitor the social (ethical) performance of its expatriate managers to ensure that as managers become familiar with the customs and practices of competition in the host country, they do not backslide into the rationalization that "everybody else does it". To avoid temptation to cut 'ethical corners', expatriates must not be placed under unreasonable pressure to deliver good financial results and they must be given feedback and reinforcement. Performance appraisals, compensation programmes and regular trips home are important instruments in developing and maintaining ethical cultures. The HR department must also offer ongoing support to expatriates throughout their assignment. This is made relatively that an expatriate faced with a dilemma might have ready access to mentors at home or expatriates in other countries via these technologies.

### 4. The fourth challenge

The development of a truly international community is still in its infancy and there is not yet agreement about what should constitute a global ethic to resolve the conflicts that arise in such a community. However, there is an emerging consensus about core human values which underlie cultural and national differences and the content of multinationals. Those involved in the management of HR would do well to consider these issues when developing organizational strategies and selecting, training and developing expatriates. The complex world of multinational business demands nothing less.



## Short Question and Answers

### 1. Define IHRM ?

*Ans :*

#### Definition of IHRM

International Human Resource Management is defined as "the process in which multinational companies manage their employees internationally. It deals with the worldwide management of employees.

**According to Scullion IHRM** is "the HRM strategies, policies and practices which firms pursue in response to the internationalization of business".

**According to Ferner and Hyman**, "International HRM is an extension of HRM which also focuses on strategic importance and on vertical and horizontal integration. It stresses on the need of industrial relations and focuses on national differences in employment and managerial practices, the collective organisation of labour and conflict resolution mechanisms".

**According to P.V. Morgan**, International HRM is the result of interplay among the three dimensions – human resources activities, types of employees and countries of operation. The complexities of operating in various countries and employing different national categories of workers is an important variable that differentiates domestic and international HRM, rather than any major differences between HRM activities performed.

### 2. Nature of IHRM

*Ans :*

1. International HRM involves placing the right people at the right positions regardless of geographic location.
2. It involves the long-term HR plan for effectively aligning global HR strategies with the organisational objectives.

3. To ensure faster information sharing, it necessitates the development of centralized reporting relationship around the world.
4. It involves in creating a well-organized evolution system to determine the performance of employees over different locations and nations.
5. The value of HR activities may change over the various locations of international companies.
6. For the employees who are required to work beyond national boundaries, IHRM necessitates the development of special skills for those employees.
7. In IHRM, the compensation for host home and third country national is determined based on the country specific factors.
8. In order to integrate the various parts of global business, IHRM ensures the introduction of formal and informal methods.
9. It involves the understanding of different cultural dimensions of host countries which affect the HR operations.
10. At the international level, IHRM ensures good communication among the different parts and people of the organization.

### 3. Sources of Global Recruitment

*Ans :*

The three sources of global recruitment are,

- (a) Parent Country Nationals (PCNs)
- (b) Host Country Nationals (HCNs) and
- (c) Third Country Nationals (TCNs).

#### (a) Parent Country Nationals (PCNs)

Parent Country Nationals are the employees of a company or its subsidiaries who are located in different countries. These employees are

the citizens of the country in which the headquarters of the company are situated.

**(b) Host Country Nationals (HCNs)**

The employees who are working in subsidiary companies are called Host Country Nationals. These employees are citizens of the country where the subsidiary is located.

**(c) Third Country Nationals (TCNs)**

The employee working in a company's subsidiary situated in a country which is not the native place of the employee is called as third country nationals.

For Example: The scientists of India working for a London subsidiary in Spain they are called as third Country Nationals.

**4. Define culture and its characteristics.**

*Ans :*

**Definition :**

" Culture is the collective programming of the mind which distinguishes the members of one human group from another. In simple words, culture include system of values constitute the building blocks of culture ".

Culture is thought and behaviour pattern, derived mostly from climate and economics conditions.

**Culture is:**

- ▶ Derived mostly from the climatic conditions of the geographical region and economic conditions of the country.
- ▶ A set of traditional beliefs and values which are transmitted and shared in a given society.
- ▶ A total way of life and thinking patterns that are passed from generation to generation.
- ▶ norms, customs, art, values etc.

**Characteristics of Culture**

The concept of culture must possess the following characteristic features,

**(a) It must be Learned or Experienced**

An individual obtains cultural values over a course of time by becoming a member of a specific group or transferred from generation to generation. For example, National culture can be learnt during early stages of life wherein, an individual can easily communicate and understand his/her own language.

**(b) It is Interrelated**

One part of culture is strongly correlated with other part of culture like, religion and marriage, business and social status.

**(c) It must be Shared**

Thoughts and beliefs of a culture is extended to other members of the group because, cultural values are passed-on to an individual by other members of the culture group such as, parents, other adults, family, institutions like schools and friends.

**5. Write about National Culture.**

*Ans :*

Organisation culture is shaped not only by technologies and markets, but also by the cultural preferences of leader and employees. Some international companies have European, Asian, American and Middle-Eastern subsidiaries, which would be unrecognizable as the same company except for the logo and reporting procedures.

National culture influences the extent to which leadership, teams and employee activities are socially valued and supported.

**6. What is Globalization ?**

*Ans :*

Multinational companies (MNCs) have become some of the largest economic entities in the globe, surpassing many governments. Their political manoeuvre, lobbying and continuous push

for liberalization have driven globalization. MNCs invest more money in various foreign countries than even before. Foreign direct investment increased tenfold over the last 20 years. The foreign direct investment, though it is a tool for development of many countries, it has often increased instability as had happened in the case of Asian Tigers and inequality in the distribution of rich and poor as in case of India, Malaysia and Papua New Guinea.

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**7. Globalisation Process**

*Ans :*

Globalisation does not take place in a single instance. It takes place gradually through an evolutionary approach. According to Ohamae, globalisation has five stages. They are:

- i) Domestic company exports to foreign countries through the dealers or distributors of the home country.
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  - iv) In the fourth stage, the company replicates a foreign company in the foreign country by having all the facilities including R&D, full-fledged human resources etc.
  - v) In the fifth stage, the company becomes a true foreign company by serving the needs of foreign customers just like the host country's company serves.
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**8. Explain in detail offshore sourcing ?**

*Ans :*

Some quarters of the developed countries raised the controversy over off shoring. They are particular of the development of their countries at the cost of the developing world but not vice- versa. Their fear is regarding the possible reduction in their employment opportunities based on relocations of company call centers in countries like India, South Africa, Malaysia and Philippines.

Off shoring just like any other activity of globalization of business is becoming commoditised and as such it is mainly based on cost and price. Most of the developing countries feel that advanced countries should encourage the off shoring on equal footing with globalization of trade though it affects their industry as the globalization of trade and manufacturing adversely affected the developing economies.

The improved technology enables globali- zation to penetrate the service sector like telemedicine. Of late, off shoring is extended to R&D work. Off shoring is not free from limitations. These limitations include quality, customer satisfaction, and fear of losing intellectual property protection and transfer of medical and other personal information abroad. These limitations forced some of the European Union member states to ban the export of personal data to those countries where the privacy standards equivalent to those of EU are not followed.

**9. Labour Relations Factors**

*Ans :*

The relationship which exists between employees, employers and the government is termed as 'Industrial Relations' or 'Labour Relations'. The differences these relationships affect the HR practices.

Germany, follows a Code Termination Rule, where the employees have legal rights to participate in the various matters of the company. In India, the government plays a major role in industrial relations and HR policies such as on fixing compensation and retirement benefits and enacted Acts like Minimum Wages Act, 1948, the Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965 etc.

Thus, the above mentioned were the factors influencing IHRM practices.

**10. Sources of IHRM**

*Ans :*

Generally speaking there are three sources of employees for an international assignment. The organization might choose to hire :

**1. Host Country Nationals (HCNs) :**

Also called local nationals, they are the employees from the local population. A worker from Bihar employed by an American firm operating in India would be considered a host country national.

**2. Parent or Home Country Nationals (PCNs) :**

Also called expatriates, they are the people sent from the country in which the organization is headquartered. And American manager on assignment in India is an expatriate.

**3. Third Country Nationals (TCNs) :**

If a firm employs a manager from Great Britain at facilities in India, he would be considered a third country national.

## UNIT II

**The key role on International HRM in Successful MNC Strategy-** Knowledge Transfer-Global Leadership training and Development-Strategic Control Needs-Competitive strategy of Multinational corporations-Structuring for Optimal global Performances- Linking Human Resource management practices to Competitive Strategy and Organization Structure-Paradigm Shift of international Human Resource Management form contingency model to Process Development.

### 2.1 KNOWLEDGE TRANSFER

**Q1. Define knowledge transfer. Explain role of knowledge transfer in IHRM.**

*Ans :*

#### **Knowledge Transfer**

Knowledge transfer has been defined as the 'process through which one unit (e.g. group, department or division) is affected by the experience of another', particularly when this brings about measurable changes in the receiving unit. Since knowledge itself is difficult to measure, a change in performance is often taken as a proxy measure for a change in knowledge. If 'knowledge transfer' is the process of transferring knowledge between a unit that possesses it and one that does not, the way knowledge is treated will have important consequences for our understanding and treatment of this process.

Human knowledge includes both explicit and tacit knowledge. Social knowledge concerns relationships between individuals and groups, and is largely tacit, such as cultural norms. Structured knowledge, on the other hand, concerns organizational processes, routines and rules, and is largely explicit.

Knowledge is also described as being 'embedded' in repositories', which can take a number of forms. These repositories can range from characteristics of the work-place or organization,

such as established organizational practices, the corporate culture, documents and the physical structure of the workplace.

Knowledge can be conceived either as an object or as a process. From the object perspective, knowledge is considered as something 'that can be directly observed, stored and successively reused or transferred.

#### **Role of Knowledge Transfer in IHRM**

1. If knowledge is embedded in 'repositories' or 'reservoirs', it is logical to propose that it can be transferred 'by moving a knowledge reservoir from one unit to another or by modifying a knowledge reservoir at a recipient site.
2. This specifies the basic elements of a transfer: source, channel, message, recipient and context. Knowledge transfer, according to this model, requires the processes of encoding the knowledge by or from a source, its transmission through a channel in a message, and its decoding by a recipient.
3. Implicitly, this metaphor underlies the 'reservoir' model of knowledge transfer - the reservoir being an analogue of a message. For brevity, these notions will be referred to as the 'container' metaphor since they envisage that knowledge can somehow be packed into some kind of container to be transferred. Thus Bonaventura describes knowledge as being embodied in a document that is a 'multi-media container'.

4. While this model of communication has been extremely useful for understanding some technical aspects of signalling, it was criticized long ago as being inadequate for dealing with human communication processes
5. More recently, and in the context of knowledge transfer research, also point to its failure to recognize the centrality of human cognitive processes for knowledge and knowing. In the language of the container metaphor, this approach is silent on the critical processes of how knowledge is put into the containers or how it is taken out of them.

## 2.2 GLOBAL LEADERSHIP TRAINING AND DEVELOPMENT

**Q2. Discuss the areas of global leadership training & development.**

*Ans :*

**(May-19)**

Continuous learning and life-long learning have become essential features of human resource management consequent upon globalization and strides in information technology.

Emergence of 'global village' and 'global culture' led to the global talent and global skills. These developments made international training and development most critical and essential factor in global human resource management.

Transnational companies believe that their distinctive competency is determined by the mindset and talent of their human resources rather than by other resources/factors. As such TNCs and MNCs attract different categories of expatriates in order to acquire global talent. In addition they also attract employees on long-term basis as well short-term basis as certain categories of expatriates possessing of critical skills prefer only short-term assignments.

Different categories of international human resources include parent country nationals, third country nationals and host country nationals. Parent country nationals and the third country nationals take-up the foreign assignments on long-run basis,

short-run basis as well as ad hoc basis. Expatriates, who work on long-run basis as well as host country nationals, need to up-date their technical and functional skills in addition to acquiring cross-cultural skills. Human relations/ soft skills are essential to all types of employees as they are basic for all group and team environments. Further, strategic management skills vary from country to country as they are significantly determined by the environment of the country concerned. Therefore, MNCs should provide strategic management skills irrespective of employee background in his/her home country. Thus the areas of global training and development include:

- Technical training;
- Functional training;
- Strategic management skills training;
- Soft-skills training;
- Cross-cultural training;
- Language training;
- Pre-departure training;
- Expatriate training;
- Training for short-term assignments;
- On-the-job training assignments;
- Global mind-set training;
- Team training;
- Management development

### 1. Technical Training

Most of the MNCs select the expatriates, mostly based on the technical skill background to perform the new job successfully. In fact almost all of the expatriate employees were best performers in their previous jobs. As such, most of the expatriates feel comfortable technically during the early days of their overseas assignments. But, they feel uncomfortable, on the job, when there would be significant shifts in technology in the long-run.

Most of the host country nationals need technical training as most of them join various MNCs without required technical skills. In addition, host country nationals need to upgrade their technical skills along with the expatriates who take up assignments on long-run basis. Thus, MNCs provide technical training to the host country nationals and to the expatriates who take-up long-run assignments as and when there would be technological developments.

## 2. Functional Training

Expatriates are employed in functional jobs like accountants, lawyers, lecturers, professors, production specialists, managers and sales personnel whenever and wherever there is shortage for such professions. Expatriates normally possess required functional skills before joining the MNC. But, such skills may not exactly suit to the functional job requirements. MNCs need to train the expatriates to provide such skills in order to plug such gaps. In addition, expatriates work on long-term basis need training at a latter stage as and when there would be changes in organizational structure, systems and procedures.

## 3. Training and Development

MNCs should train host country nationals in functional skills on continuous basis. Thus, SCNCs provide functional training.

## 4. Strategic Management Skills Training

MNCs prefer expatriates for strategic level positions in view of their exceptional skills initially. However, MNCs aim at developing the host country nationals even for strategic management positions, in due course. Strategic managers are core and critical managers of MNCs and they are viewed as critical strategic assets of the organizations.

## 5. Human Relations/ Soft Skills Training

Human relations skills or soft skills refer mostly to interpersonal skills like interpersonal

communication, leadership skills, motivational skills, commitment skills, transactional analysis, team building and skills of working in teams, emotional balance skills, skills of influencing others, social skills and the like. These skills' requirement and response of the host country employees to the soft skills of expatriates vary from one category to other category of employees.

## 6. Cross - cultural Training

Cross Cultural Training is most significant and critical one among the areas of global training. Therefore, most of the MNCs follow the training procedure systematically to conduct cross- cultural training. MNCs follow different approaches to train expatriates, nationals of the subsidiaries and employees of joint venture partners.

## 7. Who are the Trainees for Cross-cultural Training?

The quick response to this question is all kinds of expatriates. But, the cross-culture is emerged out of the interaction among all cultures from which ^ II categories of employees including HCNs are drawn up as well as that of other stakeholders. All categories of employees have to adapt to the others' culture in order to interact and work with them efficiently. Therefore, all categories of employees need to be provided with cross-cultural training for cultural adaptability. Thus, the trainees of cross-cultural training include:

- Parent country, nationals,
- Host country nationals of subsidiaries
- Third country nationals
- Other kinds of expatriates
- Employees of all partners of joint ventures.

Thus, all kinds of employees need to be training, in cross-cultural training.

### 8. Analysis of Organizational Requirements

Organizational requirements from the cross-culture point of view depend upon organisation's strategies, structure, culture, power and politics. This analysis aims to identify organizational requirements in terms of employee behaviour, employee values, norms, attitudes, aptitudes and beliefs that contribute to organizational strategies. Further, this analysis tries to identify the required training instruments to impart required skills to understand the required organizational culture and change or modify one's own culture in accordance with the organizational culture and strategic requirements.

### 9. Design and Deliver Cross-cultural Training

The analysis of cross-cultural training needs in terms of organizational analysis, assignment analysis, and employee cultural background analysis, helps to identify cultural skill and knowledge gap and design the training program. The content of the program and sequencing the content are based on the new cultural skill and knowledge required for different kinds of employees to implement the strategies efficiently.

### 10. Integrative Training

Integrative training is provided in order to integrate the expatriate with the host country culture as well as organizational culture and culture of other expatriates those work in/join the same subsidiary. This training is essential as new expatriates with different cultures arrive and the employee deeply involve in the work culture as well as with the personal and private lives of other employees that affect their work as well as performance.

### 11. Language Training

Language plays a predominant role in international business. Though 'English'

language is widely used in international business transactions, most of the stakeholders like customers, marketing intermediaries may not communicate in 'English' language even in some of the 'English' speaking countries like India, Malaysia and Papua New Guinea.

#### Why Language Training

Language training is essential due to the following reasons :

- Use of 'English' language for business transactions by MNCs in most part of the world.
- Following of various languages other than 'English' by customers, marketing intermediaries and suppliers of various inputs even in 'English' speaking countries.
- Following of different languages, other than 'English' in some countries like France, Germany, Italy and Arab countries.
- Use of different technical terminology/ jargon among the countries speaking the same language.

### 12. Global Mind Set Training

Globalisation is a comprehensive act it includes globalization of business, globalization of culture, globalization of technology and the like. Yet the national or domestic business, culture, technology and social factors prevail. In fact, the national and domestic culture, political factors/ system and social system of the country influence international business where it operates. These factors vary widely from country to country and sometimes from region to region within the same country. Therefore, the popular business slogan these days is 'thinking globally, but acting locally.'



### 2.3 STRATEGIC CONTROL NEEDS

**Q3. Explain the role of international HRM in control & coordination of global operations.**

*Ans :*

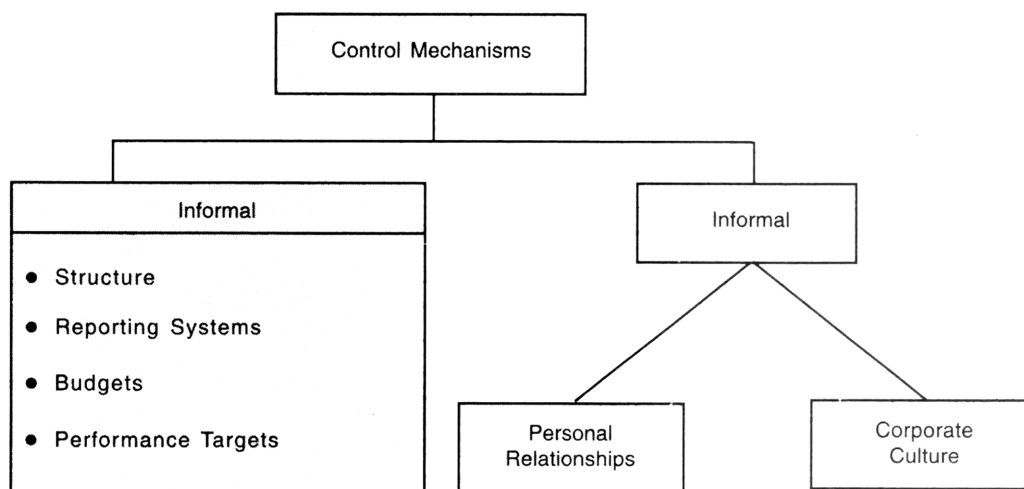
**(Imp.)**

#### **Control and Coordination**

International Human Resource Management plays a key role in control and coordination process, particularly where less-hierarchical structures we discussed above are concerned:

- Ghoshal and Bartlett (1995) the key means for vital knowledge generation and diffusion is through personal contact. This means that networked organizations need processes to facilitate contacts. Training and development programmes, held in regional centres or at headquarters, become an important forum for the development of personnel networks that foster informal communication channels, as well as for building corporate culture.
- Network relationships are built and maintained through personal contact. Therefore, staffing decisions are crucial to the effective management of the linkages that the various subsidiaries have established (Welch & Welch, 1999).
- As with the heterarchy, the management processes in a networked multinational rely heavily on the ability of key staff to integrate operations to provide the internal company environment that fosters the required level of cooperation, commitment, and communication flows between functions and subsidiary units.
- Staff transfers are also an important part of the required management processes, particularly that of control. Multinationals continue to rely on the movement of key staff to assist in coordination and control (Welch *et al.*, 1994).
- Expatriates are used to instill a sense of corporate identity in subsidiary operations, and to assist in the transfer of corporate norms and values as part of corporate cultural (or normative) control.

Thus, proponents of less-hierarchical configurations argue there is greater reliance on informal control mechanisms than on the formal, bureaucratic control mechanisms that accompanied the traditional hierarchy. As seen from the above list, the informal control mechanisms highlighted in figure are assisted by HR practices.



**Fig. : Control Mechanisms in the Network MNE**

## 2.4 COMPETITIVE STRATEGY OF MNC

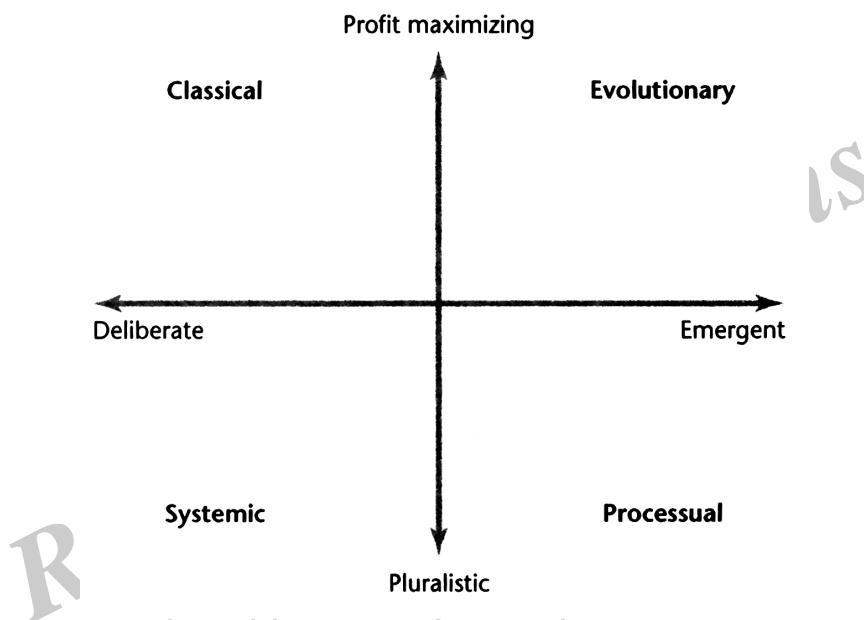
**Q4. What is strategy ? Discuss in detail various strategies of MNC's.**

*Ans :*

(Dec.-19)

### Strategy

The term 'strategy' is one of the most widely used in business life: business schools run numerous courses in 'strategic management' or 'business strategy'; economists talk of the importance of a firm's 'strategic assets'; consultancy firms earn huge commissions from advising firms on the development of a 'strategy'; and managers routinely refer to their 'strategy' in all kinds of situations. In multinational firms it is commonplace to refer to international business strategy and, more specifically, a number of academics have written about the concept of 'strategic international human resource management'.



**Fig. : Whittington's generic perspectives on strategy**

#### (i) The Classical Approach

In Classical Approach strategy making as a considered and rational process geared solely towards maximizing profits. From this perspective, it is assumed that senior managers systematically scour their environment, analyse the resulting information, design clear courses of action and implement these in a consistent way.

The classical approach is surely too simplistic. It sees managers as omniscient, able to develop a clear understanding of their environment. In the international context there will be many aspects of social and economic life across countries about which even very senior managers are unaware or which they misunderstand.

#### (ii) The Evolutionary Approach

The second group of writers on strategy that Whittington identifies, the evolution-ists, share with classicists the belief that maximizing profits will be the sole outcome of strategy. However, they differ in seeing the environment as too unpredictable for planning in the classical sense; senior managers have

'bounded rationality'. Rather than being the product of deliberate planning, strategies (and structures) emerge as much by accident and chance and the process of natural selection through competition in product and financial markets then delivers its judgement.

The main criticism of this approach is that the process of natural selection through competition in markets is not always as strong as evolutionists assume. Many product markets are dominated by one or a small number of firms, and 'barriers to entry' ensure that this state of affairs can endure.

### (iii) The Processual Approach

The way in which organizational actors seek to pursue their favoured goals is the key feature of the processual perspective. Processualists share with evolutionists a scepticism about the rational and objective model of strategy formation which underpins the classical school, but differ from them in that they have just faith that markets will ruthlessly weed out any firms with a 'sub-optimal' Strategy/ Organizations are viewed as being comprised of individuals and groups with a diverging range of interests, each of which seeks to advance their own aim.

The processual approach has been criticized less for what it says and more for what it ignores. A full understanding of how strategies are formed, so one critique goes, should focus on the 'embeddedness' of organizational actors in their social contexts. Thus the priorities and aims of individuals and groups are formed in the context of 'a network of social relations that may involve their families, the state, their professional and educational backgrounds, even their religion and ethnicity'. The importance of the social context is the starting point for the fourth approach.

### (iv) The Systematic Approach

The systemic approach to strategy is less pessimistic than processualists about management's capacity to carry out plans and much more optimistic than evolutionists about the ability of firms to survive with a sub-optimal strategy. For this school, the structural context of the firm strongly

shapes the nature of strategy; the objectives and practices of strategy are viewed as dependent on the particular social system in which strategy making takes place. An important contribution of the systemic perspective is to stress differences between countries in corporate strategies; if the social and economic systems differ from country to country, so too will the process and outcomes of strategies.

One criticism of the systemic school, which is consistent with the processual perspective, is that divergences of interest within organizations do not receive enough weight. While the approach appears to be strong in its ability to account for national differences, it says less about conflicts of interest within organizations. As noted above, the extent to which organizational actors have divergent aims and priorities is likely to be greatest within multinational firms.

## 2.5 STRUCTURING FOR OPTIMAL GLOBAL PERFORMANCE

**Q5. Write about import firms of organization structure ?**

**Ans :** (Se.p.-20, Dec.-19, Imp.)

### (i) The Multinational Firm

The period from 1920 to 1950 is what Bartlett and Ghoshal call the 'multi-domestic' era. In these decades the basis on which competition took place differed significantly from one country to another; consumer tastes varied and protectionism by governments was rife, resulting in pressures for local differentiation being dominant.

A key implication is that there is likely to be very little influence on personnel policy and practice in operating units from the corporate HQ; decision making on issues to do with employment practice are highly decentralized in this type of firm. Accordingly, there is unlikely to be a significant number of expatriate managers as decisions will be left to local managers. A further implication is that there will be little requirement for knowledge and expertise to be diffused across borders as all-parts of the production or service provision process are carried out in one location.

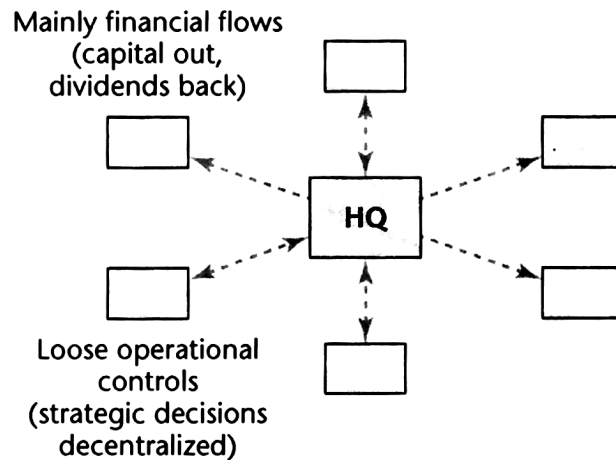


Fig. : The multinational firm: a decentralized federation

## (ii) The Global Firm

The period from 1950 to 1980 was characterized by a number of developments: transport and communication costs began to fall in real terms; the minimum efficient scale fell, making economies of scale more important; and trade became less regulated. During these decades, US firms expanded their international operations, particularly into Europe. One important motivation for this growth in foreign direct investment (FDI) was to take advantage of the opportunity of realizing economies of scale through the creation of 'mini-replicas' of home country operations. Thus foreign units are closely modelled on domestic ones. Bartlett and Ghoshal (1998) identify this as *the global* approach, arguing that it produces standardized products in a highly cost-efficient way and is therefore good at achieving efficiency through global integration. There are similarities here with Perlmutter's (1969) *ethnocentric* style in which home country values predominate and foreign subsidiaries are managed as a cultural extension of the parent.

In terms of HR, the replication of the home country approach means that there is some implementation of home country practices in foreign subsidiaries, particularly in relation to work organization. Thus there will be a distinctive parent company approach to human resource management (HRM).

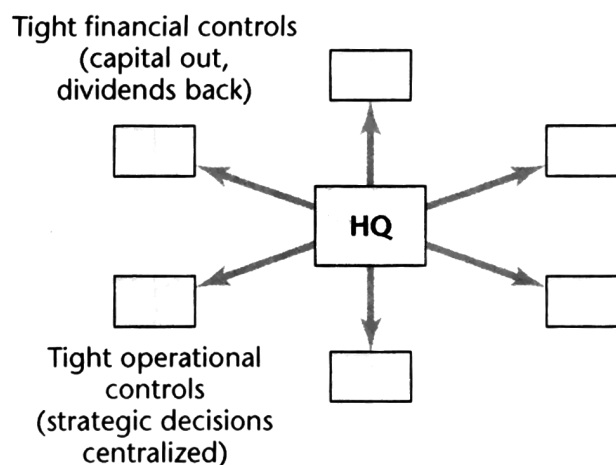


Fig. : The global firm: a centralized hub

### (iii) The Transnational Firm

Bartlett and Ghoshal argue that over the last two decades or so, developments in technology and markets have meant that more and more industries are characterized by the simultaneous pressures to be locally responsive, achieve efficiency through global scale and to diffuse innovations across their sites. Thus while each of the three types of firm identified above may be adept at responding to one of these pressures, none of these types allow a firm to respond to all of them.

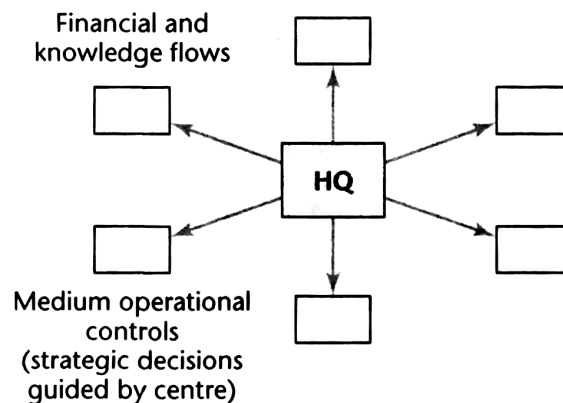


Fig. : The international firm: a co-ordinated federation

The transnational form has a number of important implications for HR. The practices in place at plant level will in part reflect innovations in other parts of the network, not just those in the home country as in global and international firms.

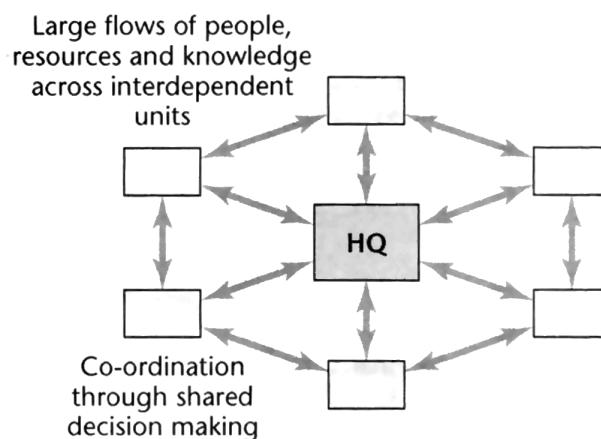


Fig. : The transnational firm: an integrated network

- It is the form in which affiliates have the 'highest organisational learning capability, particularly with regard to the diffusion of ideas'

- It offers a high degree of integration and coordination through a 'high diffusion of HRM innovations in a multilateral fashion'
- It is highly flexible because these firms are able to 'borrow ideas from three sources - local firms, parent company, or other affiliates'

### 2.6 LINKING HUMAN RESOURCE MANAGEMENT PRACTICES TO COMPETITIVE STRATEGY & ORGANISATION STRUCTURE

#### Q6. How to link human resource management practices to competitive strategy & organizational structure ?

*Ans :* (May-19, Imp.)

Much of the writing on multinationals assumes that a key source of competitive advantage can be their ability to transfer knowledge across their sites. The concepts of 'situated cognition' in particular and the 'embeddedness' of economic activity in general suggest that this process will rarely be straightforward, and in this section we consider a number of aspects of the activity of MNCs that are relevant to the discussion.

One issue of great importance is the way that the knowledge that key actors in the firm view as central to its competitive position shapes the way the firm expands over-seas. This idea is central to the Uppsala model of the growth of MNCs, the basic idea of which is that the internationalization of the firm is a gradual process that arises from a series of incremental decisions rather than a few grand leaps forward. Since firms lack the knowledge crucial to operating effectively in other business systems due to the 'psychic distance' between countries, they tend to enter new markets through a series of incremental steps that become less risky as the firm acquires new knowledge.

A related issue is the method of growth. Many instances of growth through investment in 'greenfield sites' appear to be motivated by a desire to transfer knowledge that already exists within the firm.

A subsequent issue concerns the nature of the structures within MNCs that are effective in encouraging knowledge transfer. As we saw much of the writing in this area centres on the idea of networks of 'multi-centred' firms.

In emphasizing the idea of networks, however, there is a danger that the difficulties in transferring knowledge are downplayed as integrating knowledge from dispersed networks may be more difficult than it seems. For example, appear to pay insufficient attention to the willingness of actors in different parts of the MNC to identify and share innovations from which other parts of the firm can benefit. One way that HR can try to inhibit networks in sub-sidiaries from becoming too locked into their local contexts regarding knowledge development, a key HR role to create special rewards for those groups. Typically this might involve linking the identification of valuable innovations to material rewards, such as bonuses, for individuals or group. Another way is to give individuals or groups responsibilities beyond their own operating unit, such as the status of 'internal consultant' However, rewarding individuals within networks, or the networks themselves, can have contradictory effects.

It is implicit in the foregoing that the significance of motivational factors relates primarily to explicit knowledge transfer since people can only be motivated to transfer (or withhold) that of which they are consciously aware. However, irrespective of the motivational issues arising from multi-centre networks of relatively independent (if not in some sense competing) units, there is the likelihood that they will also inhibit the transfer of tacit knowledge.

The implications for knowledge transfer in any context where independent teams are concerned is obvious: personal contact and shared experiences between individuals on different teams are essential to the transfer of tacit knowledge. Since no one can predict whether or not significant tacit knowledge will attach to some innovation until after the event (when other teams fail to replicate results) this suggests a need for a continual exchange of personnel between teams such as those formed by GlaxoSmithKline.

**Q7. Discuss the role of IHRM in cross-border strategic alliances and mergers and acquisitions.**

*Ans :*

Today, the MNC's are facing cut throat competition in the global marketplace. They are increasingly adopting different strategies and cultural choices such as cross border strategic alliances and Mergers and Acquisitions (M & As). Strategic alliances are nothing but inter-firm cooperative agreements whose purpose is to achieve strategic objectives and competitive advantage for its partners. Strategic alliances may be in the simple form or complex form. Contractual agreement is the simplest form of strategic alliance. It can be an agreement over marketing, licensing, promotion and distribution development and service. The most complex form of strategic alliance is a joint venture which may involve long-term establishment of a separate legal entity by which the alliance business is carried out.

Companies find it advantageous to opt for strategic alliances as it facilitates in dealing with high environmental uncertainty and increasingly changing innovations in technology. Thus, it enables companies to emphasize on their core competencies and to share the risk involved in new business with another party. However, it is important to note that the regular operations of alliance should comply with its common goals and set-objectives from the formation of alliance.

Strategic alliances are vulnerable to conflicts and inappropriate behaviours of individual partners because they are formed on the basis of interim-relationships with shared objectives and resource control. Moreover, one may find it difficult to measure the risks and outcomes linked with secret partner conduct, in efficient cooperation and asymmetric partner learning and benefits. Therefore, HR management should plan and manage alliances with individuals having sufficient competencies, skills and cross-cultural knowledge. At times, alliances may result in permanent form of partner resource combination when merging or acquisition takes place between partners to form a single legal entity.

MNCs are opting for 'Mergers and Acquisitions' as a growth strategy even though the number of cross-border M & A's are reduced due to recent global credit crisis. MNCs prefer to adopt a cross-border M & A when they plan to enter into new markets. This is because the MNCs can achieve high level of control and eliminate risks through cross-border M & A. However, some reports indicate that 83% of M & A transactions could not deliver shareholder value and 53% have destroyed value. From this report, it can be said that M & As are not always a right option as a growth strategy. MNCs are found to be unsuccessful in adapting their strategies to the environment of host country, thus leading to unprofitable acquisitions.

Irrespective of the disappointing outcomes of an M & A, MNCs have ignored the role of HR management in setting a successful integration. M & A can be successful through HR policies and practices. If the companies fail to give attention to HR management specially in the initial stages, then it may lead to emergence unfavorable outcomes. It is also observed that companies do not involve HR management until the M & A deal is announced. It is important for companies to involve HR management in overall strategy development, target examination, preparation of pre-deal contracts, integration planning, due diligence and employee communication with the company. The importance of integrating corporate cultures and retaining key employees is not visible on financial statements. Thus, it is essential to make early planning for a successful integration. For this, significant changes for two different cultures must be planned first and then the planning should be done for small changes for two similar cultures. Generally, investors show support towards the mergers in which the cultures are perceived to be compatible. They are doubtful about the cultures which reflect the styles of the top management teams and appear to be incompatible.

To ensure successful M & A integration, various other HR management strategies can be used. These strategies may include deliberate retention schemes, effective communication and appropriate techniques for aligning to labour regulations in a host country. The present global financial crisis makes the HR due diligence process

even more imperative because acquired companies may tend to cause more risk to the M & A. Target companies may try to hide the HR problems of the company to appear more marketable to buyers. HR due diligence may create more problems. Therefore, it is important for the acquiring company to check whether the financial weaknesses in the company is due to genuine workforce problems or if they have arisen due to sluggish economy. If it is the result of workforce problems such as low morale, critical skill deficits, then it will remain the same even if the economy picks up again. But, if it is due to sluggish economy, the weaknesses shall disappear after an economic recovery. Therefore, the contribution of HR management is very important to resolve all these issues.

### 2.7 PRADIGM SHIFT OF IHRM FROM CONTINGENCY MODEL TO PROCESS DEVELOPMENT

**Q8. "A shift of IHRM from link between strategy and structure to value-adding process is essential to optimize environmental responsiveness and competitive advantage". Discuss.**

*Ans :* (Imp.)

Earlier, the international HRM has made a considerable contribution to support MNC's competitive advantage and organizational structure. The emphasis of traditional IHRM on structure as a way of control and coordination is now being considered as insufficient to deliver the corporate 'glue' for the organizations operating at global level. A shift has been taken place from link between strategy and structure to value-adding processes which optimizes environmental responsiveness and competitive advantage such as transferring the knowledge and best practices and developing global leadership competencies. Let us discuss it in detail.

#### **I. Developing Global Leadership Competencies**

Developing the managers with effective leadership competencies is an important role of HR management. Because the managers working with people across countries are required to have

sufficient skills and competencies. Managers should have an idea of different cultures and the ways to manage people with different values and norms. However, the culture-specific leadership focusses more on the role of culture and also limits the leaders in their effectiveness to a particular country.

According to Hofstede, culture is not applied properly in research setting as there is no sufficient justification for expecting cultural difference and no model to recognize what all differences have to be expected. Moreover, there exists conflicting evidences on whether or not a host country workforce would opt for a leadership style adjusted to the host country. According to Selmes, the middle managers of Hong Kong opt for the American style more than the style of the local bosses. In contrast to this, a study of comparative leadership in European contexts, conducted by Surtari indicates that most of the expatriates had to adapt their leadership styles due to identified cross-cultural differences. This would help them to successfully manage host country workforce. Therefore, it is difficult to get accurate outcomes of using different types of leadership styles in cross-cultural environments. Besides this, the company may have to spend more money and time to develop effective managers who can manage different Host Country Workforce (HCWs) in all the markets.

Today, the consumers of global market expect the companies to offer comparatively similar products and services. To meet the demands of customers, a different style of leadership is required. Hence, the managers should focus on HCW in a particular market and should also learn to communicate effectively with people belonging to different cultures and should develop global strategic skills. To deal with these challenges, new cross-cultural leadership competencies are required. The leaders working at global level should have the behaviour and attributes such as honesty, motivation, dynamic, decisive etc. MNC's should form the team of leaders who are capable of effectively managing the complexity of global business environment.



## II. Encouraging the Transfer of Knowledge and Best Practices

It is essential for the MNCs to shift managers from one place to another place to encourage the transfer of knowledge and best practices. If they do not do so, they will lose out an important knowledge resource within the organization i.e., the individual and tacit know how of employees. However, most of the companies are not benefitting from the internal knowledge.

For instance, the culture of East-Asia doesn't encourage sharing of formal knowledge but Western do encourage it as observed in the case of the global consulting firm accenture, the origin of which is in the US. Due to a different cultural view of East-Asia towards knowledge and existing language differences, there is a biased knowledge contributions within accenture towards the American offices. This shows the critical 'knowing-doing' gap problem. Although accenture focuses more on global database system called the Knowledge Exchange (KX), the personal networks and person-to-person contacts are more significant in sharing knowledge, carrying out business and know how in high context countries like East-Asia. This focus indicates that how traditional cultures focus on social cohesion, interactive relationships and a team-oriented mentality.

A more personalized system helps in the flow of tacit knowledge than a codification based system as that of accenture KX system. The major problem with the accenture is that it often doesn't send expatriates to operate and manage its other subsidiaries and it rather uses many local managers. This is because the company has a global competitive strategy which requires high cost. Apart from this, the company doesn't allow the US managers to work with local managers through interactive relationships and to learn about best practices. Thus, these valuable best practices are not much effective in US dominated official KX system.

To ensure the transfer of core competencies within the organization, MNCs are required to adopt a top-down approach. MNCs should set up an organizational structure that facilitates in sharing

important knowledge among various MNC units. They should also establish a corporate culture which helps in exchange of best practices. The MNCs that give more value of HR management and make more investment in it, can become more successful in facilitating learning, skill acquisition and accumulation of intangible knowledge assets. HR management has a great role to play in identifying the skills and knowledge of each manager.

To encourage knowledge sharing and transfer, MNC's should provide rewards like monetary bonus and employees should be given recognition for generating new ideas and sharing it. The employees will have more knowledge if they are motivated and encouraged in an appropriate way. Therefore, the HR management is responsible for setting up such compensation and reward systems.

## Short Question and Answers

### 1. Define knowledge transfer.

*Ans :*

#### Knowledge Transfer

Knowledge transfer has been defined as the 'process through which one unit (e.g. group, department or division) is affected by the experience of another', particularly when this brings about measurable changes in the receiving unit. Since knowledge itself is difficult to measure, a change in performance is often taken as a proxy measure for a change in knowledge. If 'knowledge transfer' is the process of transferring knowledge between a unit that possesses it and one that does not, the way knowledge is treated will have important consequences for our understanding and treatment of this process.

Human knowledge includes both explicit and tacit knowledge. Social knowledge concerns relationships between individuals and groups, and is largely tacit, such as cultural norms. Structured knowledge, on the other hand, concerns organizational processes, routines and rules, and is largely explicit.

Knowledge is also described as being 'embedded' in repositories', which can take a number of forms. These repositories can range from characteristics of the work-place or organization, such as established organizational practices, the corporate culture, documents and the physical structure of the workplace.

### 2. Technical Training

*Ans :*

Most of the MNCs select the expatriates, mostly based on the technical skill background to perform the new job successfully. In fact almost all of the expatriate employees were best performers in their previous jobs. As such, most of the expatriates feel comfortable technically during the

early days of their overseas assignments. But, they feel uncomfortable, on the job, when there would be significant shifts in technology in the long-run.

Most of the host country nationals need technical training as most of them join various MNCs without required technical skills. In addition, host country nationals need to upgrade their technical skills along with the expatriates who take up assignments on long-run basis. Thus, MNCs provide technical training to the host country nationals and to the expatriates who take-up long-run assignments as and when there would be technological developments.

### 3. Functional Training

*Ans :*

Expatriates are employed in functional jobs like accountants, lawyers, lecturers, professors, production specialists, managers and sales personnel whenever and wherever there is shortage for such professions. Expatriates normally possess required functional skills before joining the MNC. But, such skills may not exactly suit to the functional job requirements. MNCs need to train the expatriates to provide such skills in order to plug such gaps. In addition, expatriates work on long-term basis need training at a latter stage as and when there would be changes in organizational structure, systems and procedures.

### 4. Integrative Training

*Ans :*

Integrative training is provided in order to integrate the expatriate with the host country culture as well as organizational culture and culture of other expatriates those work in/join the same subsidiary. This training is essential as new expatriates with different cultures arrive and the employee deeply involve in the work culture as well as with the personal and private lives of other employees that affect their work as well as performance.

## 5. Language Training

*Ans :*

Language plays a predominant role in international business. Though 'English' language is widely used in international business transactions, most of the stakeholders like customers, marketing intermediaries may not communicate in 'English' language even in some of the 'English' speaking countries like India, Malaysia and Papua New Guinea.

### Why Language Training

Language training is essential due to the following reasons :

- Use of 'English' language for business transactions by MNCs in most part of the world.
- Following of various languages other than 'English' by customers, marketing intermediaries and suppliers of various inputs even in 'English' speaking countries.
- Following of different languages, other than 'English' in some countries like France, Germany, Italy and Arab countries.
- Use of different technical terminology/ jargon among the countries speaking the same language.

## 6. The Classical Approach

*Ans :*

In Classical Approach strategy making as a considered and rational process geared solely towards maximizing profits. From this perspective, it is assumed that senior managers systematically scour their environment, analyse the resulting information, design clear courses of action and implement these in a consistent way.

The classical approach is surely too simplistic. It sees managers as omniscient, able to develop a clear understanding of their environment. In the international context there will be many aspects of

social and economic life across countries about which even very senior managers are unaware or which they misunderstand.

## 7. The Systematic Approach

*Ans :*

The systemic approach to strategy is less pessimistic than processualists about management's capacity to carry out plans and much more optimistic than evolutionists about the ability of firms to survive with a sub-optimal strategy. For this school, the structural context of the firm strongly shapes the nature of strategy; the objectives and practices of strategy are viewed as dependent on the particular social system in which strategy making takes place. An important contribution of the systemic perspective is to stress differences between countries in corporate strategies; if the social and economic systems differ from country to country, so too will the process and outcomes of strategies.

One criticism of the systemic school, which is consistent with the processual perspective, is that divergences of interest within organizations do not receive enough weight. While the approach appears to be strong in its ability to account for national differences, it says less about conflicts of interest within organizations. As noted above, the extent to which organizational actors have divergent aims and priorities is likely to be greatest within multinational firms.

## 8. Developing Global Leadership Competencies

*Ans :*

Developing the managers with effective leadership competencies is an important role of HR management. Because the managers working with people across countries are required to have sufficient skills and competencies. Managers should have an idea of different cultures and the ways to manage people with different values and norms. However, the culture-specific leadership focusses more on the role of culture and also limits the leaders in their effectiveness to a particular country.

According to Hofstede, culture is not applied properly in research setting as there is no sufficient justification for expecting cultural difference and no model to recognize what all differences have to be expected. Moreover, there exists conflicting evidences on whether or not a host country workforce would opt for a leadership style adjusted to the host country. According to Selmes, the middle managers of Hong Kong opt for the American style more than the style of the local bosses. In contrast to this, a study of comparative leadership in European contexts, conducted by Surtari indicates that most of the expatriates had to adapt their leadership styles due to identified cross-cultural differences. This would help them to successfully manage host country workforce. Therefore, it is difficult to get accurate outcomes of using different types of leadership styles in cross-cultural environments. Besides this, the company may have to spend more money and time to develop effective managers who can manage different Host Country Workforce (HCWs) in all the markets.

Rahul Publications

## UNIT III

**Global Human Resource Planning** – From strategy to Decision about work Demand and labour supply External Environment Scanning- Job Design for Meeting global Strategy work demand HR planning for the Long term-  
**Global Staffing:** General Actors Affecting Global Staffing-Global Recruitment of Human Resources-Global selection of Human Resources.

### 3.1 STRATEGY TO DECISION ABOUT WORK DEMAND

#### Q1. Define HR Planning. Discuss Global HR planning and its issues ?

*Ans :*

##### HR Planning

According to Coleman Bruce, "Manpower Planning is the process of determining manpower requirements and the means for meeting these requirements in order to carry out the integrated plans of the organisation".

##### Global HR Planning

Human Resources Planning (HRP) is the first step in staffing. It is considered as the process of forecasting the future demand of international organization. The main objective of HR planning is to develop the organisation that will always have right people, in the right numbers and at the right positions. The process of human resources planning is closely linked to the MNC's business plan.

Organization planning involves managerial activities that develop the objectives of the company for the future purpose and also determine the proper ways to achieve the set objective. In this regards, HR planning helps in realisation of the objectives of organisation by providing the right people in the right numbers. An organisation can effectively meet its objectives by having an effective human resource plan. It can achieve global advantage by balancing high cost resources in a specific country with lower cost resource in another

country without having any compromise on competency and skills.

In international business, HR planning plays a vital role by assuming greater responsibility of efficient utilization of human resources. However, it is quite difficult to implement HRP procedures in some host countries. The need for HR planning is low in the cultures where people are perceived as being subjugated to nature. In the similar way, some societies which are oriented towards present trends would not give much importance to long-term planning. Societies orienting towards past are often found to focus on historical data and the use of this data in estimating the needs of future HRM. These type of organisation can operate only in stable environments. However, they cannot perform well in highly dynamic factors.

##### Issues in Global HRP

The key issues involved in international HR planning are,

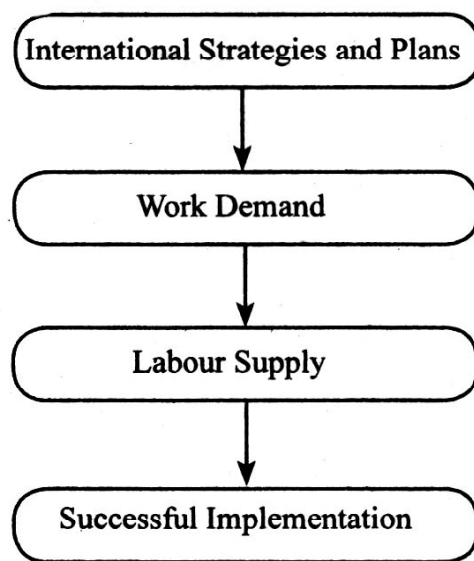
1. Early identification of the high-level management's potential.
2. Identification of critical success factors for future global managers.
3. Providing development opportunities.
4. Maintaining commitment to employees in their career goals at international level.
5. Linking strategic business planning to HRP.
6. Managing several business units while achieving global and regional strategies.

**Q2. Briefly explain logical flow from strategy to decision about work demand & labour supply.**

*Ans :*

(May-19, Imp.)

International HR planning plays an important role in implementation stage in deciding what types of human work and tasks should be performed and who will do this work. The what element in this HR planning might be regarded as work demand, it results in decisions relating to work firm and design like classification of business performance plans and objectives into a particular organized and combined tasks, responsibilities and jobs for individuals to carryout. The who element in this HR planning for strategy implementation consists of several various types of decisions regarding suitable human resource supply or labour with particular talent to convey the recognized work demand. The following figure shows the global HR planning.



**Figure: International HR Planning**

As seen in the above figure, it is essential to consider that the actual work demand recognized in international HR planning must be directed and is on the basis of global business strategies and plans of the organization and the labor supply must be on the basis of identified (short-term) and predicted (long-term) work demand. In successful international HR planning, there must be a logical flow from strategy to work demand to labour supply in which every step should be compatible and reactive to the before step. For instance, business expansion strategy from Chicago to Argentina must not include work demand which evaluates European markets or try to carryout lonely with the help of Chicago headquarters employees (Labour Supply) which are totally unaware of Spanish. Nor they must handle assignments which contains multinational virtual teams untill there is a clear link with the firm's strategy and solid evidence in which a team design is a feasible method to convey work demand.

The strategy of the organization will control what the organization wisher to do and what the organization wishes to become like in terms of internal strategic ability and competence. But the concern is regarding the organization work converted from short-term and long-term strategic objectives and decisions relating to human resources which will allows the organization to satisfy work demand must not be done without accurate scanning and evaluation of external environment that will affect decisions of work demand and labour supply.

### 3.2 LABOUR SUPPLY EXTERNAL ENVIRONMENT SCANNING

**Q3. Write about External Environmental factors to be observed by Global HR Planning Manager in labour supply ?**

*Ans :*

Though the countries can produce all kinds of products as well as render all varieties of services had they selected the self-dependency policy towards their economic development? In fact, most of the countries used to follow self-dependency economic policy before the World War II and some of the countries like India and China followed this policy up to the late 1970s. Later, the countries have selected self-reliance policy towards economic development before liberalizing their economies. Currently, most of the countries are interdependent as the national political and geographical boundaries are erased for business consequent upon globalization of their economies.

Countries today specialize in producing those products or rendering those services in which they have competitive advantage in terms of cost, quality and innovation in view of globalization of business. Consequently, the exports and imports of various countries have augmented by more than 20 times between 1950 and 2007 that led to the fast growth of some countries like China, India and Brazil. Fast growth of certain countries led to the shift in the businesses from one country to another country.

The issues of global division of labour can be discussed in the following lines :

- ▶ New World order;
- ▶ Professional categories;
- ▶ Future implications for HR supply.

#### **New World Order**

According to Reich, the future objectives of domestic and multinational companies are to satisfy market demand and earn profits. Multinational companies (MNCs) save costs significantly by moving manufacturing facilities to other countries

where the cost of human resources as well as other resources is comparatively less. It provides greater value to the consumer, jobs in the new country, income to the host country governments as well as new social structure in those countries in addition to contributing to the strategies and goals of MNCs.

#### **Professional Categories**

According to Reich, three professional categories would account for 75% of the future human resource, the remaining 25% being the agriculture labour and public sector employees.

##### **1. Routine Production Services:**

Jobs under these categories include assembly line works, supervisory and foremen jobs, performed by traditional factory workers, low and middle level line managers, clerical supervisors, and section-chiefs. These jobs involve repetitive checks on supervision on subordinates' work and enforcement of standards. This type of jobs would be less significant and also be eroded due to computerization of manufacturing.

##### **2. In-person Services:**

These jobs require little training and beyond that they would be like routine production service jobs. These jobs include: sales persons, customer care specialists, beauticians, receptionists, and production co-ordinators. The persons holding these jobs need to work physically close to the customer. Therefore, these employees have to locate in the locations of customers. In other words, these jobs can be shifted to those countries, where customers live.

##### **3. Symbolic-analytic Services:**

Jobs of this category require the problem identification skills, problem solving skills, leadership skills, decision-making, managerial, creative and innovative skills. Some of the jobs of this category include: scientists, research personnel, engineers, consultants, managers, teachers, architects, musicians, film-makers and journalists, doctors and

pharmacists. These jobs are professions and they need professional education, continuous training, and up-gradation. In addition, these jobs require at least a university degree and vocational training. These employees would add the value to the product or service and therefore benefit to the maximum level out of the economic development of the world economies.

### Future Implications for HR Supply

Analysis of these factors indicates that the routine production and service workers are available in all countries, but they are available at cheaper price in developing countries. In-person service employees are also available in all countries, but location of services can't be shifted to developing countries, where cheap labour is available. However, labour from developing countries can be attracted to advanced countries to replace the high cost domestic labour.

Therefore MNCs can benefit by (i) locating manufacturing facilities in low cost labour countries, other factors being more or less equal, (ii) drawing cheap labour to advanced countries in case of 'in-person' services and (iii) either drawing 'symbolic analysts' to the country of their operations and/or make use of their services with help of information technology.

### 3.3 JOB DESIGN FOR MEETING GLOBAL STRATEGY WORK DEMAND

**Q4. Explain in detail, how you design Job for meeting Global Strategy work demand .**

*Ans :* (Sep.-20, Imp.)

The next design function in human resource management is job design and analysis. Traditionally jobs were designed based on engineering approach and later based on the humanistic and job

characteristic approaches. These approaches led to narrow job design, which did not fit in the framework of post-globalisation business strategies. Consequently companies started designing the jobs based on job bandwidth, which is based on employee multi-skills and empowerment, and horizontal reinforces. Further, some companies found that team design rather than job design has appropriate fit to the post-globalisation business strategies, resulting in de-jobbing.

Team design and de-jobbing consequent upon employee multi-skills lead to surplus of workforce and thereby resulted in retrenchment, flexible work and work sharing barring the traditional formal communication channels and lines of command. Employees learnt how to adapt they to these shifts in job design due to fear of loss of job or cut in compensation package. In addition, organizations also provided training and facilitation programmes and enabled the employees in acquiring multi-skills and to cope up with the new demands of competitive and challenging strategies.

Dr. Reddy's laboratories in India before introducing business process reengineering in 1998 indicated the possible consequences and demands on employees and enabled them individually to cope-up to the new demands. All the employees geared up to the human resource requirements of the business process reengineering like teamwork, multi-skills, flexible work, work-sharing etc. The organization could implement the business process reengineering with no difficulty from the employees side. Thus, team design emerged and replaced job design.

Some Indian organizations like State Bank of India and Life Insurance Corporation of India formulated the retrenchment strategies like transformation through computerization before globalisation. Trade unions did not allow the managements to implement the strategy through various techniques of industrial conflicts. (Business Today, 1984:16). However, these organizations



could implement these strategies smoothly after globalisation that resulted in massive shifts from job design, job description and job specification to team design and structure. In addition, broad- banding replaced narrow jobs and team design replaced job design altogether. Consequently some of the employees were retrenched through voluntary retirement scheme and other employees were trained and redeployed. Thus, these organizations could implement the strategy and redesigned the jobs into teams as the globalisation process made the trade unions and other actors of industrial relations defunct, by upholding the organizational interest.

Change in the job design is quite normal in the software industry and the young employees in this industry do automatically change their mindset and skills depending upon the skill requirements owing to the threat of loss of job or lower salary. In fact, software industry emerged mostly after globalisation and it is a non-union industry. Thus globalisation resulted in significant shifts in job design to de-jobbing, multi-skilling, teams and employee empowerment.

**Q5. What are the major factors influencing global work design ?**

*Ans :*

**Factors Influencing Global Work Design**

The following are the major factors influencing global work design,

**1. Cultural Adaptation Considerations in Work Design**

In several other areas which includes workplace implementation in global business, the characteristics of local culture should be taken into consideration in the effective design of work. Eventhough, usual tasks and responsibilities for same jobs is recognise from central corporate headquarters, their particular working conditions and planning in their foreign location must be evaluated carefully inorder to assure a good fit with local norms and expectations of culture.

**2. Regulatory Influence on Work Design**

Various governments may have limits regarding how work is arranged and performed. Specifically, they might define how work is designed for breaks for rest and prayer time or how many hours a business will open in a day. The governments also defined how many hours in a week employees can work and offered limits on the usage of overtime work arrangements. The governments may also vary in concerning whether they have or compel regulations on the work design which assures safety of an employee.

**3. Labour Market Skill Levels**

Based on the presence of levels of skills and knowledge in the labour force, jobs are created with more or less technical difficulty which needs more or less attentive control. Although, the labour force obtain greater level of skills and knowledge, the jobs are created to involve greater level of difficulty and technology with several tasks are included for every job.

**4. Available Technology and Infrastructure**

Work design should be considered like factors as the availability and growth of technology in both local area of business operations and the local infrastructure supporting business. If there is unavailability of technology, then design a work in a simple way to maintain simple tasks. If the suitable thechnology is present but it may not be helpful if it shortages the required supportive infrastructure.

**5. Personal Accommodation Needs**

Besides, the requirement to accommodate the design of jobs to fit the cultural and skill level needs of employees, individual employees might come across unique situations which may affect the design of their work, specifically where there is availability of present technologies to support the flexible accommodation.

### 3.4 HR PLANNING FOR LONG TERM

**Q6. What are the various trends & conditions that must examine by HR planning in organizations long term survival & competitives**

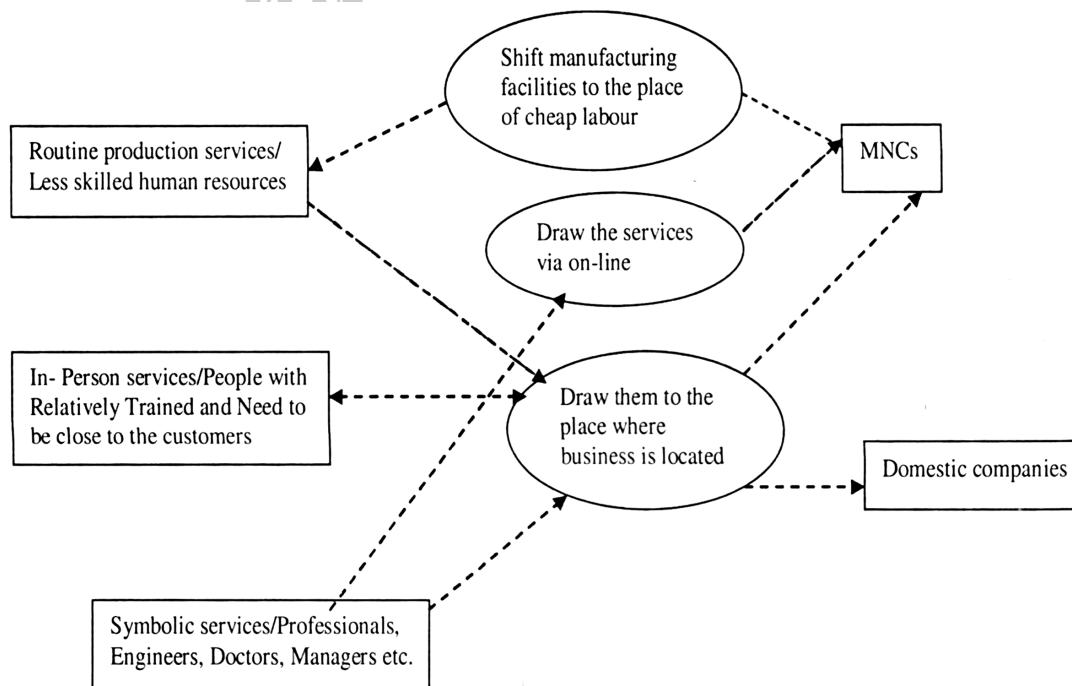
*Ans :*

(Sep.-20, May-19, Imp.)

Human resource planning from international human resource management point of view is rather difficult and complex compared to that of domestic human resource management. This is due to the fact that international human resource planning should consider a number of additional issues like language, culture, spouse and family adaptability in addition to job skills, talents and knowledge requirement.

MNCs have to consider not only the current job and country requirements, but also the future assignments in various other countries where the MNC is currently operating and/or propose to operate in future. In addition, MNCs should also consider the possible alliances like joint ventures, mergers and amalgamations where human element is also a pivotal factor, in their human resource planning. Added to this the international business environment is relatively volatile compared to domestic business environment. Therefore, its influences on MNCs, sometimes, are beyond comprehension and prediction. Thus, the human resource demands/ requirements of MNCs are complex and consequently the human resource planning process of MNCs is rather critical.

In addition, forecasting the supply of human resources in international market is also critical compared to domestic labour market due to the problems in collection of human resources data across the world. Further, international labour market is highly dynamic due to the variations in quantity and quality of human resources available in various countries at different times, levels of human resource participation in employment in different countries, the quality and extent of educational facilities available for different segments of population in various countries and occupational and industrial structure of employment in various countries. For example, Indians work in the USA as software professionals and medical doctors while various foreigners including Americans have preferred to work in India.



**3.5 GLOBAL STAFFING**

**Q7. Define Global staffing. Explain the steps involved in Global Staffing.**

*Ans :*

**Staffing**

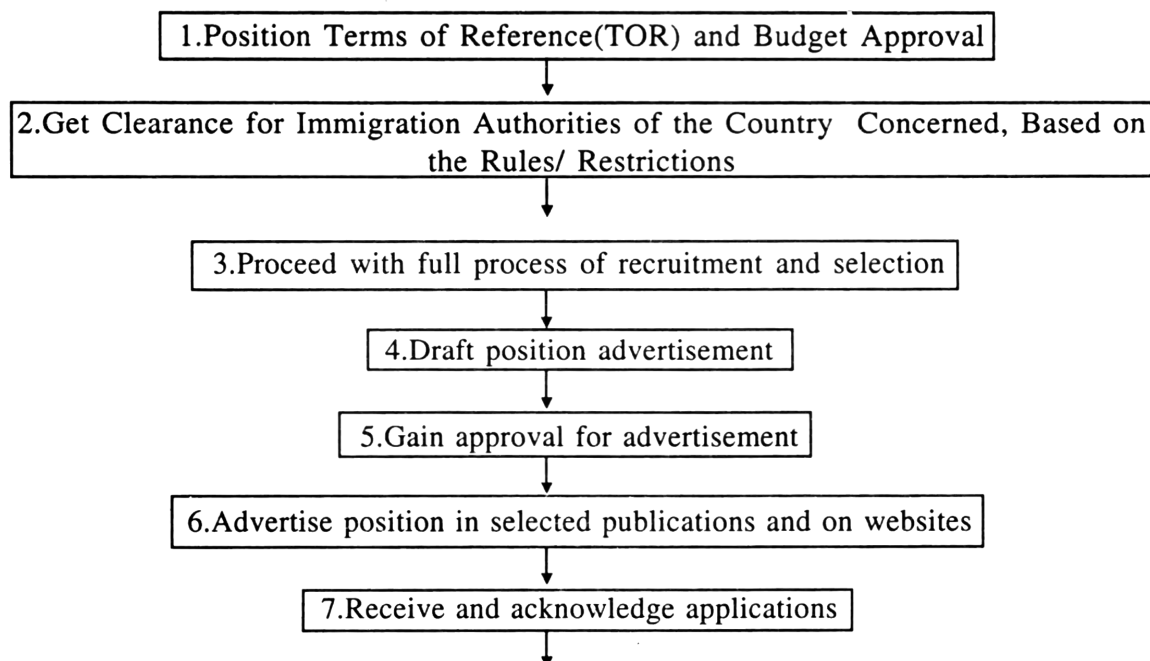
Staffing refers to filling of various positions in the organization by identifying the workforce required, conducting recruitment, selection, placement, promotion, training and development as to attain the set of goals effectively.

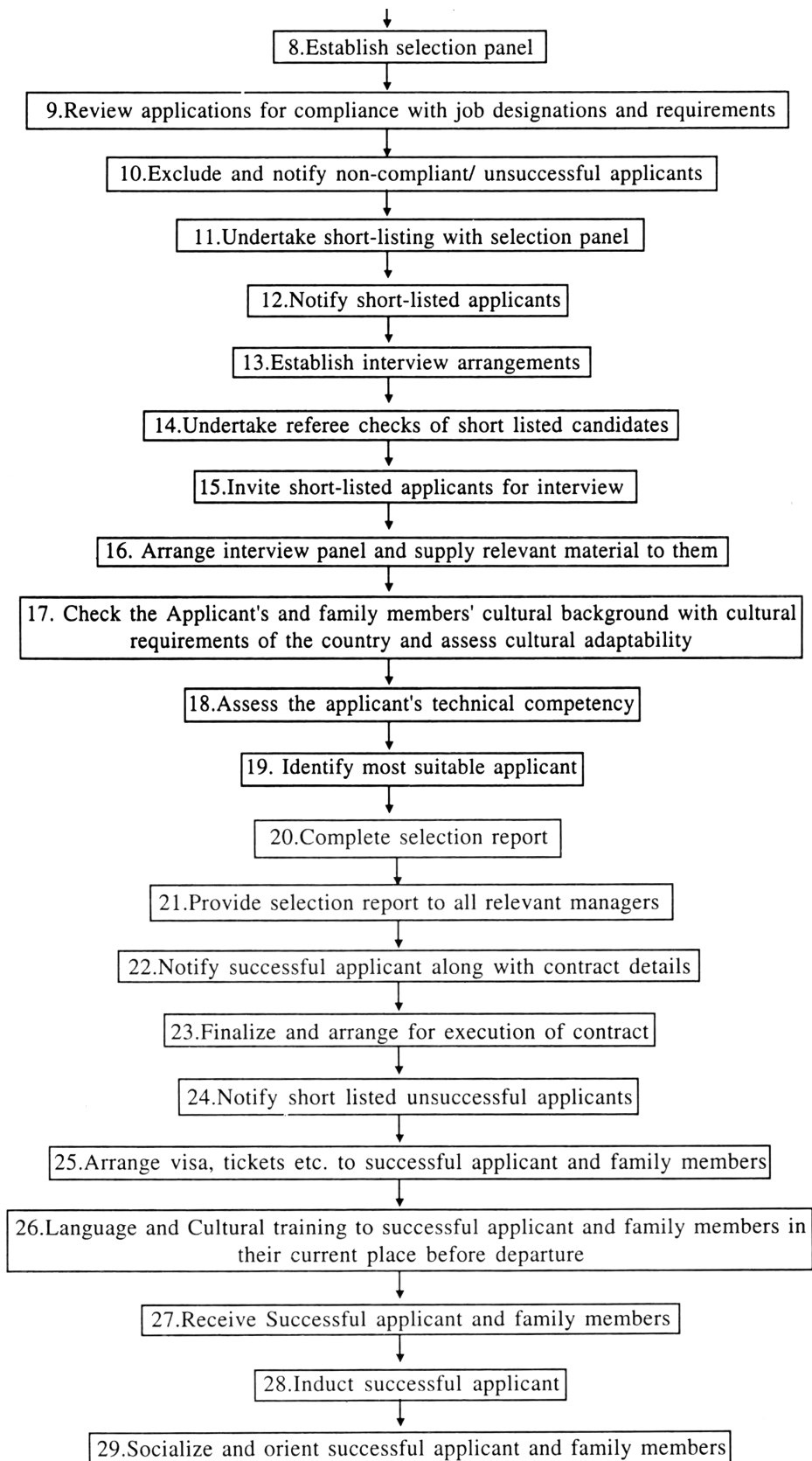
Staffing involves filling vacant positions with qualified individuals in a systematic manner from inside or outside the MNC. An organization can attract qualified individuals and keep the workplace adequately staffed, if the function of HR planning carries out careful assessment of external labor market conditions, government actions and overall reward system of the organizational.

Bringing new people into the company, is not the only function of staffing. Staffing involves many activities i.e., moving employees into organization, managing them inside organization and moving them out of the organization to meet the objectives of organization and satisfy work demand. The function of staffing takes into account how to retain best employees and how to stop them from leaving the organization before time. Thus, staffing is all about taking decisions of employee deployment and movement, carrying out activities such as recruitment, selection, promotions, transfers, firing, layoffs and retirement and influencing the total compensation package and reward system to attract and retain the employee.

**Global Staffing**

Though the recruitment and selection variables in MNCs vary compared to that of domestic companies, the basic selection procedure set for domestic companies with certain modifications can be followed in MNCs. Staffing process in MNCs as well as domestic companies employing expatriates would be as follows :





### 3.6 GENERAL FACTORS AFFECTING GLOBAL STAFFING

**Q8. Discuss the General Factors / Issues affecting global staffing.**

*Ans :*

(May-19, Imp.)

#### Issues in supply of international Human Resources

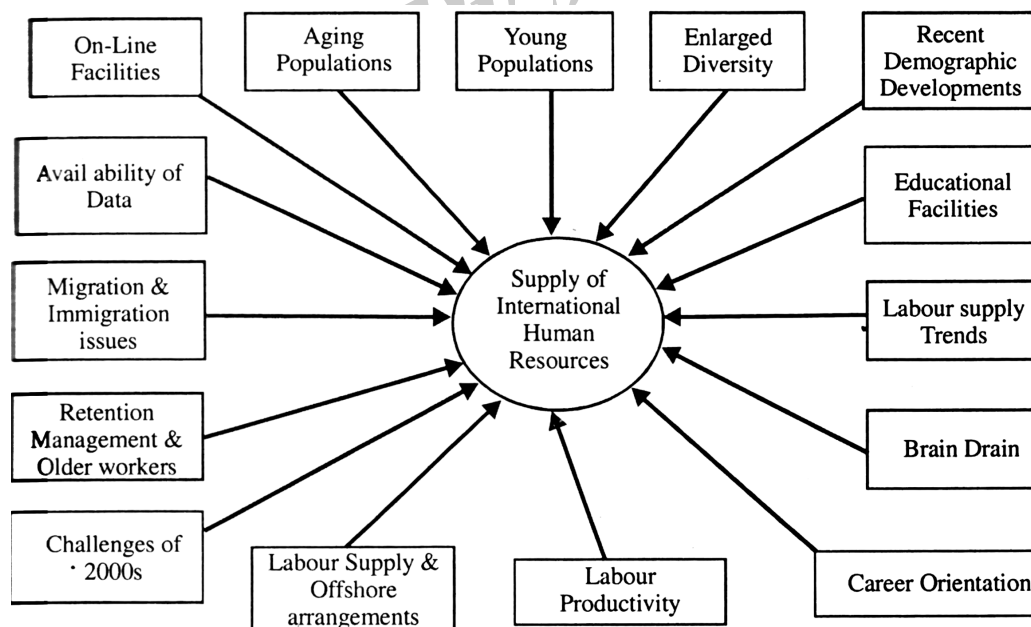
A number of issues are involved in the supply of human resources from international labour market. These are :

- Availability of data
- Aging population
- Young population

#### 1. Availability of Data

Availability of data-category-wise, qualification-wise, experience-wise, skill-wise and family details-wise would help MNCs to plan for their human resources as well as source the people. But, availability of detailed data even from advanced countries is a significant limitation. This problem is more acute in case of most of the developing countries.

In addition, data regarding human resource participation rates, levels of, quality and program-wise educational facilities and output, availability of skills training, opportunities for gaining experience like employment in existing companies would further help MNCs to plan for human resources accurately.



#### 2. Aging Population and Labour Shortage

Population aging is constituted by a shift in the distribution of a country's population towards greater ages. An increase in the population's mean or median age, mean a decline in the fraction of the population composed of children, or a rise in the fraction of elderly people.

Aging population has been increasing in many advanced countries as well as in some developing countries where advanced medical and health facilities are available. In addition, the baby-boom generation (people born in the 20-year period after World War-II) in some countries like the USA, the UK and Australia continues to age. Added to this, the reduced birth rates in advanced countries and some developing countries like India and China affect the supply of labour force.

### **Recent Demographic Developments**

The significant development during 1970s and 1980s was entry of baby boom workers into the labour market. Many workers could not find jobs during this period. In addition, sharp increase in workforce associated with the entry of baby boomers resulted in wage reduction during this period.

### **Labour Supply Trends**

The baby bust did not and will not cause labour shortage. But the growth of labour force after 2010 would be less than that of 1990s. However, the mobility of labour force from various developing countries to advanced countries particularly, the USA, the UK and Australia which are affected by 'baby boom', would offset the issue of slow growth of labour after 2010. In addition, it is projected that the labour force of advanced countries would be ageing. The labour force over 65 years of age in the USA accounted for 13% in 2000 and according to projections it would be 17% in 2010 and 20% by 2050.

The increasing medical and health facilities, increasing health awareness and conscious of people particularly in advanced countries and some of the developing countries like India enable the older people beyond the age 65 fit for work. In fact, the private sector would employ the people based on the fitness rather than based on age. Some of the governments in the world are contemplating to hike the retirement age. The increase in older employees in the labour force would enlarge the labour force base.

Therefore, the willingness and achievement motivation of older employees, preference of the private sector to employ older people as they are strong in judgment, emotional and decision making skills and willingness of the governments to increase the retirement age would result in the growth of labour force, even though some of the studies projected labour shortage by 2050.

### **Labour Productivity, Surplus of Labour and Job Cuts**

The growth of world economies at a faster rate due to globalization, strides in technology, particularly in information technology and significant growth in demand for products and services consequent upon rise in incomes; need more labour force than before. In fact, the future business need the labour force with higher formal education and competent skills, as the work is becoming more intellectual and less of physical due to the impact of technology.

### **Labour Supply and Off Shore Arrangements**

The conditions of constant or decline in labour supply coupled with growth in demand for labour in domestic country would result in increase in wage levels as well as acute labour shortage. But, the mode of current phase of globalization process, in recent times, proved that certain business activities which would need large number of employees could be outsourced to the countries where skilled and cheap labour is available. Thus, labour shortage situations of high growth economies could be offset by the labour surplus situations of other countries.

### **Overall Labour Supply Situation for the Future**

When we assess the overall situation of labour, we should take a comprehensive situation of the entire world as labour and/or business operations are mobile throughout the world. In fact, MNCs already practise the strategies of locating various operations in different countries based on the availability of skilled labour at low wages. Other factors, that should be considered are abilities of the older workers to work, growing education and training facilities, career orientation of women, globalization, strides in technology particularly

information technology, logistics and manufacturing technology and growing productivity levels. The demographic factors of the entire world, rather than a country need to be considered as the labour is easily and highly mobile. For example, though some of the European Union countries are experiencing declining birth rates, they are virtually caught in the midst of unemployment due to inflow of cheap labour from other European countries of the European Union.

### **Retention Management and Older Workers**

Two major issues were indicated in the earlier discussion viz., competencies and abilities of the older workers to work beyond 60 years of age and retention management of companies due to scarcity of competent human resources. One may argue that the companies can think of retaining the older workers. But it is difficult to conclude as older workers are costly in terms of salary, and old age associated costs like health and companionship and the absence of certain traits in older workers like dynamism and physical endurance. However, some of the older workers are ready to take up post-retirement jobs at salary significantly less than that of their pre-retirement job and they are with vigor, determination, achievement motivation, and competitive spirit to win over their young counterparts.

### **3. Young Population, Labour Surplus and Associated Challenges**

Most of the advanced countries like the USA, Germany and Japan are faced with the problem of aged population. Nearly 30% of their populations are over the age of 60 causing the talent shortage. This situation would remain until 2050. Therefore, these countries have to source the human resources from other countries.

The situation in developing countries particularly in India is different. Just over 7% of Indians are over the age of 60. This percentage will increase only to 12% by 2032. Indians will continue to be young and will see a swelling human resource of scientific, technical and professional talent.

However, the rate of business growth in India outstripped the supply of talented human resources. Therefore, Indian businesses are faced with the daunting task of attracting, retaining and developing the people in a very competitive environment.

**Skill Levels :** Though the developing countries would have surplus labour force, most of such labour force would possess less skills due to poor educational and training facilities in these countries, less affordability of the people for qualitative education and inadequate demand for skilled manpower from the domestic business.

**Associated Labour Costs:** Sourcing labour from developing countries either by locating operations in developing countries or by attracting labour force from developing countries to advanced countries, is associated with a number of other costs in addition to salary. These costs include cost of steps to prevent theft and deceitful resumes, in addition, cost of overstaffing and cost of nepotism.

### **Enlarged Cultural Diversity**

As discussed in earlier chapters, employing foreign nationals from different countries result in enlarged cultural diversity as employees are drawn from different nations, races ethnic groups, age groups, gender cohorts, people belong to disadvantaged groups and advantaged groups, educational background, religions and different marital and family status. These diversities force the MNCs to manage cultural diversity in order to get maximum from employees and reduce interpersonal conflicts and dysfunctional conflicts at work place that would be caused by cultural diversity.

### **Migration and Immigration Issues**

Attracting international human resources need MNCs to deal with migration and immigration issues. In fact, people across the world migrate to other countries due to various pushing and pulling factors. Pushing factors include lack of suitable job at the home country, civil unrest, inappropriate government policies, nepotism, lack of proper educational facilities at the home country and the like. Pulling factors include attractive jobs in foreign countries, stable political environment, wider opportunities for merit, talent and performance,

business opportunities in foreign countries and the like. In fact, the recent phase of globalisation aims at free movement of human resources across the countries

### Brain Drain

The mobility of labour force from developing countries to advanced countries results in 'brain drain' in the former. In fact, developing countries invest heavily in such people in the form of education and train and develop the country's human capital. For example, Government of India invests about Rs. 3 million in each medical graduate who studied in government colleges/ aided colleges/ universities. But, such human capital is lured by advanced countries by higher salaries. It does mean that advanced countries reap the fruits of human capital developed by developing countries without investing in it.

### Fast Growing Educational Facilities

Educational facilities have been growing fast along with globalization and also due to the fact that education is no more treated as a pure free service. Most of the Universities world wide started most applied programs and offering them under payment mode and made them available in almost all commercial centres i.e., wherever the students with ability to pay for the service are available. In addition, various governments and aid agencies also support the spread of the educational facilities among developing countries.

### Growth in Career Orientation

Youth in most of the countries particularly in the fast growing economies like China and India have started concentrating on the career rather than other aspects of life like leisure, rest and enjoyment. In addition, the career orientation has shifted from the domestic career to international career.

### On-line Facilities

The wide-spread growth On-line facilities enabled various organizations to provide information to the

needy within no time. Therefore, information on international job and career opportunities are now available for the aspirants. In addition, the information also creates awareness and inspires the prospective employees to look for foreign jobs.

### IMPLICATIONS

So far, we have discussed the macro aspects of human resource planning. These macro aspects provide a glimpse of human resource supply trends in international business. The other vital factor of human resource planning is the demand side. The demand aspect of human resource planning comes from the future human resource requirements of multinational companies and future requirements of foreigners of domestic organization.

## 3.7 GLOBAL RECRUITMENT OF HUMAN RESOURCES

### 3.7.1 Recruitment

**Q9. Define Global Recruitment and over view the two levels of Global recruitment ?**

*Ans :*

Recruitment sources from the international human resource management (IHRM) point of view can be studied under two levels viz., (i) macro level i.e., the country from which the human resources are sourced and (ii) micro level i.e., the institutional sources within a country from which human resources are sourced.

Organizations involved in international human resource management are basically two types viz., (i) multinational companies and (ii) domestic companies. These companies search for prospective employees both from within the country of operation and outside the country. They source certain categories of prospective employees internationally, if they fail to procure them in the country of operation. Thus, these companies are involved in international human resource management and thus, recruit nationals and expatriates.



Recruitment sources at macro level include: ethnocentric approach/PCNs,, polycentric, regiocentric and geocentric.

Under Ethnocentric approach, MNCs prefer PCNs to fill the job vacancies.

### Recruitment sources at Macro Level

Recruitment sources at macro level are of four categories viz., ethnocentric, polycentric, regiocentric and geocentric.

### Micro-Level sources include:

Subsidiaries, Parent Companies, ampus Recruitment, Private Employment Agencies/ Consultants, Professional Associations, Data Banks, and Internships.

### 3.7.2 Recruitment Sources at Macro Level

#### Q10. Describe Ethnocentric Approach as Recruitment Sources at Macro Level.

*Ans :*

Under ethnocentric approach MNCs at their headquarters formulate mission, objectives strategies, product design etc., and also make important decisions for the subsidiaries and expect the subsidiaries to implement them and report back to all functional/line managers at headquarters level.

Multinational companies which are more particular of home country, implement the policies, strategies, systems and management styles of Headquarters/Parent Company in their subsidiaries. They view that the policies, systems etc., that work at parent company will also work at subsidiaries. Therefore, it sources the human resources for subsidiaries from the parent country nationals. This approach was widely followed by Procter and Gamble, Philips, Matsushita, Toyota etc. When Philips filled the important vacancies by Dutch nationals, non-Dutch employees referred.

Organizations involved in international human resource management are basically two types viz., (i) multinational companies and (ii) domestic companies. These companies search for prospective employees both from within the country of operation and outside the country. They source certain categories of prospective employees

internationally, if they fail to procure them in the country of operation. Thus, these companies are involved in international human resource management and thus, recruit nationals and expatriates them to as 'Dutch Mafia'. Ethnocentric approach was widely used before 1990s. MNCs like Procter & Gamble, Philips NV and Matsushita also followed it. All important positions in Philips were held by Dutch nationals. Japanese and South Korean MNCs like Toyota, Matsushita and Samsung follow this approach even today. Japanese Overseas Enterprise Association reported in 1996 that 71 percent of subsidiaries of the Japanese MNCs' were headed by Japanese.

Basically, some MNCs prefer parent country nationals as they trust their people and also prefer to distrust other nationals. They feel that people of their own country are well educated and possess the skills necessary to carry-out the jobs in dynamic businesses like theirs. They also feel that the parent country nationals have a sense of belongingness with the company, and commit themselves to full extent towards the business. This full commitment, according to the MNCs view would improve the business; enhance the marketing and financial performance.

### Why do MNCs Prefer Ethnocentric Approach?

Some MNCs source the prospective employees from its home country/ by following the ethnocentric approach in their recruitment due to the following reasons.

- ▶ Non-availability of qualified personnel in host countries particularly developing countries;
- ▶ Availability of qualified personnel comparatively at less cost in home country;
- ▶ High cost of host country nationals for certain categories of employees particularly in advanced countries like USA, UK, Germany, Japan and France;
- ▶ Home country nationals when work in foreign countries are more committed to the implementation of company's strategies than those of the host country;

- ▶ Home country national when employed in host country exhibit highest sense of belongingness to the company than that of the host country.

#### **When Should MNCs Prefer Parent Country Nationals?**

MNCs may prefer the source of parent country nationals or follow ethnocentric approach in the following situations :

- ▶ During the early stage of the establishment of subsidiary;
- ▶ Inadequacy of managerial and technical skills in the host country;
- ▶ Greater need for maintaining close communication and co-ordination with headquarters;
- ▶ Greater need for maintaining uniform corporate culture;
- ▶ When the headquarters has core competencies in terms of skills and knowledge;
- ▶ When home country nationals are less costly than host country nationals.

#### **Advantages of Parent Country Nationals/ Ethnocentric Approach**

MNCs prefer parent country nationals / follow ethnocentric approach in sourcing the employees due to the following advantages :

- ▶ Parent country nationals are familiar with company goals, strategies, tactics, policies and procedures;
- ▶ Parent country nationals are more knowledgeable of the company's products, technology, customer needs and problems, and customer service issues;
- ▶ Parent country nationals have close personal network with the headquarters' employees and therefore they can get the things in headquarters/ network with headquarters easily;

- ▶ Parent country nationals maintain close communication and co-ordination with headquarters.

#### **Disadvantages of Parent Country Nationals/ Ethnocentric Approach**

Though the source of parent country nationals enjoys certain advantages, it suffers from the following disadvantages :

- ▶ Absence of opportunities for host country nationals to get better jobs/managerial jobs;
- ▶ Reduction in opportunities for human resource development of host country nationals;
- ▶ Under-employment of host country's employees;
- ▶ Decline in morale and loyalty of host country nationals towards MNCs;
- ▶ Poor adaptation and lack of effectiveness of home country nationals in host countries.
- ▶ Procter & Gamble followed the home country nationals source in its subsidiary in Japan and realized that this practice became insensitive to local culture. In addition, this practice underutilized the potentials of its non-American managers in Japan.
- ▶ Fails to get the advantage of best human talent worldwide;
- ▶ MNCs fail to get the best and broad-based decisions as the same country people (i.e., parent country nationals) tend to make same/ stereo-type decisions;
- ▶ Normally expatriates are costly, except in advanced countries, due to high salary and a variety of benefits. This increases cost of doing business in foreign countries due to the employment of parent country nationals in subsidiaries rather than host country nationals;
- ▶ High cost of salaries and benefits of expatriates create a sense of wage differentials and discrimination among host country

nationals. In fact, host country nationals are de-motivated when they compare their remuneration and job designation with the remuneration and job designation of expatriates.

- ▶ Results in complexities of cross-cultural/diversity management of employees in host countries.
- ▶ Home country nationals may take long-time for cultural adaptability and yet sometimes fail to understand and manage host country's nationals and consumer behaviour.

### Q11. Explain about Polycentric Approach ?

*Ans :*

(Dec.-19)

MNC under polycentric approach treats each subsidiary as an independent company and decentralizes almost all the operations and delegates decision-making authority to its executives. The executives of the subsidiary formulate the strategies based on the mission and vision of the subsidiary, design the product/ services based on host country's environment (culture, customs, laws, economic conditions, government policies etc.) and the exclusive preferences of the host country customers. Thus, the polycentric approach mostly focuses on the conditions of the host country in formulation and implementations of strategies. The CEO of the subsidiary directly reports the overall CEO of the MNC.

<b>Why PCNs? (1)</b> <ul style="list-style-type: none"> <li>• Cost consideration</li> <li>• Skill consideration</li> <li>• Loyalty consideration</li> <li>• Commitment considerations</li> <li>• Understanding of policies</li> </ul>	<b>When PCNs? (2)</b> <ul style="list-style-type: none"> <li>• Early stage of establishment of subsidiary</li> <li>• Closer communication</li> <li>• Maintenance of uniform corporate culture.</li> <li>• Transfer of core competencies</li> <li>• Coordination with headquarters</li> <li>• Less Managerial skills in Host</li> <li>• Less Cost of HR of HCN</li> <li>• Crisis situations</li> </ul>
Factors of 1&2 boxes Present, then	Factors of 1&2 boxes Absent, then
<b>Best from PCNs (3)</b> <ul style="list-style-type: none"> <li>• Familiarity with Policies</li> <li>• Critical Knowledge of Product, Technology, customer</li> <li>• Closed Network with headquarters</li> <li>• Close communication/coordination</li> <li>• Less Cost of HR</li> </ul>	<b>Worst from PCNs (4)</b> <ul style="list-style-type: none"> <li>• Host country nationals are deprived of HRD, suitable jobs</li> <li>• Differentials/Discrimination</li> <li>• Low morale/loyalty of HCNs</li> <li>• Problem of cultural adaptability by PCNs</li> <li>• No best worldwide human talent</li> <li>• No broad-based decisions</li> <li>• High human resource cost</li> <li>• Complexity of cross-culture management</li> </ul>

### Why Do MNCs Prefer Polycentric Approach?

Some MNCs prefer to source the prospective employees for subsidiaries from the host country nationals. In other words, MNCs follow polycentric approach for recruiting prospective employees for subsidiaries due to the following reasons:

- ▶ MNCs follow the policy of developing and helping the nationals of the country, where the subsidiary is located.

- ▶ MNCs feel its responsibility and discharge the same towards the society/community of the country where the subsidiary is located and doing business.
- ▶ To reduce the cost of human resources by recruiting the host country nationals due to the high cost of expatriates relative to nationals of the host country.
- ▶ Host country nationals closely fit to the culture of the customers.
- ▶ MNCs prefer to become 'glocal' companies i.e., think globally (formulate global policies and strategies) and act locally (implement policies and strategies in accordance with local conditions) in order to maximize business and profits. MNCs recruit employees locally in the process of acting locally.

Now, we discuss when MNC should prefer host country nationals/ follow polycentric approach in recruiting prospective employees.

#### **When Should MNCs Prefer Host Country Nationals?**

- ▶ During the growth stage of the subsidiary
- ▶ When human resources of the host country are developed and fully qualified to take up the jobs in subsidiaries of MNCs.
- ▶ When the language, culture, customs, ways of serving customers and modes of doing business are distinctive in host country.
- ▶ When cost of expatriates is abnormally high affecting the profitability of the subsidiary adversely.
- ▶ When host country's Government imposes a condition that certain percentage of employees should be from the nationals of the country.
- ▶ When the headquarters do not have any distinctive competencies in terms of skills and knowledge.

Now, we discuss the advantages of host country nationals.

#### **Advantages of Polycentric Approach**

MNCs prefer host country nationals source/ polycentric approach in recruitment of prospective employees due to the following advantages :

- ▶ Host country nationals are less costly than expatriates in almost all developing countries. MNCs need not provide a number of benefits to host country nationals what they invariably provide to expatriates. Therefore, due to less salary levels and less variety of benefits, host country nationals are less cost than expatriates.
- ▶ Host country nationals have better knowledge of the country's culture, customs, language, serving the customers and way of doing the business compared to those of expatriates.
- ▶ Host country nationals have fast and effective adaptability to the business practices of the subsidiary as well as the organizational culture of the subsidiaries.
- ▶ When MNCs enter foreign markets through acquiring existing business in a foreign company, employees of the acquired firm (i.e., host country nationals) can do the jobs more efficiently than expatriates as they possess required skills and acquaint with the existing business practices of the firm.

#### **Disadvantages of Polycentric Approach**

Some MNCs avoid polycentric approach in their recruitment due to the following disadvantages. They are :

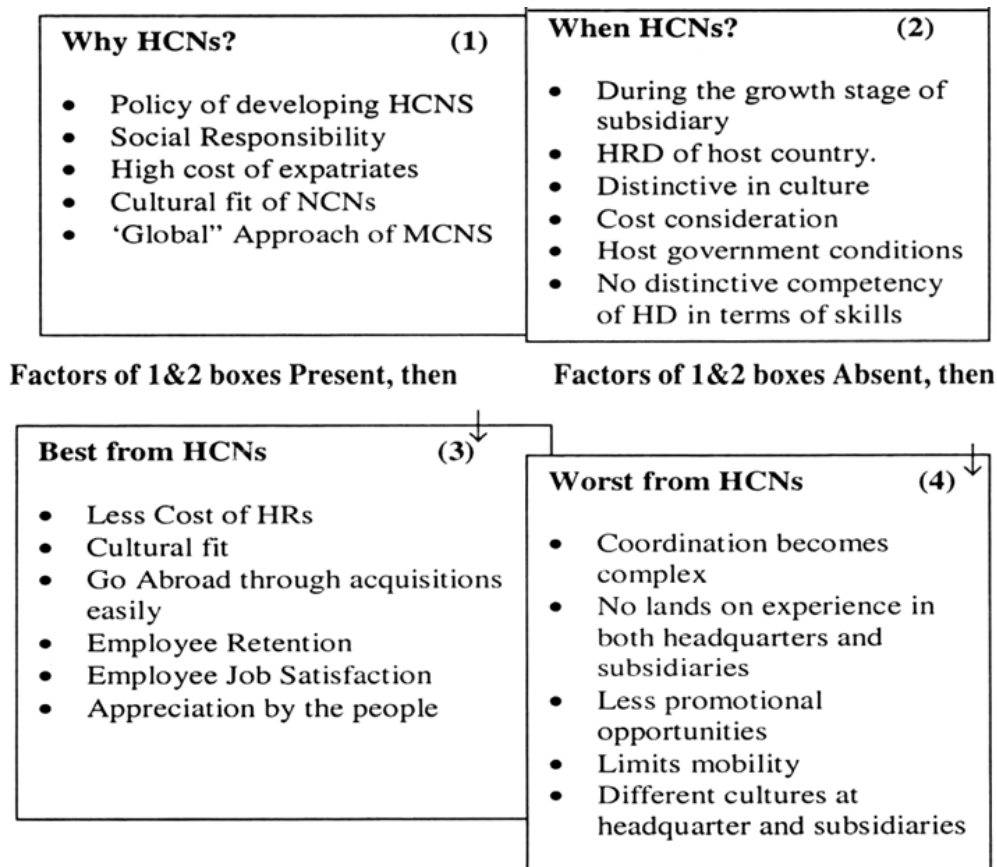
- ▶ It would be very difficult to coordinate the activities, accounts, financial statements etc., of the subsidiary with those of the headquarters due to variations in culture, business practices, reporting methods, language, dealing with conflicts, negotiation approach etc as the host country nationals may not have the language, culture and relationship problems with the employees in the parent company.

- ▶ Managers of headquarters cannot have the hands on experiences of the subsidiaries' business practices as well the managers of the subsidiaries cannot have the hands on experience of the headquarters operations.
- ▶ Promotional opportunities of managers as well as employees should be limited both at headquarters and subsidiaries.

**Q12. Write about Regiocentric Approach ?**

*Ans. :*

(Dec.-19)



Before studying the regiocentric approach to recruit, we study the regiocentric approach to the business operations of MNCs. MNCs after operating successfully in a foreign country, think of exporting to the neighbouring countries of the host country. For example, Hindustan Lever exports its products to Sri Lanka, Nepal and Bangladesh. Similarly, South Pacific Brewery in Papua New Guinea exports to Solomon Islands and Vanuatu. At this stage foreign subsidiary considers the regional environment (like Asian environment or South Pacific environment or European environment that includes culture, living standards of the people/economic environment and technological environment) for formulating common strategies like pricing strategies and product strategies for the region.

Similar to regiocentric approach to business operations, subsidiary sources the prospective employees within the region in which the subsidiary is located. For example, Bata (India) limited sources its employees from South-East Asian regions, LG sources its employees from Asian region and CPL Limited in Papua New Guinea sources its employees from Australia, New Zealand, India and Philippines. Thus, European

subsidiaries of MNCs source their prospective employees from European countries like Germany, UK, Italy and France and African subsidiaries source from African countries.

Now, we discuss why MNCs prefer regiocentric approach in recruitment of prospective employees for their subsidiaries.

#### **Why do MNCs Prefer Regiocentric Approach?**

Some MNCs source the prospective employees for their subsidiaries from the countries of the region where the subsidiary is located due to the following reasons:

- ▶ Non-availability of qualified personnel in adequate number in the host country.
- ▶ Candidates from the neighbouring countries possess more or less similar cultural values, custom practices etc., in addition to better skills than that of the host country nationals. Therefore, the neighbouring country nationals fit to the cultural requirements of subsidiary operations as well as task requirements of the job.
- ▶ Availability of qualified candidates in the regional countries at less cost compared to those of parent country nationals.
- ▶ Candidates from neighbouring countries will have a sense of commitment and belongingness to the subsidiary than those of parent country nationals and other foreigners.

Now, we shall discuss, when should MNCs prefer regiocentric approach?

#### **When should MNCs Prefer Regiocentric Approach?**

MNCs may prefer regiocentric approach as a source of recruitment of employees for their subsidiaries in the following situations:

- ▶ During the transition between growth and maturity stages.
- ▶ When subsidiaries expand their operations to the neighbouring countries through direct and indirect exports.

- ▶ Inadequacy of managerial and technical skills in host country consequent upon the increase in demand for such skills.
- ▶ When neighbouring country nationals with required skills are available at less cost compared to that of the host country nationals.

#### **Advantages of Regiocentric Approach**

MNCs enjoy the following advantages by preferring the regiocentric approach.

- ▶ Cultural familiarity of the candidates with that of the host country.
- ▶ Less cost of staff compared to parent country nationals.
- ▶ Subsidiary can perform its business operations efficiently in neighbouring countries by recruiting neighbouring country nationals.
- ▶ Loyalty and commitment of neighbouring country nationals towards subsidiary.
- ▶ Stability in employment of neighbouring country nationals compared to that of other foreigners.
- ▶ Subsidiary can employ talented and skills people compared to exclusive host country nationals.

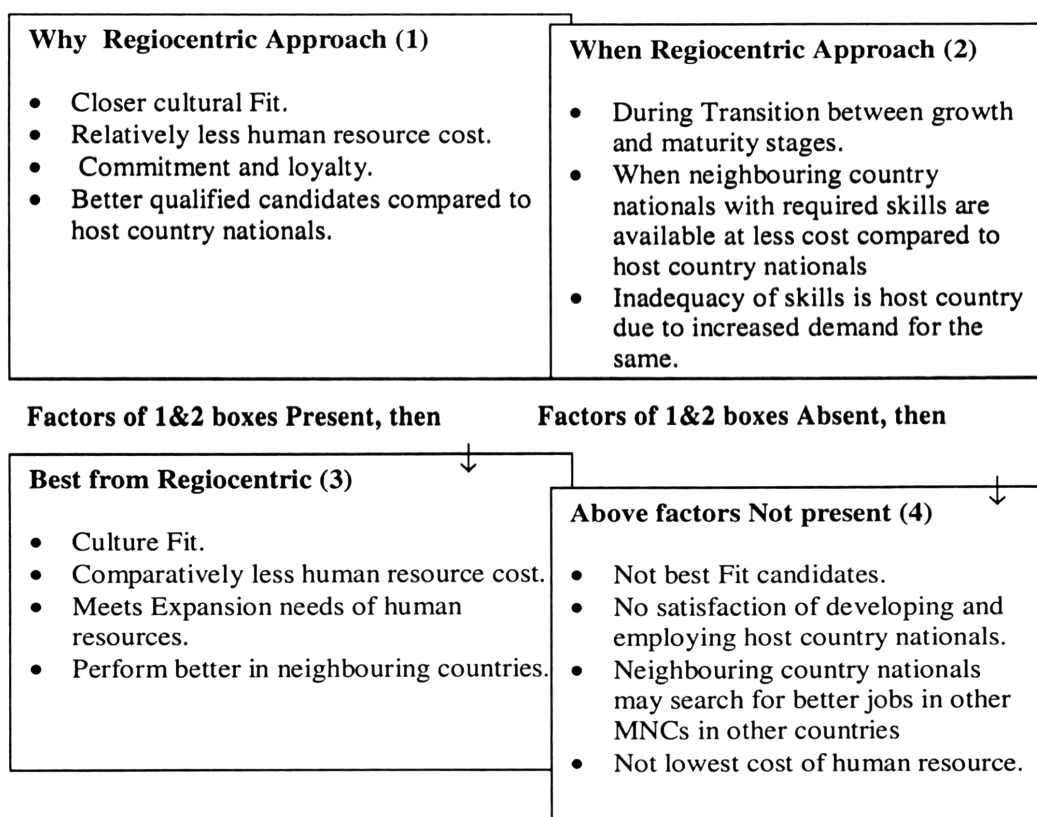
#### **Disadvantages of Regiocentric Approach:**

Regiocentric approach, though, seems to be better than polycentric approach, suffers from the following disadvantages :

- ▶ Subsidiary cannot get highly qualified and suitable candidates;
- ▶ Subsidiary cannot fully satisfy the host country nationals in human resource development and employment;
- ▶ Subsidiary cannot reduce the cost of human resources to the lowest extent.
- ▶ Neighbouring country nationals may search for jobs in other MNCs in other countries.

**Q13. Explain Geocentric Approach and Explain its advantages & Disadvantages .***Ans :***(Dec.-19)**

Before studying the meaning of geocentric approach to recruitment, we study the geocentric approach to business operations of MNCs. Under geocentric approach, the entire world is just like a single country for MNCs. They source all kinds of resources like material, parts, finance, human; technology and equipment from all countries in the world based on exclusive business principles of procuring the best quality at the lowest price and market the products/services in the entire world where ever the product can be sold at more favourable terms and conditions. They operate in the entire globe with a number of subsidiaries. Each subsidiary functions like an independent and autonomous company in formulating policies, strategies, product design, human resource policies and the like.

**Why Do MNCs Prefer Geocentric Approach to Recruitment ?**

MNCs, particularly, after the recent phase of globalization, prefer geocentric approach to globalization due to the following reasons :

- ▶ Global Business Policy
- ▶ Intensifying Competition
- ▶ Technological Revolution
- ▶ Innovative Practices in Various Functional Areas of Business
- ▶ Increasing Migration

### When Should MNCs Prefer Geocentric Approach ?

The question here is that at what stage of the business cycle of the MNC, the geocentric/ global approach would be appropriate for MNC. The following stages are worth considering at this juncture:

► **Maturity Stage:**

Normally MNC would have more competitors during the maturity stage of (i) product in which the MNC has been dealing with, (ii) the industry in which the MNC has been a firm and (iii) of the life cycle of the MNC itself. The MNC has to look for talent rather than other preferences during this stage in order to formulate and implement effective strategies to win over the competitors.

► **Customer Awareness:**

MNCs should search for talent globally when the customers around the world are aware of the product, mechanisms and technologies involved in the operation of the product. This is because, the MNCs employees should be more knowledgeable than customers in order to satisfy the latter's needs and develop new functions to the products.

► **Non-availability of Talent in Home and Host countries:**

MNCs should search for talent in global countries when the employees with required talent are not available either in the home country or in the host country.

► **Absence of Restrictions of Host Government:**

MNCs can follow geocentric approach, when governments of host countries do not impose restrictions on employment.

► **Other Factors:**

MNCs should source the talent globally when their profitability, survival and growth are the priorities over the social obligations political considerations and cultural implications.

### Advantages of Geocentric Approach

The advantages of geocentric approach include:

Geocentric approach is appropriate as: competent pool, shared learning, core competition, talent at least cost etc.

► **Competent Pool:**

Geocentric approach to recruitment helps for attracting most qualified people willing to serve globally, maintain a pool of applicants and select the best among them.

► **Shared Learning:**

The competent employees who work in subsidiaries and headquarters throughout the world share and transfer their skills to other employees of the MNC, which in turn, leads to human resource development, career and succession planning and development.

► **Core Competencies:**

MNC can develop core competencies as well as distinctive competency in skills, talent and knowledge and competent successfully.

► **Flexibility and Adaptability:**

Geocentric approach helps to develop global culture which has more cultural flexibility and adaptability, bilingual and multilingual skills that would suit to varied situations.

► **Reduction in Resentment:**

Geocentric approach which would normally bring third country nationals, invariably bring an acceptance between parent country nationals and host country nationals in case of top level positions. This is because, employees perceive third country nationals as an acceptable compromise between headquarters and national managers, resulting in reduction in resentment.

► **Best Talent at Less Cost:**

MNCs can place adequate emphasis on reduction in the cost of staff at the same time recruiting talent, in case of geocentric



approach. This is time when the home country nationals and host country nationals with the same/similar skills are costlier than the third country nationals. MNCs with truly global orientation towards staffing are phasing out ethnocentric, polycentric and regiocentric approaches to recruitment.

► **Transpatriates:**

MNCs with global approach, recruit the people from any country. Such employees are termed as 'transpatriates',<sup>5</sup> replacing the term expatriates. MNCs like Philips, Heinz, Uni level, IBM and ABB following global approach.

**Disdvantages of Geocentric Approach**

MNCs that follow, geocentric approach, suffers from the following disadvantages :

► **Immigration controls by Host country Governments:**

Host country governments, normally insist MNCs, to employ the nationals and therefore, impose restrictions on the employment of foreigners (see Box 9.4). Normally, the host government's restrictions imply that MNCs can source globally for those skills which are not available within the country. Almost all the countries impose restrictions on employment of foreign nationals including USA, UK, Japan, Malaysia, Papua New Guinea and Eritrea. Therefore, it would be difficult for MNCs to follow geocentric approach for all the jobs.

► **Immigration Formalities:**

Many advanced countries and some developing countries lay down unnecessary, and time consuming formalities, documentation and high fee for recruiting and employing foreign nationals. Companies find these formalities are time consuming, costly and test their patience in recruiting foreign nationals. In addition, immigration authorities lay down still tough procedure for granting visa for spouse and children of employees. These formalities discourage the

MNCs in recruiting employees globally at least for certain jobs.

► **Opposition from Nationals:**

People from the host country oppose the geocentric approach to recruitment as it result in loss of jobs for them. In fact, some people even in USA and UK organized the protests against geocentric policies as well as against expatriates with the slogans such as 'expatriates go back', 'expatriates grab our jobs' etc. This situation may create a sense of insecurity among the expatriate employees and their family members.

► **Additional Costs:**

Though, geocentric policy seems to be less costly, in terms of salary, sometimes it may not be true as implementation this policy involves training in culture, language, adjustments, developing national employees in tune with third country nationals etc.

**3.7.3 Recruitment Sources of Micro Level**

**Q14. What are the various micro level sources of Global recruitment ?**

*Ans :*

**Micro-Level sources include:**

Subsidiaries, Parent Companies, campus Recruitment, Private Employment Agencies/ Consultants, Professional Associations, Data Banks, and Internships.

**Micro-Level Sources of Recruitment**

Organisations seeking to acquire human resources from international sources should identify the sources within each country they selected for sourcing the employees. These sources may vary from country to country due to the varied level of development of institutions in different countries. These micro level sources in general include:

- (a) Subsidiaries
- (b) Parent Companies
- (c) Campus Recruitment
- (d) Private Employment Agencies/Consultants

- (e) Professional Associations
- (f) Data Banks
- (g) Internships

#### **Subsidiaries:**

Parent companies can source the prospective employees from their subsidiaries operating in various countries. Subsidiaries, may at times act as a potential sources of recruitment for headquarters as they develop the human resources for higher level jobs also. This source also helps the MNC to plan for careers of its employees. This also results in enhancing employee satisfaction, loyalty and commitment to the company.

#### **Parent Company**

Subsidiaries can source their prospective employees from the parent companies. Parent country nationals have knowledge of the company products/services, operations, procedures and organizational culture. Technically and organizational culture points of view they would be best candidates. This source also reduces the cost of recruitment to the company in addition to satisfying employee's needs for promotion and fulfilling their career goals. Further, employee commitment and organizational loyalty would increase.

#### **Campus Recruitment**

Parent companies and subsidiaries can get fresh candidates of different types from various educational institutions like Colleges and Universities imparting education in Science, Commerce, Arts, Business Management, Engineering and Technology, Agriculture, Medicine, Computer Science, etc., and trained candidates in different disciplines. Most of the Universities and Institutes imparting technical education in various disciplines like engineering, technology, management studies provide facilities for campus recruitment and selection. They maintain the bio-data and performance required of the candidates. Organizations seeking to recruit the candidates from this source can directly contact the institutes either in person or via on-line and stimulate the candidates

to apply for jobs. Most of the organizations using this source, perform the function of selection after completing recruitment in the campus of the Institute itself with a view to minimising time lapse and to securing the cream before it is attracted by some other organizations. Infosys and Satyam Computers recruit the prospective employees through campus recruitment from universities in USA, UK and China.

#### **Campus Recruitment Techniques**

Companies realise that campus recruitment is one of the best sources for recruiting the cream of the new and young blood. The techniques of campus recruitment include:

- ▶ Short listing the institutes based on the quality of students intake, faculty facilities and past track record.
- ▶ Selecting the recruiting team carefully.
- ▶ Offering the smart pay rather than high pay package.
- ▶ Presenting a clear image of the company and the corporate culture.
- ▶ Present the company but do not over sell the company.
- ▶ Getting in early. Make an early bird offer.
- ▶ Focusing on career growth opportunities that the MNC offers to the recruits.
- ▶ Include young line managers and business school (B-school) and engineering School (E-school) alumni in the recruiting team.
- ▶ Build the relationships with the faculty, administrators and students to grab them before the rivals do.

#### **Private Employment Agencies/Consultants**

Private employment agencies or consultants like ABC. Consultants perform the recruitment functions on behalf of a client company by charging a fee. Line managers are relieved from recruitment functions so that they can concentrate on their operational activities and recruitment functions is entrusted to a private agency or consultants.

But due to limitations of high cost, ineffectiveness in performance, confidential nature of this function, managements sometimes do not depend on this source. However, these agencies function effectively in the recruitment of executives. Hence, they are also called executive search agencies. Most of the MNCs depend on this source for highly specialised positions and executive positions.

### Professional Organisations

Professional organisations or associations maintain complete bio-data of their members and provide the same to various MNCs on requisition. They also act as an exchange between their members and recruiting firms in exchanging information, clarifying doubts etc. MNCs find this source more useful to recruit the experienced and professional employees like executives, managers, engineers etc.

### Data Banks

MNCs can collect the bio-data of the candidates from different sources like employment exchanges, educational/ training institutes, candidates etc., and feed them in their data banks. It will become another source and the MNC can get the particulars as and when it needs to recruit.

### Internships

MNCs encourage the college and university students to work under internship projects. Students under internships learn practical aspects of the jobs while imparting the latest technical and conceptual skills they learnt in the college to the regular employees of the MNC. Thus the students exchange the knowledge. MNCs have an opportunity to evaluate the skills, intelligence and performance of the candidates and offer full-time jobs, if the MNC finds the candidate suitable for the job. Similarly, the internship candidates also have a chance to evaluate the organizational systems of MNC and make a decision to accept the offer of full-time job or not. Thus, internship works as an effective source of recruitment.

Now, we shall discuss the techniques of recruitment for global human resources.

## 3.8 GLOBAL SELECTION OF HR

**Q15. Write about Global Selection ? Explain the process of Global selection ?**

*Ans :*

(Imp.)

After obtaining the interest of the candidate to work with an organization, MNCs start the selection process.

Most of the MNCs used to follow the selection procedure based on the talents, job duties and job description as discussed earlier. Majority of the employees of international firms normally are expatriates either parent country nationals or third country nationals. Expatriates, whether they are Indians working in USA or Chinese working in USA or Swedish working in USA, share a common bond and face more or less similar challenges. Expatriates work with the people of strange cultures, who respond differently for the same communication. They often communicate in foreign language and live in societies with rules and norms curious to them. They live as minorities in the foreign country. They are treated as outsiders even after several years of working in a foreign country. They think in their heart they are the citizens of their home country and most of them prefer to go back to home in due course.

### Process of International Selection

Many employers make use of long and complicated hiring procedures and pseudo-sciences to make hiring decisions as there is no shortcut to an accurate evaluation of a candidate. The following is the general procedure followed,

#### 1. Preliminary Interview

The preliminary or initial interview is the first step after receipt and scrutiny of the application forms in the selection process. It is usually quite short and its objective is to eliminate the unqualified. It is conducted just to get a general idea of education, experience, personality etc., of the candidate and salary requirements, by this interview if

the applicant appears to have some chance of being selected he is issued an application blank and asked to fill it up.

## 2. Application Blank

An application blank is a traditional and widely accepted device of getting information from a prospective applicant which will enable the management to make proper selection. The application blank is used to get a written record of information pertaining to the candidates (a) Personnel information (b) Educational qualification (c) Experience (d) Expected salary and allowances and (e) Other relevant information. The application blank is a customer made form as it varies from organization to organization. It is an aid to management in eliminating the undesirable candidates and also to maintain a record for future reference.

## 3. Check for Reference

The use of references is common in most selection procedures. The procedure places reliance on the evaluation of former employers, friends and professional personnels. Checks on references given by candidates are made by mail or telephone and occasionally in person.

## 4. Psychological Tests

The human behavioural element is vital for the performance of the individual as they differ from one another in many ways. The purpose of these tests is to assist the process of evaluation of performance of the candidates.

## 5. Employment Interviews

Interview is the most widely used selection technique by all kinds of organizations. The interview may follow a structured pattern or unstructured pattern. Structured or patterned interview is the one in which a list of questions based on the job specification is

prepared in advance. The candidate is supposed to answer these questions asked by the interviewer. This type of interview can bring out the technical knowledge about the job but it fails to study the personality, whereas in the unstructured or unguided or unpatterned interview, instead of asking too many prepared questions, the candidate is allowed to talk about his experiences, aspirations, fears, weaknesses etc., it requires a high degree of interviewing skills to be exhibited by interviewer.

## 6. Approval by Supervisor

After the process of interviewing the candidate, the supervisor or the superior looks for the specific knowledge, formal qualification and suitability and job oriented worker characteristics. If the supervisor is satisfied with knowledge, qualification and ability of the candidate, he gives approval for the selection of the candidate.

## 7. Physical Examination

The physical examination is a final step in the procedure of selection which carries out a comprehensive examination and matching of applicant's physical capabilities to job requirements, to prevent the company against unwarranted claims under workers compensation laws.

## 8. Induction or Orientation

Induction is the process concerned with introducing or orienting a new employee into the organization. When a new employee is inducted in the organization, he should be made familiar with the work and the profile of the organization. In the process of induction the new employees are,

- (i) Introduced with the vision, mission and goals of the organization.
- (ii) Made familiar with the organizational culture, values, terms and conditions of service, growth opportunities, code of conduct etc.

### 3.8.1 Expatriate System

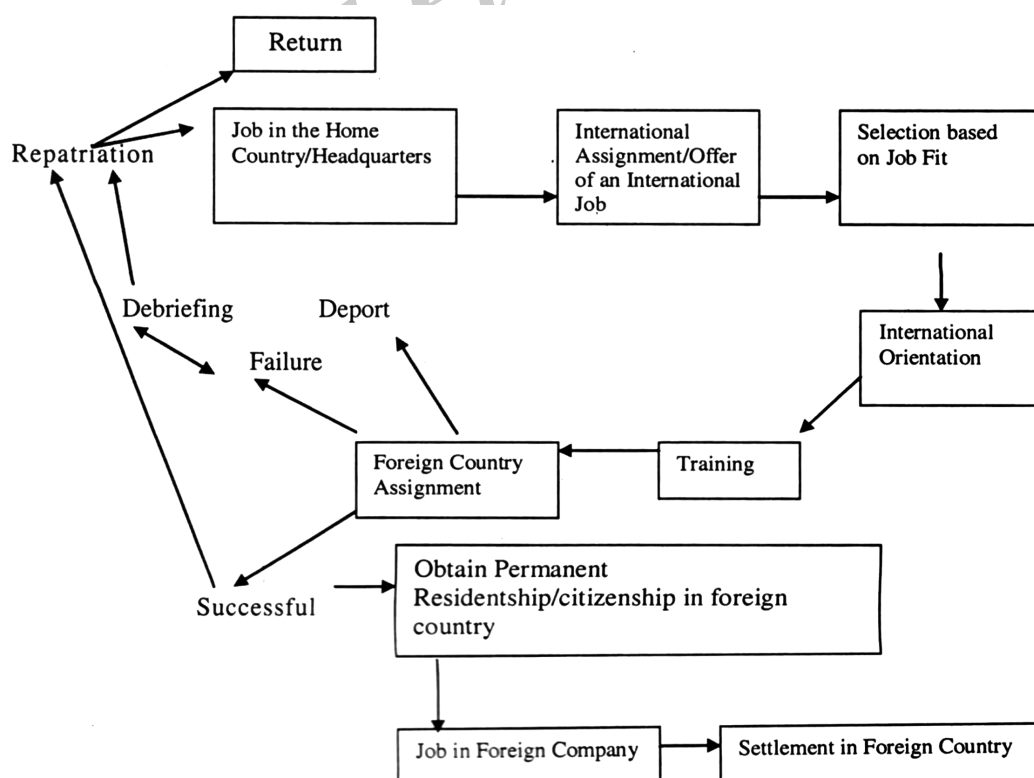
**Q16. How Expatriate system plays a key role in Global Selection ?Discuss.**

*Ans :*

MNCs prefer expatriates owing to their skills, dynamism and link and network with different types of professional across the world. In fact, MNCs prepare parent country nationals to work in subsidiaries as they carry headquarters' culture to subsidiaries. The exited expatriate enjoy the foreign assignment. On the other hand, there is every possibility that the expatriate may find the experience too much to endure, the assignment may fail. The result is that both MNC and the expatriate suffer. Therefore, MNCs have to train the people well before the foreign assignment in order to excite the expatriate and increase his energy base to be successful. But, not many MNCs have undertook, the cultural and other areas of training in order to ensure the success of the expatriate. Now, we shall discuss the expatriate system.

#### 1) The Expatriate System

Expatriates are vital for the growth of international business as they provide skills, talent, innovations, entrepreneurialism and knowledge transfer. In addition, they provide home country control over foreign operations, act as insiders in distant operations, and deal with externalities of global markets and foreign workforce. Expatriates with their core and distinctive job skills and talents, human and soft skills, motivational and commitment levels to serve a foreign country, acquiring foreign language skills and the abilities and talents of spouses to adjust with foreign environment and cooperate make their assignments more successful. Thus, expatriates are a great value for MNCs due to the various attributes MNCs strongly feel that parent country nationals have a sense of belongingness with the subsidiaries and take responsibility more or less voluntarily to contribute their skills, and dedication.



### Career Cycle

The career cycle begins with the identification of the best performers in the home country and offers him/her a foreign job in subsidiary company. Otherwise, the best qualified candidates with best performance record apply for a foreign job in foreign organizations. The foreign organizations select the employees based on the job fit. Foreign employees, bring the foreign experience background. Candidates having interest in foreign employment may have family responsibilities that present problems to MNCs. These problems include leaving the old parents at the stage when they need the assistance and care, disruption of spouses' career as well as social network and life, uprooting of children from schools and friends and de-linking his/her own professional and social network and life.

Job Factors	Relational Dimensions	Motivational State	Family Situation	Language Skills
Technical skills	Tolerance for ambiguity	Belief in the mission	Willingness of spouse to live abroad	Host country language
Familiarity with host country and headquarters operations	Behavioural flexibility	Congruence with career path	Adaptive and supportive spouse	Non verbal communication
Managerial skills	Non-judgementalism	Interest in overseas experience	Stable marriage	
Administrative competence	Cultural empathy and low ethnocentrism	Interest in specific host country culture		
	Interpersonal skills	Willingness to acquire new patterns of behavior and attitudes		

Fig. : Categories of a Attributes of Expatriate Success

### Preparing for Foreign Assignment

The next stage involves preparing the employee for foreign assignment and family members for foreign orientation. These activities involve language training, foreign social and cultural orientation to employee and family members and job training to employee. The next stage is the foreign assignment stage which is crucial for the employee. They face new challenges of working in new organizations, in new jobs and with new colleagues that are different cultural, social and educational background. This stage is critical as the employees experience significant changes in their works and lives and adapting themselves at varying rates. Some employees are successful while some employees fail in adapting themselves to the work and/or culture of the host country.

The successful employee work for the same company for sometime and then build his/her own career by joining other organizations in the same country or other foreign countries. However, a few of them settle down in foreign countries by obtaining citizenship, but most of such employees return to home country. These employees must readapt to their home country's economic, social and cultural environments.

### Expatriates' Failure Situations and Rates

Most of the expatriate employees fail in the first foreign assignment either at the initial stage itself or at different latter stages either due to cultural shock or due to maladjustment with the host country's

climatic, security and other environmental conditions or due to maladjusted with the job demands or with the behaviour of superior and colleagues and organizational requirements.

### Expatriate Failure Rates

Failure of expatriate, whatever the cause may be, is a reflection of the failure of the MNCs selection policy, process and techniques of selection. Consequences of such failures include heavy cost, inconveniences, and cost of relocation and non-availability of the human resources at the right time in the subsidiary. It is estimated that the average cost per failure can be three times expatriate's annual domestic salary plus the cost of relocation.

### Why Expatriates Fail ?

There would be several reasons for the failure of the expatriates in their foreign assignments. The Board reasons include :

- ▶ Inability of spouse to adjust to foreign environment
- ▶ Inability of employees to adjust
- ▶ Other family Problems
- ▶ Employee's personal or emotional maturity
- ▶ Inability to cope up with larger overseas responsibilities
- ▶ Difficulties with new environment
- ▶ Absence of educational, health and recreational facilities in host countries
- ▶ Lack of technical and job related competence
- ▶ Unsafe living and working conditions in host countries.

### 3.8.2 Selection Techniques

#### Q17. What are the various Global selection Techniques used in IHRM ?

*Ans :*

MNCs as well as domestic companies hiring foreign employees should use different selection techniques rather than those selection techniques

used for selecting nationals for a job assignment in the domestic company or using domestic job performance rates. (See Box 9.9). It is established in a research study conducted by Mendenhall and Oddou that domestic performance and overseas performance potential is not the same thing.<sup>21</sup> In other words an executive who performs high in domestic environment may fail in adapting to different cultural set-up and different systems and practices.

Various research studies suggest the following selection techniques for overseas employment in order to minimize the rate of expatriate failure. They are:

- ▶ Self-orientation
- ▶ Orientation towards others
- ▶ Ability to perceive accurately
- ▶ Cultural variations
- ▶ Technical and managerial competence
- ▶ Adaptability
- ▶ Age, experience and education
- ▶ Spouse educational background, interests and adaptability
- ▶ Achievement motivation and leadership
- ▶ Family status
- ▶ Language
- ▶ Strong desire to transfer knowledge and skills
- ▶ Positive attitude.

#### 1. Self-orientation

Self-orientation includes self-esteem, self-confidence and mental well-being. Mendenhall and Oddou found that expatriates with high self-esteem, self-confidence and mental well-being were able to adapt their interests in food, sport and music, had interests outside of work that could be pursued like hobbies and also were technical competent. These expatriates were successful in their foreign assignments.

Therefore, MNCs should develop tests or instruments to measure candidate's self-esteem i.e., urge for recognition and achievement, self-confidence i.e., confidence over one's own abilities, skills and competence and mental well-being i.e., emotional stability and intelligence.

## 2. Orientation Towards Others

Orientation towards others is of two dimensional viz., relationship and communication. Relationship orientation is the ability of expatriate to develop and maintain long-lasting and friendly relationship with the host country nationals as well as expatriates from various countries.

Communication orientation includes the willingness of the expatriate to learn and communicate host country nationals in host country language as well as initiating communication with others, and exchanging necessary information freely. Expatriates will not be expected to speak fluently in host country's language. However, their willingness and effort to speak in host country's language would be appreciated as well as helps for building relation with nationals and adapt to the host country's environment and culture.

In addition, host countries' nationals tend to cooperate when expatriate speak in their language.

## 3. Ability to Perceive Accurately

Perceiving accurately helps us to understand the others from their view point rather than our view point. Perceptual accuracy would be possible when people view others through an open mind. Expatriates when they perceive host country nationals from their home country practices view point, develop a sense of cultural inferiority syndrome rather than understanding the host country nationals from their view point.

Expatriates to be successful in managing host country nationals or in interacting with them

should have the ability to perceive accurately from host country nationals view point. Expatriates who do not have the ability to perceive accurately, treat the host country nationals as his/her home country nationals. This leads to conflicts and failure of an expatriate, which sometimes lead to deportation of expatriate.

## 4. Perception of Cultural Variations

MNCs should consider the cultural variations between the expatriate's home country culture and host country culture. Advanced Western countries have more or less similar culture. For example USA and UK. Therefore American managers, when posted in UK, don't find it difficult due to similar cultures, language and availability of same type and standards of educational, health and recreational facilities. Similarly, the cultures of developing countries of Asia are more or less similar. Therefore Indian managers, when posted in Singapore or Thailand or Malaysia do not find it difficult to work, even though there is difference in language as similar problem exists in India as the language varies from one state to another state within India.

## 5. Technical and Managerial Competence

Technical and managerial competence of the candidate for the foreign job is one of the significant critical factors for successful job performance as candidate's ability to deliver the expected goods depend on his/her technical and managerial competence. Most MNCs short list the candidates based on technical and managerial competence and other job related factors. They further evaluate these candidates in other areas like culture, emotional stability and other psychological factors. Thus, the base for selection even for a foreign job is technical and managerial competence. Most firms base their choices for international assignments on the candidate's technical expertise. It was found by ORC Worldwide 2002 Survey that 72% of the responding firms selected



employees on the basis of job skills mentioned in the job description.

#### 6. **Adaptability**

MNCs and organizations employing expatriates have to assess candidate's ability to adapt to host country's culture, and foreign company's organizational culture.<sup>27</sup> Research studies indicate that managers initially are excited and respond favourably during their initial stage of foreign assignment. Most of the expatriates suffer from culture shock owing to large number of changes to which they are subjected. Expatriates adjust to the new culture within a year. Torbiorn found that the satisfaction level for expatriates reaches new heights and continue rising for those who stay overseas two or more years. It is also found that men adjust slightly faster than women and people above the age of 35 adapt at a fast rate than others.

MNCs evaluate the candidates with regard to their level of adaptability with the help of the following factors :

- ▶ Work experience with cultures other than one's own
- ▶ Previous overseas work experience in terms of duration of work and work in different cultures
- ▶ Knowledge of foreign languages
- ▶ Ability to solve problems with different frameworks and form different perspectives, and
- ▶ Overall sensitivity to the environment.

#### 7. **Age, Experience and Education**

Young managers are dynamic and impulsive in decision-making while older managers have maturity of mind, emotional balance and compulsive in decision-making. Young managers are eager for international assignments, want to learn more about cultures and move from one company to the

other, while the older people present a stable approach towards foreign assignment and also commit to one organization. MNCs in order to balance the strengths and weaknesses of both the groups, select young and seasoned personnel for the overseas assignments. This balances age composition as well as derives maximum benefit to MNC in addition to providing an opportunity to the young people to learn from the older employees. Therefore, MNCs should consider the age composition in their selections.

#### 8. **Health and Family Status**

MNCs screen the candidates based on the health of the candidate and accompanying family members. This factor is critically important for foreign assignments to developing countries where high quality medical and health facilities are not available. In addition, expatriates with physical and mental health problems can't meet the challenges of job assignments in foreign countries.

#### 9. **Spouse's Educational Background, Interests and Adaptability**

Though dictionary meaning of spouse is inclusive of both wife and husband, for most of the MNCs spouse means 'wife' only as most of the expatriate employees are 'men' and accompanying spouses are 'wives'. Women expatriate employees are a few and they are relatively young and unmarried. Husbands follow wives in foreign assignments are a few. Therefore, wives influence their husbands in accepting foreign assignment, in discharging their duties in foreign jobs, in creating stress or relieving from stress and in success or failure in the foreign assignment. MNCs, mostly, test the candidate's ability to adapt, but ignore the wives. Similarly, MNCs ignore wives and children in providing orientation training.

**10. Educational Background**

Educated wives can also work in foreign countries either in the same MNC or in other companies. If the MNCs manage the information about educational qualifications and background and job interests of wives, they can help them in getting a job. This facility would help the wives to find more productive use of their time in a foreign country, and influence their husbands positively on their job rather than becoming a cause for the failure of their husbands. But, most of the MNCs fail to providing orientation training to wives and evaluating the wives' educational background and interests in order to help them in job search.

**11. Achievement Motivation and Leadership**

Employees in their international assignments are expected to make significant and creative contributions compared to national employees. Therefore, MNCs should select the candidates who are strong in achievement motivation with a strong desire and potentialities to achieve. MNCs, therefore should evaluate the candidate's potential desire, skills and commitment.

Motivational factors include:

- ▶ Desire for adventure;
- ▶ Pioneering spirit;
- ▶ Desire to enhance career chances;
- ▶ Opportunity to improve economic status; and
- ▶ Desire to be distinctive from others.

**12. Leadership Potential**

Candidates should also be evaluated based on their leadership potential as most of the expatriates are expected to play various leadership roles in their foreign assignments and developing the junior national employees as a mode of building up national human resources. Leadership potentialities can be evaluated based on

- ▶ maturity,
- ▶ emotional stability,
- ▶ dynamism,
- ▶ ability to communicate effectively,
- ▶ independence,
- ▶ initiative,
- ▶ willingness to develop and
- ▶ transform others.

**13. Status of Expatriate Employees**

However, research studies found that most of the expatriate employees are:

- ▶ Unmarried and young people;
- ▶ Married couples without children;
- ▶ Married coupled with non-teenage children;

- ▶ Desire to work as an expatriate in a foreign setting;
- ▶ Individuals committed to their professional careers;
- ▶ Positive attitude of wives towards the career of their husbands;
- ▶ Strong need for improving the economic status and thereby social status; and
- ▶ Family Status.

#### **14. Language**

Language is a vital factor in both written and oral communication, information processing and knowledge management aspects of working in MNCs and other foreign organizations. The language would differ from country to country except in those English speaking countries and a few French spoken countries. Language may also differ between the parent country and host country.

#### **15. Strong Desire to Transfer Knowledge and Skills**

Employees with a strong desire to transfer their knowledge and skills particularly to the employees in developing countries create stability in international assignments. Such employees enjoy work, culture and foreign environment by transferring their skills and knowledge and thereby develop the human resources, particularly in developing countries. These employees adapt themselves to the foreign culture and environment at a fast rate as they consider the issues and conditions in foreign countries from positive and tolerant attitude.

#### **16. Positive Attitude**

Attitude of an employee influences significantly his/her job performance, ability to maintain sound human relations with others, willingness and thereby adaptability towards organizational culture and country's culture, and most of such other factors related to foreign assignment. Hence, MNCs should test the candidate's attitude towards the foreign country, people, the company and the job in their selection process.

## Short Question and Answers

### 1. Global HR Planning

*Ans :*

Human Resources Planning (HRP) is the first step in staffing. It is considered as the process of forecasting the future demand of international organization. The main objective of HR planning is to develop the organisation that will always have right people, in the right numbers and at the right positions. The process of human resources planning is closely linked to the MNC's business plan.

Organization planning involves managerial activities that develop the objectives of the company for the future purpose and also determine the proper ways to achieve the set objective. In this regards, HR planning helps in realisation of the objectives of organisation by providing the right people in the right numbers. An organisation can effectively meet its objectives by having an effective human resource plan. It can achieve global advantage by balancing high cost resources in a specific country with lower cost resource in another country without having any compromise on competency and skills.

### 2. Define Global staffing .

*Ans :*

#### Staffing

Staffing refers to filling of various positions in the organization by identifying the workforce required, conducting recruitment, selection, placement, promotion, training and development as to attain the set of goals effectively.

Staffing involves filling vacant positions with qualified individuals in a systematic manner from inside or outside the MNC. An organization can attract qualified individuals and keep the workplace adequately staffed, if the function of HR planning carries out careful assessment of external labor market conditions, government actions and overall reward system of the organizational.

Bringing new people into the company, is not the only function of staffing. Staffing involves many activities i.e., moving employees into organization, managing them inside organization and moving them out of the organization to meet the objectives of organization and satisfy work demand. The function of staffing takes into account how to retain best employees and how to stop them from leaving the organization before time. Thus, staffing is all about taking decisions of employee deployment and movement, carrying out activities such as recruitment, selection, promotions, transfers, firing, layoffs and retirement and influencing the total compensation package and reward system to attract and retain the employee.

### 3. Ethnocentric Approach .

*Ans :*

Under ethnocentric approach MNCs at their headquarters formulate mission, objectives strategies, product design etc., and also make important decisions for the subsidiaries and expect the subsidiaries to implement them and report back to all functional/line managers at headquarters level.

Multinational companies which are more particular of home country, implement the policies, strategies, systems and management styles of Headquarters/Parent Company in their subsidiaries. They view that the policies, systems etc., that work at parent company will also work at subsidiaries. Therefore, it sources the human resources for subsidiaries from the parent country nationals. This approach was widely followed by Procter and Gamble, Philips, Matsushita, Toyota etc. When Philips filled the important vacancies by Dutch nationals, non-Dutch employees referred.

### 4. Polycentric Approach ?

*Ans :*

MNC under polycentric approach treats each subsidiary as an independent company and decentralizes almost all the operations and delegates decision-making authority to its executives. The

executives of the subsidiary formulate the strategies based on the mission and vision of the subsidiary, design the product/services based on host country's environment (culture, customs, laws, economic conditions, government policies etc.) and the exclusive preferences of the host country customers. Thus, the polycentric approach mostly focuses on the conditions of the host country in formulation and implementations of strategies. The CEO of the subsidiary directly reports the overall CEO of the MNC.

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**5. When should MNCs Prefer Regiocentric Approach?**

*Ans :*

MNCs may prefer regiocentric approach as a source of recruitment of employees for their subsidiaries in the following situations:

- ▶ During the transition between growth and maturity stages.
- ▶ When subsidiaries expand their operations to the neighbouring countries through direct and indirect exports.
- ▶ Inadequacy of managerial and technical skills in host country consequent upon the increase in demand for such skills.
- ▶ When neighbouring country nationals with required skills are available at less cost compared to that of the host country nationals.

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**6. Advantages of Regiocentric Approach**

*Ans :*

MNCs enjoy the following advantages by preferring the regiocentric approach.

- ▶ Cultural familiarity of the candidates with that of the host country.
- ▶ Less cost of staff compared to parent country nationals.
- ▶ Subsidiary can perform its business operations efficiently in neighbouring countries by recruiting neighbouring country nationals.
- ▶ Loyalty and commitment of neighbouring country nationals towards subsidiary.
- ▶ Stability in employment of neighbouring country nationals compared to that of other foreigners.
- ▶ Subsidiary can employ talented and skills people compared to exclusive host country nationals.

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**7. Disadvantages of Regiocentric Approach.**

*Ans :*

Regiocentric approach, though, seems to be better than polycentric approach, suffers from the following disadvantages :

- ▶ Subsidiary cannot get highly qualified and suitable candidates;
- ▶ Subsidiary cannot fully satisfy the host country nationals in human resource development and employment;
- ▶ Subsidiary cannot reduce the cost of human resources to the lowest extent.
- ▶ Neighbouring country nationals may search for jobs in other MNCs in other countries.

**8. Disdvantages of Geocentric Approach.**

*Ans :*

MNCs that follow, geocentric approach, suffers from the following disadvantages :

► **Immigration controls by Host country Governments:**

Host country governments, normally insist MNCs, to employ the nationals and therefore, impose restrictions on the employment of foreigners (see Box 9.4). Normally, the host government's restrictions imply that MNCs can source globally for those skills which are not available within the country. Almost all the countries impose restrictions on employment of foreign nationals including USA, UK, Japan, Malaysia, Papua New Guinea and Eritrea. Therefore, it would be difficult for MNCs to follow geocentric approach for all the jobs.

► **Immigration Formalities:**

Many advanced countries and some developing countries lay down unnecessary, and time consuming formalities, documentation and high fee for recruiting and employing foreign nationals. Companies find these formalities are time consuming, costly and test their patience in recruiting foreign nationals. In addition, immigration authorities lay down still tough procedure for granting visa for spouse and children of employees. These formalities discourage the MNCs in recruiting employees globally at least for certain jobs.

► **Opposition from Nationals:**

People from the host country oppose the geocentric approach to recruitment as it result in loss of jobs for them. In fact, some people even in USA and UK organized the protests against geocentric policies as well as against expatriates with the slogans such as 'expatriates go back', 'expatriates grab our jobs' etc. This situation may create a sense of insecurity among the expatriate employees and their family members.

► **Additional Costs:**

Though, geocentric policy seems to be less costly, in terms of salary, sometimes it may not be true as implementation this policy involves training in culture, language, adjustments, developing national employees in tune with third country nationals etc.

**9. Campus Recruitment.**

*Ans :*

Parent companies and subsidiaries can get fresh candidates of different types from various educational institutions like Colleges and Universities imparting education in Science, Commerce, Arts, Business Management, Engineering and Technology, Agriculture, Medicine, Computer Science, etc., and trained candidates in different disciplines Most of the Universities and Institutes imparting technical education in various disciplines like engineering, technology, management studies provide facilities for campus recruitment and selection. They maintain the bio-data and performance required of the candidates. Organizations seeking to recruit the candidates from this source can directly contact the institutes either in person or via on-line and stimulate the candidates to apply for jobs. Most of the organizations using this source, perform the function of selection after completing recruitment in the campus of the Institute itself with a view to minimising time lapse and to securing the cream before it is attracted by some other organizations. Infosys and Satyam Computers recruit the prospective employees through campus recruitment from universities in USA, UK and China.

**10. The Expatriate System.***Ans :*

Expatriates are vital for the growth of international business as they provide skills, talent, innovations, entrepreneurialism and knowledge transfer. In addition, they provide home country control over foreign operations, act as insiders in distant operations, and deal with externalities of global markets and foreign workforce. Expatriates with their core and distinctive job skills and talents, human and soft skills, motivational and commitment levels to serve a foreign country, acquiring foreign language skills and the abilities and talents of spouses to adjust with foreign environment and cooperate make their assignments more successful. Thus, expatriates are a great value for MNCs due to the various attributes MNCs strongly feel that parent country nationals have a sense of belongingness with the subsidiaries and take responsibility more or less voluntarily to contribute their skills, and dedication.

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**11. Technical and Managerial Competence.***Ans :*

Technical and managerial competence of the candidate for the foreign job is one of the significant critical factors for successful job performance as candidate's ability to deliver the expected goods depend on his/her technical and managerial competence. Most MNCs short list the candidates based on technical and managerial competence and other job related factors. They further evaluate these candidates in other areas like culture, emotional stability and other psychological factors. Thus, the base for selection even for a foreign job is technical and managerial competence. Most firms base their choices for international assignments on the candidate's technical expertise. It was found by ORC Worldwide 2002 Survey that 72% of the responding firms selected employees on the basis of job skills mentioned in the job description.

## UNIT IV

**Global Workforce Training and Development** : Strategic role of Training and Development in the global Market Place- Fundamental concepts and principles for Guiding global Training and Development- Training imperative for the global workforce- Managing International Assignments- Expatriate Preparation, Foreign Assignment and Repatriation-International Assignments considerations for Special Expatriates-New and Flexible International Assignments.

### 4.1 STRATEGIC ROLE OF TRAINING AND DEVELOPMENT IN THE GLOBAL MARKET PLACE

**Q1. Write about Global Training and development, explain the strategic role of training and development.**

*Ans :* (Sep.-20, May-19, Imp.)

In order to compete successfully in a global market, more firms are focusing on the role of human resources as a critical part of their core competence and source of competitive advantage. As Kamoche comments: the human resource refers to the accumulated stock of knowledge, skills, and abilities that the individuals possess, which the firm has built up over time into an identifiable expertise'. Training and development activities are part of the way in which the multinational builds its stock of human resources - its human capital. An indication of the importance of this is the increasing number of multinationals that have established their own universities' or 'schools'. Motorola, McDonald's and Disney universities are good examples of these in-house training centers. Several European, Japanese and Korean firms have similar arrangements, such as the Lufthansa Business School and the Ericsson Management Institute.

The international assignment in itself is an important training and development tool :

- Expatriates are trainers, as part of the transfer of knowledge and competence between the various units - a major rationale for the use of international assignments. Whether implicitly or explicitly stated, they are

expected to assist the multinational train and develop HCNs - that is, train their replacements.

- Expatriates are also expected to ensure that systems and processes are adopted, and inevitably they will be engaged in showing how these systems and processes work, as well as monitoring the effective performance of HCNs.

- One of the reasons for international assignments is management development. A move into another area - job rotation - is a useful way for employees to gain a broader perspective. It assists in developing capable people who form the required pool of global operators, as discussed in earlier chapters.

Therefore, the way in which a MNE anticipates and provides suitable training for international assignments is an important first step. This is reflected in the growth of interest in, and provision of, pre-departure training to prepare expatriates and accompanying family members for the international assignment.

Figure is a schematic representation of the structure. It shows the link between international recruitment and selection, and training and development activities. Most expatriates are internal hires, selected from within the multinational's existing operations though, as indicated by the dotted arrow in Figure, some expatriates may be hired externally for an international assignment. We will now consider the various elements related to expatriate training and development in the context of managing and supporting international assignments.



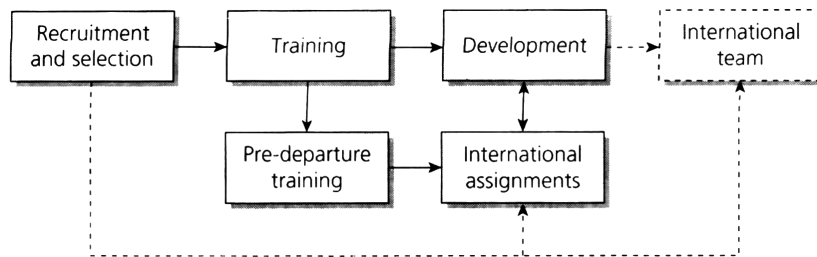


Fig. : International Training and Development

## 4.2 FUNDAMENTAL CONCEPTS AND PRINCIPLES FOR GUIDING GLOBAL TRAINING

**Q2. Discuss the fundamental/basic concepts and principles which guide decisions regarding employee training and development.**

*Ans :*

(May-19)

There are many fundamental concepts and principles which guide decisions regarding training and development at both national and international level.

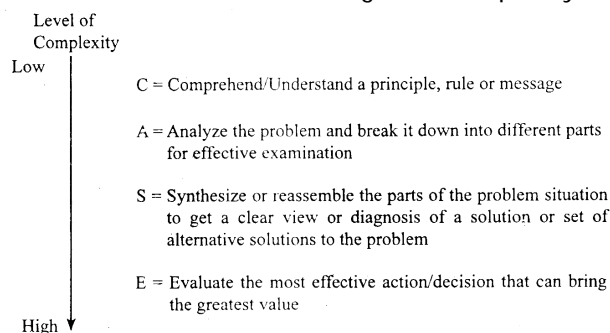
### Domains of Learning

The three important domains of learning are cognitive domain, affective domain and psychomotor domains. Cognitive domain involves knowledge, awareness and understanding. The affective domain is related to feeling, values, attitudes, emotions and expectations, all of these are generally combined into the general category of motivation. Many a times, employees may have sufficient skills and knowledge to carry out the work effectively, but they don't have adequate commitment or desire to carry out the job in an expected manner. This changing of commitment, desire and attitude are all related to learning in the affective domain. Thus, the employee is required to make effective participation and share feelings in the learning process. For example, predeparture training efforts are made to help expatriates and family members to overcome concerns about a new foreign assignment.

The psychomotor domain is the third domain of learning which involves learning of new physical skill like typing, improving on self with the unfamiliar vocal sounds in a new foreign language, trying to make the habit of driving on the opposite side of the road. This domain involves combination of the "intellect", "psyche" and "motor coordination".

### Levels of Learning

There are different levels of learning with the cognitive domain and these levels are differentiated based on the required performance of employee. The following figure shows the levels of learning acronym, "CASE", which distinguishes the levels based on their cognitive complexity and increasing depth.



At the deepest level of learning, the effective decision making resides.

### Principles of Adult Learning

There are several principles of learning that are applicable to both children and adults. However, the specific needs for adults for ensuring effective training in the company include the following,

- 1. Pragmatic or Problem - Centered**

Meaningful in resolving the major problems or meeting the actual needs as perceived by the participants.

- 2. Familiarity**

Relating the new training to the previous experience of participants.

- 3. Personal Influence and Control**

The participants think that they are able to make influence, control and self-direction in the learning process with active involvement and more interaction with other participants and trainer.

- 4. Values of Mutual Trust and Respect, Honesty and Openness**

All the participants in the learning process have something valuable to contribute and all deserve respect. They are respected and trusted based on expectations of honesty and openness in the training process.

### Sensitivity to Cross-Cultural Differences

The training concepts and principles must be implemented by considering the sensitivity of cross-cultural differences. Individuals who don't with stand the adult learning priorities of openness and participant control in the learning process, generally bring many years of experience in formal education in which the instructors are not supposed to be questioned as they are considered supreme.

In the cultures having high power distance, there is a likeliness that individuals avoid asserting personal control in the learning process, specially when the leadership status and role of authority of trainer should not be challenged or questioned.

### Systems Approach

Systems approach must be used to make sure that training is used effectively and is making a right impact on performance of employee and organization. The systems approach has many

models and versions. However, a systemic and scientifically based procedure is considered that covers many parts or systems that are applicable to the training and work performance situation.

### Training Transfer

After making several efforts in training, there should be an improvement in individual and organizational productivity. Mastery of new skills and effective learning are useless if they are not transferred into the workplace. To ensure effective transfer of training efforts, the manager should take into consideration several things before, during and after the training.

Before the training starts, a clear commitment should be obtained from top management and accepted leaders for the training. During the training, the trainees should ensure that trainees make a practice of real working situation in which the targeted skills would be used. After the training, the supervisors should encourage the individuals to retain the newly learned skills.

#### 4.2.1 Cultural Awareness Programs

**Q3. Explain briefly about cultural awareness program.**

*Ans :*

It is generally accepted that, to be effective, the expatriate employee must adapt to and not feel isolated from the host country. A well-designed, cultural awareness training program can be extremely beneficial, as it seeks to foster an appreciation of the host country's culture so that expatriates can behave accordingly, or at least develop appropriate coping patterns. Without an understanding (or at least an acceptance) of the host-country culture in such a situation, the expatriate is likely to face some difficulty during the international assignment. Therefore, cultural awareness training remains the most common form of pre-departure training.

The components of cultural awareness programs vary according to country of assignment, duration, purpose of the transfer, and the provider of such programs. As part of her study of expatriate management, Tung identified five categories of

pre-departure training, based on different learning processes, type of job, country of assignment and the time available. These were: area studies programs that include environmental briefing and cultural orientation; culture assimilators; language training; sensitivity training; and field experiences.

The related training elements in her framework involved the content of the training and the rigor of the training. Essentially, Tung argued that:

- If the expected interaction between the individual and members of the host culture was low, and the degree of dissimilarity between the individual's native culture and the host culture was low, then training should focus on task- and job-related issues rather than culture-related issues. The level of rigor necessary for effective training should be relatively low.
- If there was a high level of expected interaction with host nationals and a large dissimilarity between the cultures, then training should focus on cross-cultural skill development as well as on the new task. The level of rigor for such training should be moderate to high.
- Tung's model specifies criteria for making training method decisions - such as degree of expected interaction and cultural similarity. One limitation of the model is that it does not assist the user to determine which specific training methods to use or what might constitute more or less rigorous training.
- More than a decade later, Tung revisited her earlier work and reported that her original recommendations held, though with some changes:
- Training should be more orientated to life-long learning than 'one-shot' programs with an area-specific focus.
- There should be more emphasis on provision of foreign language training.
- There should be emphasis on the levels of communication competence, not just verbal communication, so the person becomes bicultural and bilingual, which enables an easier transition between one culture and another.

- Cross-cultural training assists in managing diversity.
- The preview of the expatriate position should be realistic, as this facilitates effective performance.

#### 4.2.1.1 Tung's Model

**Q4. Explain briefly about Tung's Model.**

*Ans :* (Sep.-20)

The related training elements in her framework involved the content of the training and the rigor of the training. Essentially, Tung argued that :

- If the expected interaction between the individual and members of the host culture was low, and the degree of dissimilarity between the individual's native culture and the host culture was low, then training should focus on task- and job-related issues rather than culture-related issues. The level of rigor necessary for effective training should be relatively low.
  - If there was a high level of expected interaction with host nationals and a large dissimilarity between the cultures, then training should focus on cross-cultural skill development as well as on the new task. The level of rigor for such training should be moderate to high Tung's model specifies criteria for making training method decisions - such as degree of expected interaction and cultural similarity. One limitation of the model is that it does not assist the user to determine which specific training methods to use or what might constitute more or less rigorous training.
- More than a decade later, Tung revisited her earlier work and reported that her original recommendations held, though with some changes:
- Training should be more orientated to life-long learning than 'one-shot' programs with an area-specific focus.
  - There should be more emphasis on provision of foreign language training.

- There should be emphasis on the levels of communication competence, not just verbal communication, so the person becomes bicultural and bilingual, which enables an easier transition between one culture and another.
- Cross-cultural training assists in managing diversity.
- The preview of the expatriate position should be realistic, as this facilitates effective performance.

#### 4.2.1.2 Mendenhall and Oddou

**Q5. Write about Mendenhall and Oddou model for training and development?**

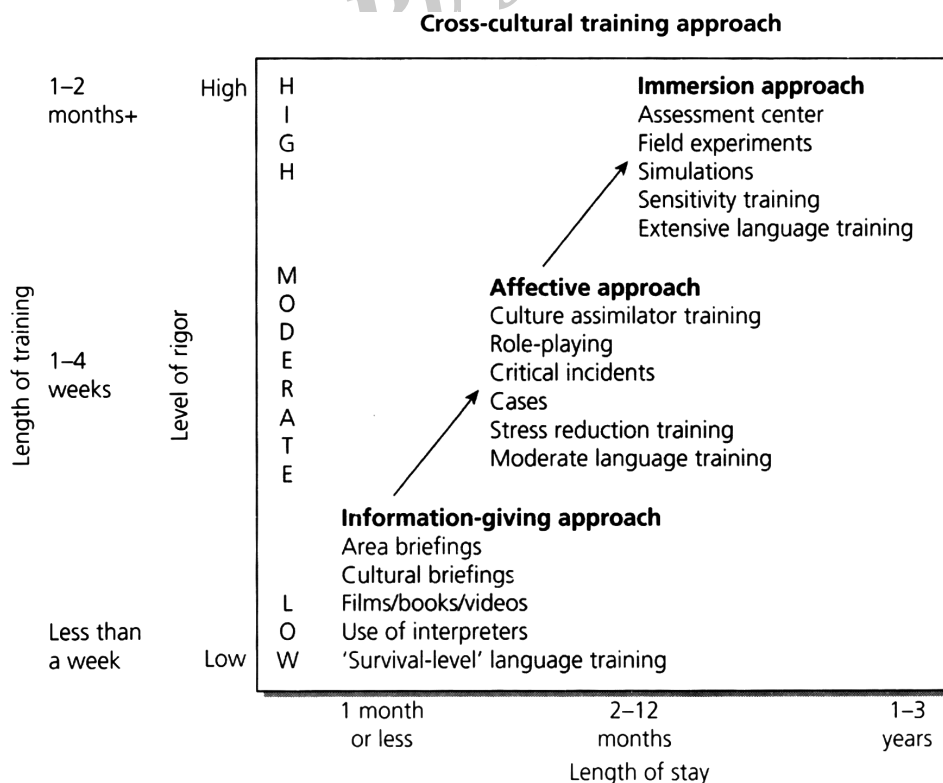
*Ans :*

(Sep.-20)

Mendenhall and Oddou extended Tung's model and this was refined subsequently by Mendenhall, Dunbar and Oddou who proposed three dimensions: training methods; levels of training rigor; and duration of the training relative to degree of interaction and culture novelty. This model provides useful guide-lines for determining an appropriate program. For example, if the expected level of interaction is low and the degree of similarity between the individual's home culture and the host culture is high, the length of the training should probably be less than a week. Methods such as area or cultural briefings via lectures, movies, or books would provide the appropriate level of training rigor.

On the other hand, if the individual is going overseas for a period of two to twelve months and is expected to have some interaction with members of the host culture, the level of training rigor should be higher and its length longer (one to four weeks). In addition to the information-giving approaches, training methods such as culture assimilators and role-plays may be appropriate.'

The Mendenhall, Dunbar and Oddou cross-cultural training model.



should last as long as two months. In addition to the less rigorous methods already discussed, sensitivity training, field experiences and intercultural experiential work-shops may be appropriate training methods in this situation.

#### 4.2.2 Preliminary Visits

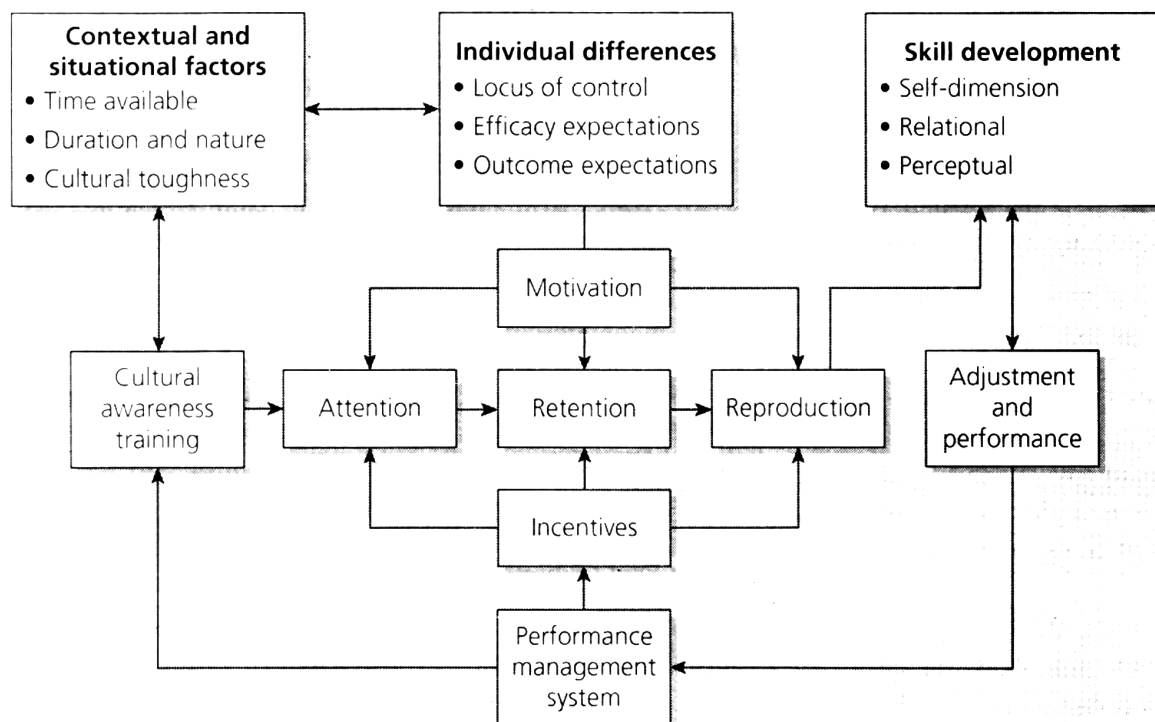
**Q6. Write about preliminary visits technique?**

*Ans :*

(Sep.-20)

One technique useful in orienting international employees is to send them on a preliminary trip to the host country. A well-planned trip overseas for the candidate and spouse provides a preview that allows them to assess their suitability for and interest in the assignment. Such a trip also serves to introduce expatriate candidates to the business context in the host location and helps encourage more informed pre-departure preparation. When used as part of a pre-departure training program, visits to the host location can assist in the initial adjustment process.

#### Cultural awareness training and assignment performance



#### 4.2.3 Language Training

**Q7. Explain briefly about language training.**

*Ans :*

Language training is a seemingly obvious, desirable component of a pre-departure program. However, it is consistently ranked below that of the desirability for cultural awareness training. In trying to understand why language skills are given a lower priority we should consider the following aspects related to language ability that need to be recognized.

The role of English as the language of world business, it is generally accepted that English is the language of world business, though the form of English is more 'international English' than that spoken by native speakers of English. India is an attractive location for foreign call centers due, in part, to the availability of a large English-speaking population from which to recruit employees. The willingness of Chinese nationals to acquire English fluency is confirming the dominance of English. Multinationals from the Anglo-Saxon or English-speaking countries such as the United Kingdom, the USA, Canada, Australia and New Zealand often use the dominant role of English as a reason for not considering language ability in the selection process, and for not stressing language training as part of pre-departure programs. Tung<sup>22</sup> reports that a 12 country study of almost 3000 executives found that respondents from the USA the UK, Canada and Australia - all English-speaking countries - deemed language skills as unimportant. This is in contrast to executives from Europe, Asia and South America however, who considered knowledge of a foreign language as critical to success.

The other speaker controls what is communicated and what is understood. The monolingual English speaker has less room to maneuver, no possibility of finding out more than he is given. His position forces him to be reactive rather than proactive in the relationship. What he says and understands is filtered through the other speaker's competence, over which he has no control.

### 4.3 TRAINING IMPERATIVE FOR THE GLOBAL WORKFORCE

**Q8. Explain the key imperatives for global training.**

*Ans :*

(Sep.-20, Dec.-19, Imp.)

The key imperatives for the global workforce training include,

1. Building global competencies international professionals
2. Building global alignment
3. Expatriate training
4. Special training for female expatriate assignment success
5. HCN training

#### **1. Building Global Competencies for International Professionals**

Due to increasing competition in the global market place, the executives, professionals, and managers are required to learn and develop specific global competencies which are more advanced than the competencies needed at domestic level.

As most of the domestic companies are penetrated by international competition, it becomes very essential for the decision-makers and leaders to develop global competencies which are beneficial both at national and international level. Generally, these professionals face new challenges and constantly changing global market place, they are required to possess new skills, knowledge and abilities.

The following table shows a list of several professional global competencies, :

S.No.	Emotional Intelligence	Cross-Cultural Awareness/Sensitivity
1.	Global business savvy	Language skills
2.	Self-reliance	Adjustment in cross-culture
3.	Managing tension of duality	Flexibility in new situations
4.	Respecting people and trusting them	Managing change
5.	Personal care, stress management	Managing uncertainty and health
6.	International negotiation skills	Working with international teams
8.	Non-judgemental and open personality	Curiosity
9.	Flexible in disposition and thought	Managing paradox
10.	Relationship skills	Managing conflicts of cross-culture

**Table: Global Business Competencies**

These competencies are often interrelated and combined to obtain a general way of thinking about the challenges of global business environment and to cope with those challenges. Now the question is 'how to develop these competencies'? One can develop vital global professional competencies by working on "four TS" i.e., (transfer, training, travel and teams).

### **Transfer to New Job/Assignment**

The most effective way to develop global competencies is to transfer the individual to new job or assignment. Because, when the employee spends a significant period in foreign environment, deals with different tasks and problems, it gives him the opportunity to develop himself. Therefore, many MNCs support the idea of using extended international work assignment transfers to provide them an experiential training grounds. Thus, the work assignment transfers helps the individuals to develop global mind-set and meet the global competitive demands of the future.

### **Training**

Generally, training is given to global workforce and it involves informal experience sharing and on-the-job training as part of a foreign work assignment. However, this second strategy of training involves more controlled, systematic learning activities having limited topics and particular learning objectives consistent with the goals of company. Among the 'Four. T' strategies, training is considered to be the most formal one and it emphasizes more on sharing explicit knowledge. Some of the examples of the most structured training efforts are,

- Program on global strategy
- Change management
- International negotiations and conflict management skills
- Managing virtual work teams
- Programs involving MNC participants from different countries.

These type of trainings not only help in developing valuable global competencies, but also facilitate in formation of valuable ties and professional networks which promote future collaboration.

**Travel**

When the individuals/professionals are sent to a foreign site for MNC training as part of brief business assignments abroad, the travel itself provides the individual with an opportunity to gain experience based knowledge about various behavioural norms and foreign cultures, insightful business practices, different economic and political environments. The professionals can gain a rich source of exposure from travel experience. For this purpose, employees are often encouraged to involve in activities that allows them to mix with local cultures like participating in humanitarian service projects, visiting host country employee's homes and schools, shopping in local markets, getting involved in other meaningful activities.

**Teams**

In global workplace, there are many forms of team assignments in multicultural and multinational work teams, teams at middle/senior levels or cross-functional task forces, autonomous and self-managing virtual teams etc. When team members from different countries and cultural background interact with each other, they exchange tacit knowledge and several other global leadership competencies. This informal form of learning facilitates in developing the major skill and mind-set of cultural acumen. To make sure that this learning is productive, these type of experiences should be supplemented by providing training in cross-cultural awareness, multi-cultural group dynamics and conflict management.

**2. Building Global Alignment**

Generally, MNCs use different approaches to ensure their control over their subsidiaries in foreign countries to attain organizational goals and performance objectives. These approaches include close supervision by expatriates, rules and performance management methods. The main aim behind optimizing this control is to align the global workforce with the organizational goals and objectives.

The training on key global competencies and thinking skills should be provided to MNC managers whether PCNs, TCNs or HCNs. This may result in integration and coordination through a common mind-set. The affect of this training will also be on

the transfer across. The global workforce of MNC at all levels of industry specific critical capabilities associated with success, contributing to a very productive internal cognitive alignment. This common mind-set and shared knowledge will lead to alignment in thought and action which further ensures effective interactions and collaborative synergies throughout the MNC.

Although the knowledge, thinking skills and capabilities learned by way of shared experiences in activities like transfer, travel, teams and travel are of great importance for the development of MNC culture, there is also a greater influence of beliefs, priorities and identity to influence teach and reinforce required behaviour within the MNC.

The learning process based on organizational culture is related to both cognitive domain and affective domain in the form of beliefs, priorities, values, professional identity, attitudes etc. Employees are shown with the image or identity of their employing organization to ensure that they are more committed to the organization. Organization-related citizenship behaviour job satisfaction and alignment. This alignment of both 'heart and mind' occurs by way of informal learning channels as the members of MNC gain common work experience and develop a history together.

Nevertheless, MNC can also facilitate meaningful training and training activities throughout the organization. It can achieve common corporate identity by involving employees in common initiatives in corporate social responsibility. It is possible to achieve organizational socialization and alignment through multinational team arrangements and expatriate and inpatriate assignments, leading to breaking down of stereotypes.

Apart from cognitive alignment, if the MNC focuses on effective socialization through meaningful cross-cultural collaboration and interaction, open debate and idea sharing, then it will lead to development of 'superordinate' goals and establishment of a common MNC identity in a persuasive internal culture that encourages trust, mutual support and respect. To develop the common identity or common cultural code, many MNCs including IKEA, Nokia and GE have made efforts through formal training and informal learning modes of travel and global work assignments. These



companies have used a common cultural code that provides affective intrinsic form of alignment for the MNCs.

### 3. Expatriate Training

It is strongly evidenced that different forms of training for expatriates may act as a valuable investment which leads to effective performance in foreign assignments. Even though there is an in favour of evidence expatriate training majority of the expatriates are sent to foreign countries without providing any training. The reasons for this may be lack of time for training, unclear training needs or assumption that technical skills possessed by expatriate are sufficient to carryout the assignments successfully.

#### Predeparture Training

The intention of predeparture training is to prepare expatriate to an extent possible prior to actually arriving at international assignment to provide adjustment, assist in preventing the mistakes related to costly and start the international assignment in positive and productive manner as possible.

The essential significance of predeparture training is facilitating helpful information and a sense of personal control in showing possible challenges that helps in reducing fears or concerns that may increase anxiety and stress to uncomfortable and nonproductive levels before the actual start foreign/international assignment. The predeparture training that is offered in organizations include spouses and other family members, the most general form is cross-cultural awareness.

### 4. Special Training for Female Expatriate

There is drastic increase in female PCNs, TCNs and HCNs who are accepting international assignments to satisfy the requirements of MNC for international talent. There are some unique aspects that should be taken into account and addressed for utilizing the success of international assignment and long-term return of MNC investment.

#### Women Expatriates

Usually, women are neglected as suitable candidate for international assignment but they are increasing as expatriates and showing their ability for international assignment. Women face many

challenges compare to men which need to be dealt in predeparture preparation, foreign experience and stages of repatriation of international assignment. Though MNC believes in providing equal treatment but unfortunately women expatriates will get less organizational support than men which have negative impact on success of foreign assignment and subsequent repatriation.

For international assignment, women must get training as part of predeparture preparation in order to develop realistic expectations relating to work and surrounding culture. In business leadership positions, negative stereotypes and biases were raised against women based on place of assignment, local norms, values and traditions which are possessed by MNC employees and society. The predeparture training facilitates to determine the ways in which woman expatriates are expected to behave. Female expatriate should present herself first as manager and second as a female in front of host country nationals. Effective predeparture preparation enables advanced contact with influential HCNs to analyze special arrangements for future assignments. These arrangements can be made with female managers both inside or outside the MNC who have completed foreign assignments successfully and act as mentors and advisers through e-mail and telephone. Women require additional support as they face different situations in professional and personal lives. Therefore, on site training emphasizing on building trust and productive attitudes will be profitable for HCN employees who involve in work interaction with woman expatriate.

### 4.4 MANAGING INTERNATIONAL ASSIGNMENTS

**Q9. Explain briefly about international assignments.**

*Ans :*

International assignments have long been recognized as an important mechanism for developing international expertise. The expected outcomes are:

- **Management development:** Individuals gain international experience, which assists in career progression, while the multinational

gains through having a pool of experienced international operators on which to draw for future international assignments.

- **Organizational development:** International assignments also provide a multinational with a way of accumulating a stock of knowledge, skills and abilities upon which it can base its future growth. A global mindset is an important side benefit, as key personnel take a broader view. Further, as discussed previously, expatriates are agents of direct control and socialization and assist in the transfer of knowledge and competence.

We shall now consider these outcomes, first from the perspective of the individual, and then from the multinational's viewpoint.

An international assignment can be compared to job rotation, a management development tool that seeks to provide certain employees with opportunities to enhance their abilities by exposing them to a range of jobs, tasks and challenges. It is therefore not surprising to find an implicit assumption that an international assignment has *per se* management development potential. Along with expected financial gain, perceived career advancement is often a primary motive for accepting international assignments. This is particularly the case in smaller population advanced economies (e.g. The Netherlands, Australia, Sweden and New Zealand) where the relatively small local economy is not big enough to generate growth and international activities provide the opportunity for ongoing revenue growth.

In such a situation, employees understand that international experience is frequently a requirement for further career advancement. However, there is a paucity of research that demonstrates the link between an international assignment and career advancement. Two exceptions are studies by Feldman and Thomas, and Naumann. While these studies confirm career expectations as motives, the expatriates involved were taken from those currently on assignment. Overall, there remains a need for research that establishes career paths as a direct consequence of international assignments.

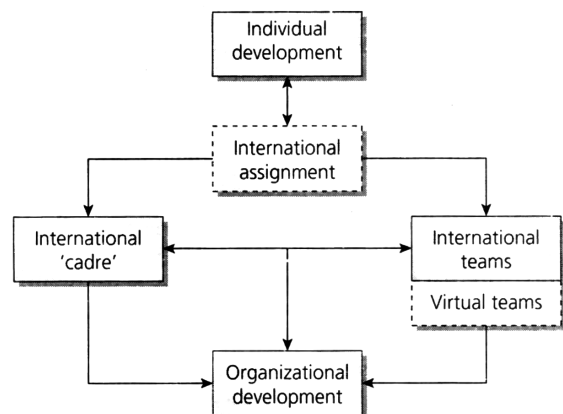
There are two possible explanations for this lack of interest in the career out-comes of international assignments :

- Companies and academics have been somewhat preoccupied with the process of expatriation from the organization's perspective
- Surveys consistently report that expatriates consider career progression as a primary motive for accepting international assignments. Such a consistency of response - that is, career advancement as a reason for accepting an overseas assignment - has masked the issue of whether these career expectations are, indeed, met. In other words, we know why people accept international assignments, but we do not have a clear picture of when and how these expectations are met.

### Developing international Teams

Expatriates may gain individual management development from the international assignment, as we have previously discussed. The international assignment often is the 'training ground' for the international cadre'. International teams can be formed from those who have had international experience, though the international assignment itself may be an assignment to an international team, or to form an international team.

It is frequently argued that multinationals, especially in networked organizations, would benefit from using international teams as :



- A mechanism for fostering innovation, organizational learning and the transfer of knowledge.
- A means of breaking down functional and national boundaries, enhancing horizontal communication and information flows.
- A way of encouraging diverse inputs into decisions, problem solving and strategic assessments.
- A way of developing a global perspective.
- A way of developing shared values, thus assisting in the use of informal, normative control through socialization.

#### 4.5 EXPATRIATE PREPARATION

**Q10. Write about expatriate training.**

*Ans :*

**(May-19)**

Training aims to improve in relation to some future position or job, usually managerial. When expatriates are unfamiliar with the customs, cultures and work habits of the local people, they often make critical mistakes, which can be avoided by providing them with proper training.

Effective training can prevent many errors and minimise the impact of others. Some of the biggest complaints against expatriates revolved around personal shortcomings in areas such as politeness, punctuality, tactfulness, orderliness, sensitivity, reliability, tolerance and empathy.

Proper training can address some of these demands. It can enhance group decision-making skills, team work and leadership effectiveness. Training and development is a subset of organisational development (OD), culture change and knowledge management.

In order to compete successfully in a global market, more firms are focusing on the role of human resources as a critical part of their core competence and a source of competitive advantage.

Training aims to improve current work skills and behaviour, whereas development aims to increase abilities in relation to some future position or job - usually managerial.

#### **Expatriate Training**

Most expatriates, whether PCNs or TCNs, are selected from within the multinational's existing operations, though, some expatriates may be hired externally. Once an employee has been selected for an expatriate position, predeparture training is considered to be the next critical step.

#### **Components of Effective Predeparture Training Programmes**

##### **Cultural Awareness Programmes**

It is generally accepted that to be effective the expatriate employee must adapt to and not feel isolated from the host country. A well-designed cultural awareness training programme can be extremely beneficial, as it seeks to foster an appreciation of the host-country's culture so that expatriates can behave accordingly, or at least develop appropriate coping patterns.

Tung, (1981) identified five categories of predeparture training, based on different learning processes, type of job, country of assignment, and the time available:

##### **Area studies programmes that include environmental briefing and cultural orientation;**

- Cultural assimilators;
- Language training;
- Sensitivity training; and
- Field experiences.

##### **Preliminary Visits**

One useful technique in orienting international employees is to send them on a preliminary trip to the host country. A well-planned overseas trip for the candidate and spouse provides a preview that allows them to assess their suitability for and interest in the assignment. Such a trip also serves to introduce expatriate candidates to the business context in the host location and helps encourage more informed predeparture preparation.

### Language Training

Language training is a seemingly obvious, desirable component of a predeparture programme. However, there are three interrelated aspects related to language ability that need to be recognized:

- i) The Role of English as the Language of World Business
- ii) Host-Country Language Skills and Adjustment
- iii) Knowledge of the Corporate Language

### Practical Assistance

Another component of a predeparture training programme is that of providing information that assists in relocation. Practical assistance makes an important contribution toward the adaptation of the expatriate and his family to their new environment.

### Job-Related Factors

We do know from the cross-cultural management literature that there are differences in the way people approach tasks and problems and that this can have an impact on the learning process.

## 4.6 FOREIGN ASSIGNMENT

**Q11. Foreign experience phase includes initial international adjustment and ongoing support. Discuss.**

*Ans :* (Dec.-19, Imp.)

The second phase in international assignment is foreign experience phase which includes international adjustment and ongoing support.

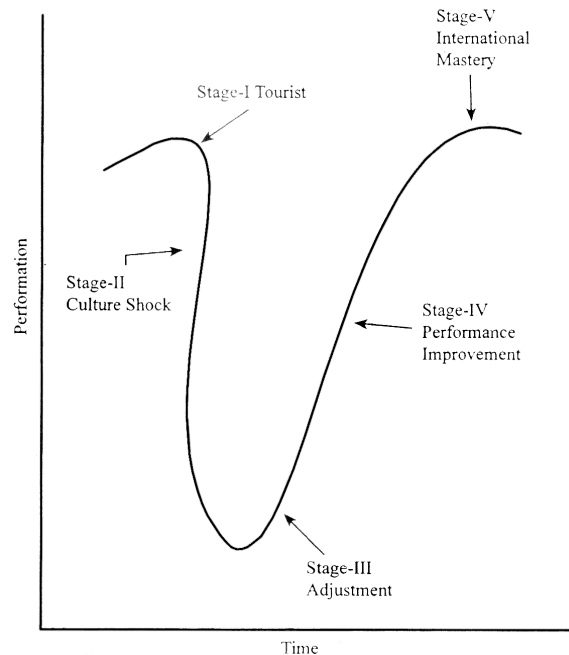
### Initial International Adjustment

Regardless of past international work experience, the people starting with foreign assignment in new host need to make same adjustments comprising of physical, emotional, conceptual and social for achieve efficiency and comfort with working and living in new environment. The major characteristic or aspect for a spouse and their family members is effective

international adjustment who deals with the expatriates.

### Stages in International Adjustment

International adjustment comprises of five stages. They are depicted in the following figure,



**Figure: Phases/Stages of International Adjustment**

### Stage-I: Tourist

The stage-I, tourist is also known as honeymoon stage where the overall new international adventure seems to be positive and individual performance is increased by enthusiasm and energy. But in some cases, after few weeks or months, the excitement of first stage vanishes off and collective interference of familiarity and routine in new environment starts to take its toll usually dropping the individual into culture shock.

### Stage-II: Culture Shock

The term culture shock means the involvement of psychological crisis and significant performance debilitation. Dissatisfaction and homesickness is established in this point and the individual may also experience enhancing feelings of hostility and irritability on regular encounters with frustrating and unfamiliar concerns of everyday realities in new foreign experience. The physical symptoms experienced at this stage includes chronic

fatigue, loss of appetite, headaches, upset of stomach and colds, lack of energy and inability of getting good sleep at night. Some may not adjust and recover from his debilitating culture shock stage and may return to home early. During culture shock and conducting little in performance the individual endeavours with four significant adjustments aspects in the host country. They are,

- (a) Adjustment to work
- (b) Interaction adjustment
- (c) General adjustment and
- (d) Psychological adjustment.

#### **(a) Adjustment to Work**

The adjustment to work in new foreign assignment may be provided if various policies and procedures of organization are similar to such back home, particularly if an anticident is quiet on hand to assist the new expatriate getup to speed with new assignment.

#### **(b) Interaction Adjustment**

The interaction adjustment is ordinarily the most difficult, basing on realized level of cultural distance of the international assignment and includes forming a higher appreciation and understanding for HCNs at work and other Uca! people with whom the expatriates might interact.

#### **(c) General Adjustment**

General adjustment is an aspect which involves adjusted to the general environment of the host country comprising of workplace surroundings, transportation, shopping, food, foreign, language, housing and etc. In addition to this, the on-site guidance and support in facilitating transportation and housing assistance the organizations can enable in decreasing this source of stock and provide adjustment with effective still realistic predeparture orientation efforts.

#### **(d) Psychological Adjustment**

This psychological adjustment includes an overall dependent views evaluation of well-being which will spread through and be affected by other three dimensions. The other three dimensions include new knowledge, skills and behaviours, psychological adjustment concerns more with development and maintenance of new attitudes that

support with adjustment. This dimension is provided when expatriates are able to appraise perplexing and stressful events as opportunities and challenges for personal development.

#### **Stage-III: Adjustment**

As stated in international adjustment curve, the decrease in complete performance starts to be arrested with gradual adjustment to new environment. The extent of performance debilitation and time length necessary for effective adjustment may be differentiated from one person to another and from one international assignment to another usually depending on level of cultural distance that is involved in new assignment, local conditions and workforce rapport and receptivity.

#### **Stage-IV: Performance Improvement**

The individual strengthens and develops new skills and perceptions to deal with new environment through effective adjustment which is experiencing continued performance improvement in work and personal life. They also try to associate and gain social encouragement at the time of non working hours only with others from the same or similar culture and decrease meaningful interaction with individuals from local culture whom they disdain and try to hold at a distance.

#### **Stage-V: International Mastery**

The performance of an individuals stabilizes. There is a higher level of professional and personal development in global competence appeared will include more ability to appreciate differences and live with and enjoy membership in more than one culture. With this development, the individual will represent a more valuable asset and resource for the firm/organization.

#### **Ongoing Support**

The perceptions of organizational support in expatriate assignment are significant for effective adjustment. These perceptions can also influence ongoing or continuous commitment to assignment success. The post-arrival encouragement in local and headquarter based continuous support efforts signal to the expatriate the level to which the firm cares for their well-being and values the expatriates present and longer-term contributions to firms.

### 4.7 REPATRIATION

**Q12. Explain briefly about repatriation phase.**

*Ans :*

The term "Repatriation" refers to the process of returning to back of an expatriate to his/her country of residence, once the foreign assignment is completed. In other words, the process of bringing the expatriate back to the home country. It needs to be carefully managed and handled.

Practitioners and academics observed that re-entry into the home country impose new challenges on the repatriate (returning person) in the form of "re-entry shock" (or) "reverse culture shock". Since people expect life in a new country totally different when compared to native country/domestic country, they will face problems of adjustment.

Most of the MNCs misperceived that repatriation constitutes the final phase of the expatriation process. However, in reality, efficiency of expatriates could be improved only by improving the effectiveness of the repatriation process.

Process of repatriation is classified into four phases. This can be exemplified in the diagram as follows.

#### Phase I: Preparation

The term "preparation" in the repatriation process refers to planning for future and collecting necessary information regarding the new assignments. Companies offer/provide a checklist of tasks to be accomplished before a expatriate returns back to a home country such as closure of bank accounts and settling bills (or) thorough preparation of employee and family for the transfer home and other jobs related to relocation of expatriates family.

#### Phase II: Physical Relocation

It means movement of expatriates and their families with their household belongings to the other place of posting mostly the home country (or) removing personal influence, breaking relations with colleagues and friends. Repatriate and their families are also provided with an assistance of personalized relocation which minimizes the amount of uncertainty, stress, and disruptions.

#### Phase III: Transition

When expatriate completes entire overseas assignment then, he returns back to his/her home country for which temporary arrangements are made such as household and schooling tasks and performing other administrative tasks like renewing driving license, opening bank account, so on.

#### Phase IV: Readjustment

Final phase of repatriation process is 'readjustment' which involves managing (or) recovering (or) adjusting with reverse culture shock and career demands. Under this phase, expatriates after returning, back to the home country faces reverse cultural shock. When such expatriates re-enter the home country, organization faces/ some of the problems such as loss of career growth and direction, fear of loss of income, status, autonomy, feeling of devaluing the international experiences, adjusting with new role demands, etc. Out of four stages of repatriation process, readjustment is found to be the more complex due to the impact of several factors.

**Q13. Explain the Challenges of Repatriation.**

*Ans :*

There are more problems and challenges associated with repatriation than the expatriation. Expatriation is perceived as a type of reward for performance management. On the other hand, employees perceive repatriation as the "end of honeymoon" in his/her career.

The various challenges faced by both MNC and the assignee are as follows,

#### 1. Individual Perspectives

The assignee may face both personal and professional challenges of repatriation. From an individual perspective, the assignee undergoes a 'reverse culture shock'. When the assignee comes back to the home country, he/she expects that everything would be the same as it was earlier. But after repatriation, he/she sees that the things have changed in terms of political, economical cultural and social factors. Infact, they realise that they have also changed. These changes create confusion and disturbance about everything, thereby expatriate seeks to leave home country.

It is not only the assignee who faces this adjustment problem, his family members also experience the same issues. The factors such as lowered social status, housing problems, depleted spendable income, children's school problems, difficulty of club membership etc, add more problems to the returnee.

Apart from personal problems, returnees may also face professional disappointment. The skills which they acquire while on foreign service are seemed to be of no use now. They feel degraded as the organisation in the home country offers only a limited number of career choices. This makes them realize that they are being removed from the main field of corporate advancement.

According to a study, the longer an expatriate stays abroad, the difficult it becomes for them to adjust themselves in the home country environment.

## 2. Organisational Perspective

Like individuals, organisations also face a lot of difficulties related to the retention of employees as majority of returnees seek to quit the job. This problem arises due to lack of planning and attention during repatriation process. If the assignee quits the job, it has a major impact on MNC as the company has invested heavily on employee's training, posting and maintenance. Another issue associated with quitting of job is that the another multinational will gain the competitive advantage. Quitting of job by an experienced assignee and joining of rival MNC, will bring a big loss to the organization.

To manager expatriation and repatriation effectively, it is essential for MNCs to have a well designed and documented international assignment policy. According to global relocation trends survey, all MNCs donot have repatriation policies. It was found that only 75 percent of MNCs had repatriation policies.

To design international assignment policy, some important aspects to be considered as follows,

- a) Total number of employees working on international assignment and the duration of assignment.
  - Short term assignment (less than 12 months).

- Long term assignment (1 -5 years).
  - Permanent relocations.
  - International computers.
- b) Composition of the international assignees
    - Parent company or country.
    - Mix of nationality i.e., the employees are hired for particular assignments.
    - A combination of parent company and international hires.
  - c) The key objectives of having international assignments.
  - d) Profiles of the expat population. Top executives. Managers. Administrators. Operational heads and others.
  - e) Compensation method i.e., the requirement for compensation structure which is global.
  - f) Spouse policy should be framed based on the duration of the assignment.
  - g) Home leave/home trips.
  - h) Repatriation provisions and reintegration.

## Q14. Explain briefly about Repatriation Strategies

*Ans :*

Repatriation strategies are classified into four stages. They are,

1. Pre-expatriation
2. During the assignment
3. Preceding repatriation
4. After repatriation.

### 1. Pre-Expatriation. Strategies to be followed under this stage,

- a) Based on the position of expatriates in the repatriation process, expatriates enters into the agreement with the host company.
- b) Agreement covering the duration of stay that an expatriate needs to spend in a foreign country.
- c) Restoring the post of an expatriate eventhough he has been assigned with some foreign operations.

2. **During the Assignment:** Strategies used under this stage includes,

- a) Maintains continuous communication with the expatriates
- b) Visiting head quarters on vacation if any, to maintain visibility.

3. **Preceding Repatriation.** During this stage, following actions must be taken by the firm,

- a) Prior to the end of assignment, assignee is offered with guidance programme whose duration lies between 6 to 12 months. This career guidance assist assignee to overcome the anxiety of his (or) her place in the organization.
- b) Undertakes several actions for ensuring that all the elements of repatriation process are transparent and fair. Elements include company policies associated with travel reimbursement, leave period, shipping of household goods and information regarding mentor/ coach.

4. **After Repatriation.** Once the repatriation process comes to an end.

Several measures are taken by the MNCs of them includes,

- a) Conduction of Training sessions like seminars and presentations which assist returnees/repatriater to adjust with the reverse cultural shock.
- b) Provides financial counseling and financial/lane assistance to the expatriates.
- c) Establishes reorientation programme related to the changes that took place in company-policies, practices, personnel and strategies.
- d) Provides reassurance for the international experience.

**Q15. Explain the tips for successful repatriation.**

*Ans :*

International HR manager must consider the following tips so as to make the entire repatriation process an effective task :

**(a) For the Employer**

1. Organization must first plan how an employee should use the newly acquired culture and market specific skills before sending the employees on global/foreign assignments.
2. Organizations must enter into the repatriation contract with the assignee so as to minimize the ambiguity existing between the two about the expatriate's future growth. Within the company and his or her job security on return (from his/her foreign assignment).
3. Designs intercultural repatriation program for the whole family and make sure that it is used to present every family member's unique needs.
4. Introduce a mentoring program to ensure the alignment of expatriates activities with that of company's policies and events during global assignments. Linking the expatriates by providing a support system forms the critical aspect of the process.
5. Conducts a company orientation programs especially for the returned expatriates revealing them, the changes that took place in the firm during their foreign assignments.
6. Appreciates the returning expatriates for their achievements during the foreign assignments.
7. Give spousal career consulting assistance to employees with accompanying spouses/partners which helps the spouse/partner to regain more control of his or her career options back home.



**(b) For the Returning Employee and Spouse/ Partner**

1. Request the mentor from the moment he/she has accepted the position whose role is to keep the expatriate in group, examining his/her career growth.
2. Issues "transition" fund which refers to a secure amount that will permits him/her to pay for hidden with like readjusting to a new lifestyle and for the management of their area of residence without any house keeper.
3. Expect your beliefs and values associated with how he/she looks the world to have change. They should not expect old colleagues, friends and family to understand the new experiences as soon as possible.
4. Prepare thoroughly to communicate the acquired beliefs and values in an effective manner to the friends, colleagues and family members residing in their home country.
5. Understand and learn to gain/grow which takes time, sometimes ever longer than anyone's expectations for him/her to adjust with an appreciable/known environment.
6. Use innovative ideas to employ newly found skills and knowledge like assisting others through same relocation experience. It can provide him/her a unique opportunity to share those experiences in setting where they will be more valued and respected.
7. Be alert for a change in dynamics where, colleagues may be interested to know about his/her foreign experience.

**(c) Expect the Unexpected**

1. Provide sufficient time for relocation of the expatriates particularly by considering the school systems of his/ her family members.
2. Manage expectations of each member of a family which is specifically distinct for each of the member.

3. Find and connect with positive aspects for this relocation where concentration is more an pros instead of cons finally, this creates harmonious environment at home as well as at work.
4. Permit time to re-establish family contacts and friendships where, new set of friends must be introduced and it may take time.
5. Conducts occasions and ceremonies wherein families and friends meet and enjoys which they have missed in their home countries reunions and important occasions.
6. Use technology to stay-in-touch (or) be-in-touch with the friends and relatives residing in their home countries example includes web corns, expatriate sites, chat rooms, instant and text messaging are all effective means for family members to be-in-touch which facilitate the transition back home.

**4.8 INTERNATIONAL ASSIGNMENTS  
CONSIDERATIONS FOR SPECIAL EXPATRIATES**

**Q16. Discuss in detail about international assignments considerations for special expatriates.**

*Ans :*

**i) Masculinity/Femininity**

As a cultural value there are four main ways in which this dimension influences careers and career planning :

- The regard for females as part of the workforce;
- The attitudes to different jobs as being either masculine or feminine;
- The centrality of work to a person's life;
- The attitudes to achievement and competition.

Hofstede (1991) points out, what is considered 'feminine' and what is considered 'masculine' differ considerably between cultures :

Women dominate as doctors in the (former) Soviet Union, as dentists in Belgium, as shopkeepers in parts of West Africa. Men dominate as typists in Pakistan and form a sizeable share of nurses in the Netherlands. Female managers are virtually non-existent in Japan but frequent in the Philippines and Thailand.

The implications for careers are, firstly, that in some societies women may not be seen as part of the workforce, or if they are, they may occupy the lowest-level jobs, or certain jobs that are usually ascribed to women, such as nursing. This also varies in industries: for example, heavy engineering is not usually seen as an industry for females in the UK. Banks, despite employing a majority of females in the UK have a small minority in middle to senior management positions. Women tend to prosper more in the UK in such occupations as local government and some branches of the civil service, but still tend not to reach the senior management positions in large proportions.

Secondly, certain jobs may be viewed as 'feminine' and some as 'masculine'. In IBM, Hofstede (1991) identified six occupational groups from most 'masculine' to most 'feminine'. These were: salesmen, professionals such as engineers and scientists, skilled technicians, managers, unskilled and semi-skilled workers, and office workers (the latter being the most feminine).

## ii) Women and Expatriation

Within (Hofstede, 1980a) the framework of the level of femininity-masculinity within the home culture, compared with that in the host culture, could be expected to influence the number of women in the expatriate management workforce. Adler (1986-87) posits two models containing underlying assumptions about gender differences, which may be assumed to differ between countries. The first is an 'equity model' that sees male and female as having equal contributions to make, and therefore treatment in the

workplace should be based on equity. The contrasting views are that of the 'complementary contribution model'. This assumes that there are differences between men and women, and that their different contributions should be recognized and valued.

Harris (1995) identifies a number of factors that may influence the low representation of women in expatriate assignments, as follows:

### iii) Organizational Factors

Expatriates are often drawn from an identified pool of high potential individuals within the organization, aged from about their late twenties to early thirties, following the development, maturation and experience of the domestic operation. This is likely to militate against the selection of women because of the presence of the 'glass ceiling', and also because often, technical competence as opposed to relational skills is still valued for expatriates. An additional organizational factor may be the perceived strategic function of expatriation in the transfer of socialized knowledge and organizational cultures as a form of control on subsidiaries.,

### iv) Socio-cultural Factors: Host Country Barrier

Host countries may be seen as being prejudiced against female managers. In fact the success of women expatriates in South East Asian countries contradicts this assumption. Often, women are seen as foreigners who happen to be women, not as women who happen to be foreigners, and are not subject to the same limitations. Hence often women expatriates will not face the same restrictions that host-country women would experience.

### v) Socio-cultural Factors: Dual Career Issues

There has been discussion in the literature on the problems of spousal adjustment to

expatriate problems. In particular, this has focused on the dual-career couple. The traditional profile has been the married man with his family. These problems may well be magnified if the expatriate is a woman, with the man facing an additional hurdle of being the secondary breadwinner or a homemaker. The woman, as the expatriate's spouse, may make this transition easier as a result of socio-cultural norms.

Women often have more visibility, as foreign clients are more curious and anxious to meet them; they have better interpersonal skills and often find it easier to talk to local men than male expatriates do; and they have novelty value, with foreign clients assuming they must be the best, to have been sent by their companies in the first place.

#### 4.9 NEW AND FLEXIBLE INTERNATIONAL ASSIGNMENTS

**Q17. Explain the new and flexible International assignments.**

*Ans :*

There are a number of emerging and continuing trends in international training and development that we can briefly comment on.

**First**, although the pressure from globalization continues to push MNEs towards a convergent approach to training and development, there is a continuing pressure from many countries (particularly developing countries) for localization of training and development initiatives of which MNEs must be mindful. Al-Dosary and Rahman have reviewed the benefits and problems associated with localization of training and development.

**Second**, there is a growing realization that although globalization is having a major impact on business processes and associated training and development efforts in MNEs, there is evidence that for competence development and learning, it is still necessary to consider the impact and importance of the national context and institutions on such efforts.

**Third**, there is increasing awareness of the important role of non-governmental organizations (NGOs) in international training and development.

**Fourth**, with the rise of China as an economic superpower, there is increasing interest in all aspects of training and development with a focus on China.

Finally, there is a realization in the training and development literature that the field must address global, comparative and national level contexts for training and development, just as the international HRM field is beginning to do so.

**Q18. Explain the measures for enhancing international assignment effectiveness involving global teams.**

*Ans :*

(Sep.-20, Imp.)

Various measures for enhancing/increasing international assignment effectiveness connected with international teams are discussed below. They are,

1. Virtual expatriate assignments
2. Success with global virtual teams.

### 1. Virtual Expatriate Assignments

Development of mutual trust is a significant success factor management of a team or group employees on a distance depending across national boundaries with frequent visits for direct interactions. Managers ability is the important source used for building this trust whether in person or virtually to facilitate acceptable training for employees clearly communicate the expected and at last encourage the employees to perform their work. The frequent assessment of performance progress and provision of encouragement and further support as required is also helpful in building a crucial rapport of trust and confidence. But, achieving this strong team performance on virtual basis by a possibly very distinct cultural lens and through/with communications which are very far less rich than communicating in person can present significant issues.

Establishing expectations, ground rules and mutual trust, it is suggested that frequent/periodic and longer communication is made in person at starting of project with rapid enhancement of team management on the basis of distance. Instead of this, facilitation of sufficient technical training for team members, cross-cultural awareness training is advantageous for virtual expatriate and foreign team members for encouraging consistency and knowledge in working through or otherwise confusing, frustrating and destructing the communication in cross-culture.

### 2. Success with Global Virtual Teams

Management of a global virtual team is a major challenge than managing a foreign work group and operation highly on basis of distance in which the team members and managers are from distinct cultures and countries. A significant advantage of global virtual teams is especially where the team members are spreaded/dispersed geographically across various foreign workplaces is the capability to do work asynchronously. It is useful to international organizations to effectively bridge various time zones and allows teams to be more productive in more than one work period. Besides this, the members who are spreaded near to distinct markets, resources, customers, perspectives and practices in their local contexts can increase capability of innovation and consistency which helps in

enhancing the capability to maintain equal local awareness with wider and strategic perspective of global team. However, the cultural and geographical scattering of team members is not just separation of virtual manager from a complete work group which can highly increase the miscommunication possibility and disputes because of insufficient interactions/communications in person. There are three general characteristics of global virtual teams with high levels of trust. They are,

- (a) Initiation of virtual communications with social messaging is introducing themselves and facilitating few personal background before completing the task that is assigned.
- (b) Explain the positive attitudes in all messages through helpfulness, enthusiasm, eagerness, action orientation, facilitating feedback in positive and constructive manner and future orientation with an emphasis on cooperative problem solving instead of finding faults.
- (c) Establish clear set of roles and responsibilities for each team member within bigger picture of general group goal so that each team is capable of identifying with one another.

## Short Question and Answers

### 1. Principles of Adult Learning.

*Ans :*

There are several principles of learning that are applicable to both children and adults. However, the specific needs for adults for ensuring effective training in the company include the following,

#### 1. Pragmatic or Problem - Centered

Meaningful in resolving the major problems or meeting the actual needs as perceived by the participants.

#### 2. Familiarity

Relating the new training to the previous experience of participants.

#### 3. Personal Influence and Control

The participants think that they are able to make influence, control and self-direction in the learning process with active involvement and more interaction with other participants and trainer.

#### 4. Values of Mutual Trust and Respect, Honesty and Openness

All the participants in the learning process have something valuable to contribute and all deserve respect. They are respected and trusted based on expectations of honesty and openness in the training process.

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### 2. Cultural awareness program.

*Ans :*

It is generally accepted that, to be effective, the expatriate employee must adapt to and not feel isolated from the host country. A well-designed, cultural awareness training program can be extremely beneficial, as it seeks to foster an appreciation of the host country's culture so that expatriates can behave accordingly, or at least develop appropriate coping patterns. Without an understanding (or at least an acceptance) of the host-country culture in such a situation, the expatriate is likely to face some difficulty during the international assignment. Therefore, cultural awareness training remains the most common form of pre-departure training.

The components of cultural awareness programs vary according to country of assignment, duration, purpose of the transfer, and the provider of such programs. As part of her study of expatriate management, Tung identified five categories of pre-departure training, based on different learning processes, type of job, country of assignment and the time available. These were: area studies programs that include environmental briefing and cultural orientation; culture assimilators; language training; sensitivity training; and field experiences.

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### 3. Tung's Model.

*Ans :*

The related training elements in her framework involved the content of the training and the rigor of the training. Essentially, Tung argued that :

- If the expected interaction between the individual and members of the host culture was low, and the degree of dissimilarity between the individual's native culture and the host culture was low, then

training should focus on task- and job-related issues rather than culture-related issues. The level of rigor necessary for effective training should be relatively low.

- If there was a high level of expected interaction with host nationals and a large dissimilarity between the cultures, then training should focus on cross-cultural skill development as well as on the new task. The level of rigor for such training should be moderate to high. Tung's model specifies criteria for making training method decisions - such as degree of expected interaction and cultural similarity. One limitation of the model is that it does not assist the user to determine which specific training methods to use or what might constitute more or less rigorous training.

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#### 4. Language training?

*Ans :*

Language training is a seemingly obvious, desirable component of a pre-departure program. However, it is consistently ranked below that of the desirability for cultural awareness training. In trying to understand why language skills are given a lower priority we should consider the following aspects related to language ability that need to be recognized.

The role of English as the language of world business, it is generally accepted that English is the language of world business, though the form of English is more 'international English' than that spoken by native speakers of English. India is an attractive location for foreign call centers due, in part, to the availability of a large English-speaking population from which to recruit employees. The willingness of Chinese nationals to acquire English fluency is confirming the dominance of English. Multinationals from the Anglo-Saxon or English-speaking countries such as the United Kingdom, the USA, Canada, Australia and New Zealand often use the dominant role of English as a reason for not considering language ability in the selection process, and for not stressing language training as part of pre-departure programs. Tung<sup>22</sup> reports that a 12 country study of almost 3000 executives found that respondents from the USA the UK, Canada and Australia - all English-speaking countries - deemed language skills as unimportant. This is in contrast to executives from Europe, Asia and South America however, who considered knowledge of a foreign language as critical to success.

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#### 5. Predeparture Training.

*Ans :*

The intention of predeparture training is to prepare expatriate to an extent possible prior to actually arriving at international assignment to provide adjustment, assist in preventing the mistakes related to costly and start the international assignment in positive and productive manner as possible.

The essential significance of predeparture training is facilitating helpful information and a sense of personal control in showing possible challenges that helps in reducing fears or concerns that may increase anxiety and stress to uncomfortable and nonproductive levels before the actual start foreign/international assignment. The predeparture training that is offered in organizations include spouses and other family members, the most general form is cross- cultural awareness.

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#### 6. International assignments.

*Ans :*

International assignments have long been recognized as an important mechanism for developing international expertise. The expected outcomes are:

- **Management development:** Individuals gain international experience, which assists in career progression, while the multinational gains through having a pool of experienced international operators on which to draw for future international assignments.

- **Organizational development:** International assignments also provide a multinational with a way of accumulating a stock of knowledge, skills and abilities upon which it can base its future growth. A global mindset is an important side benefit, as key personnel take a broader view. Further, as discussed previously, expatriates are agents of direct control and socialization and assist in the transfer of knowledge and competence.
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## 7. Flexible International assignments.

*Ans :*

There are a number of emerging and continuing trends in international training and development that we can briefly comment on.

**First**, although the pressure from globalization continues to push MNEs towards a convergent approach to training and development, there is a continuing pressure from many countries (particularly developing countries) for localization of training and development initiatives of which MNEs must be mindful. Al-Dosary and Rahman have reviewed the benefits and problems associated with localization of training and development.

**Second**, there is a growing realization that although globalization is having a major impact on business processes and associated training and development efforts in MNEs, there is evidence that for competence development and learning, it is still necessary to consider the impact and importance of the national context and institutions on such efforts.

**Third**, there is increasing awareness of the important role of non-governmental organizations (NGOs) in international training and development.

**Fourth**, with the rise of China as an economic superpower, there is increasing interest in all aspects of training and development with a focus on China.

Finally, there is a realization in the training and development literature that the field must address global, comparative and national level contexts for training and development, just as the international HRM field is beginning to do so.

# UNIT V

**Global workforce performance Management:** Performing Management Process-Important consideration for Global Performance Management- Planning and Implementing Global Performance Appraisal- Compensation for a Global workforce- Managing Compensation on a global Scale: Fundamental Practices-Key compensation for Expatriates, HCN's and TNC's – Global Employee Relations- current ER issues-Influence of MNC's and Union on Global ER.

## 5.1 GLOBAL WORKFORCE PERFORMANCE MANAGEMENT

**Q1. Explain about Global workforce performance management.**

*Ans :* (Sep.-20)

### Performance Management

According to Moon (1996), Performance is a multidimensional construct, the measurement of which varies depending on a variety of factors that comprise it. According to, Macpherson and Mwita, 'Performance' refers to outcomes of work because they provide the strongest linkage to the strategic goals of the institution, customer satisfaction and economic contributions Performance is the measure of efficiency. It is an efficiency relationship between inputs and outputs. It indicates a reduction in input costs.

According to Armstrong and Baron, "Performance management is the strategic and integrated approach to deliver sustained success to the organizations by improving performance of the people who work in them and by developing the capabilities of teams and individual contributors".

### Global Performance Management

According to Engle et al (2014, 2005), Global Performance Management (GPM) is defined as "the cross border dimensions of performance management that enable individual performance results to be systematically aggregated in large and diverse MNCs". Global performance management includes decisions regarding the content of the performance management process, design and roll out of the system, operations in country and assessment of the system.

## 5.1.1 Performing Management Process

**Q2. Outline the process of Global performance management.**

*Ans :* (Sep.-20)

### Global Performance Management Process

The steps involved in global performance management process are,

1. Job design.
2. Agree on clear job-performance goals.
3. Provide direction, immediate performance feedback and coaching.
4. Monitor job progress.
5. Conduct performance appraisal.

Let us discuss each of them in detail.

#### 1. Job Design:

In the first step of performance management process, the performance management is associated with the HR function and the strategy of a firm, in which particular job or work assignment is designed or redesigned carefully in order to fulfil the objectives of the present firm. Nevertheless, still the firm may not assign the employee to this job, its thoughtful, careful design is very important in providing future work performance and effective in performing performance objectives of MNC. The job design must be conceptual and must not include performance expectations, particular tasks, work interactions and reporting relationships and job qualifications which suits the particular job situation.



**2. Agree on Clear Job-Performance Goals:**

In the second step, the employee and the manager should combinedly assess the particular tasks, needs and assumptions of the job with a vast organization's goals and get a clear awareness and agreement about particular goals and objectives of job-performance, including particular work assignments.

**3. Provide Direction, Immediate Performance Feedback and Coaching:**

In the third step, the first work performance of the employee is included. In several aspects, this stage looks like on-the-job training which is the usual type of training in firm's because of its continuous direction and regular feedback. Eventhough the new employee is skilled for a job arrangement must be made at work start-up stage for close one-on-one direction and immediate feedback, given by the manager of an employee or by an organized experienced person or other colleague. Here, coaching includes continuous one-on-one cooperation, particularly during early stage of the new job, in order to give extended direction, feedback, mutual goal setting, motivation and correction as the employee reaches maximum performance.

**4. Monitor Job Progress:**

In the fourth step, as the employee from many months becomes confident and capable in carrying out work as per the expectations, the manager will be less interfered in close advisement and coaching. However, the manager will continue to be in touch with employee in order to give performance feedback, coaching and correction which is required to keep the essential performance.

During this stage, again training is given to strengthen required performance and fill skill gaps which were not clear earlier. Moreover, during this stage, the attainment of immediate work performance is directed adequately which is very significant but less urgent training is given for expected future job developments or changes. Also, there is a

requirement to adopt the job design in order to encourage required performance. Job design must be regarded as continuous, adaptable process to satisfy the requirements of a dynamic international work place and the managers must taken into consideration feasible requirements for job redesign frequently for maximum impact on work performance.

**5. Conduct Performance Appraisal:**

At a right time after six months or a year and following suitable coaching, a formal appraisal is conducted regarding performance of an employee for strengthening job performance in future. From many sources, information is gathered for analyzing the quality of performance of an employee, the most regular source is direct supervisor of an employee. The most formal and official discussion among the employee and supervisor about previous performance and plans for enhancing the future performance must include two way communication, mutual trust and respect and no surprises for the employee until frequent, effective feedback about the quality of the employee performance is given. With the help of performance appraisal, the decisions relating to the employee whether he/she is suitable for present job or not, termination, transfer and promotion are known.

**5.2 IMPORTANT CONSIDERATION FOR GLOBAL PERFORMANCE MANAGEMENT**
**Q3. List out the Important consideration for Global Performance Management.**

*Ans :* (May-19, Imp.)

While its general strategic position may be international, multinational, global or transnational (depending on, for instance, its size, industry and geographic dispersal), a multinational makes strategic choices based on economic and political imperatives.

**(i) Whole Versus Part**

By its very nature, a multinational is a single entity that faces a global environment, which means that it simultaneously confronts differing national environments. Integration and control imperatives often place the

multinational in the position where it decides that the good of the whole is more important than one subsidiary's short-term profitability.

Another situation is where the multinational establishes a joint venture in a particular market in order to have a presence there, even though it has low expectations in the short term, and may provide minimum resources to the venture. Therefore, the consequences of such global decisions for subsidiary management must be taken into consideration for performance appraisal.

For instance, notions of what constitutes adequate quality control checks can vary widely from one country to another, import tariffs can distort pricing schedules, or a dock strike in one country can unexpectedly delay supply of necessary components to a manufacturing plant in another country. Further, local labor laws may require full employment at plants that are producing at below capacity. These factors can make an objective appraisal of subsidiary performance problematic, and may complicate the appraisal of individual subsidiary managers.

## (ii) Volatility of the Global Environment

The turbulence of the global environment requires that long-term goals be flexible in order to respond to potential market contingencies. According to Pucik, an inflexible approach may mean that subsidiaries could be pursuing strategies that no longer fit the new environment.

## (iii) Separation by Time and Distance

Judgements concerning the congruence between the multinational and local subsidiary activities are further complicated by the physical distances involved, time-zone differences, the frequency of contact between the corporate head-office staff and subsidiary management and the cost of the reporting system. Developments in sophisticated worldwide communications systems, such as fax machines, video telephone conferences and email, do not fully substitute for 'face-to-face' contacts between subsidiary managers and corporate staff.

## (iv) Variable Levels of Maturity

According to Pucik, without the supporting infrastructure of the parent, market development in foreign subsidiaries is generally slower and more difficult to achieve than at home, where established brands can support new products and new business areas can be cross-subsidized by other divisions. As a result, more time may be needed to achieve results than is customary in a domestic market, and this fact ought to be recognized in the performance management process. Further, variations in customs and work practices between the parent country and the foreign subsidiary need to be considered.

## (v) Control and Performance management

Although it is not often described as such, performance management is a part of a multinational's control system. That performance targets are a part of formal control. Through formal control mechanisms, and communication through the feedback and appraisal aspects, performance management also contributes to shaping corporate culture, both formally and informally, thereby acting as an informal control mechanism as well as part of the bureaucratic control system. Employees are rewarded for adopting appropriate work behaviors and this in turn reinforces normative control.

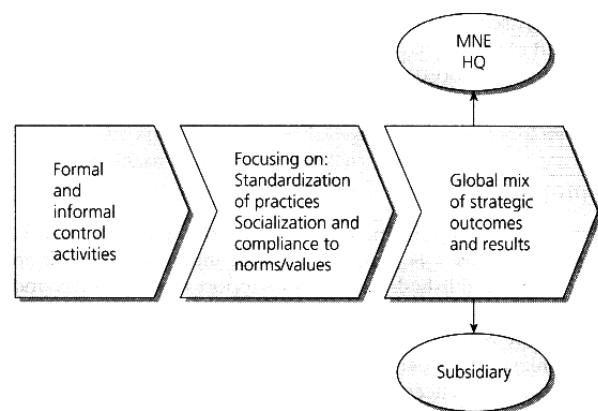


Fig. : MNE Control and Performance

### 5.3 PLANNING AND IMPLEMENTING GLOBAL PERFORMANCE APPRAISAL

#### Q4. Define Performance Appraisal? Explain the objectives of performance Appraisal.

*Ans :*

Performance Appraisals is the assessment of individual's performance in a systematic way. It is a developmental tool used for all round development of the employee and the organization. The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health. Assessment should be confined to past as well as potential performance also. The second definition is more focused on behaviors as a part of assessment because behaviors do affect job results.

#### Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind :

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

#### Q5. How do you plan and implement Global Performance Appraisal

*Ans :*

#### Performance Appraisal of International Employees

Now that we have an understanding of the variables likely to influence performance, including

the nature of the international assignment being performed, we can dis-cuss the criteria by which performance is to be appraised (or evaluated - the terms are used interchangeably in the relevant literature). We note that the focus on expatriate management is also reflected in the literature about the performance appraisal of international staff, and much of the following discussion reflects that emphasis.

However, aspects of expatriate performance appraisal are also relevant to the appraisal of non-expatriates and these, along with the aspects that distinguish between the two categories of international staff, will be highlighted

Individual performance management involves a set of decisions on the dimensions and level of performance criteria, task and role definitions, and the timing of the formal and informal aspects of the appraisal. Traditionally, it comprises a formal process of goal setting, performance appraisal and feedback. Data from this process is often used to determine pay and promotion, and training and development requirements. Company goals influence the individual's salient task set, against which job goals and standards are established and measured.

#### Performance Criteria

The global firm's ability to measure an employee's individual contribution to performance and to assess the aggregate contribution of human capital to strategic progress is a complex and timely topic in organizational studies. Goals tend to be translated into performance appraisal criteria so specificity and measurability issues are important aspects, and we need to recognize that hard, soft and contextual goals are often used as the basis for performance criteria. Hard goals are objective, quantifiable and can be directly measured - such as return-on-investment (ROI), market share, etc.

Soft goals tend to be relationship or trait-based, such as leadership style or interpersonal skills. Contextual goals attempt to take into consideration factors that result from the situation in which performance occurs. For example, MNEs commonly use arbitrary transfer pricing and other financial tools for transactions between subsidiaries to minimize foreign-exchange risk exposure and tax expenditures. Another consideration is that all financial figures are generally subject to the problem of currency conversion, including sales and cash positions.

### Who Conducts the Performance Appraisal

Another issue is who conducts the performance appraisal. Typically, employees are appraised by their immediate superiors, and this can pose problems for subsidiary chief executive officers (or managers). They work in countries geographically distant, yet are evaluated by superiors back at headquarters who are not in a position to see on a day-to-day basis how the expatriate performs in the particular situation. Consequently, subsidiary managers tend to be assessed according to subsidiary performance, with a reliance on hard criteria similar to that applied to heads of domestic units or divisions.

Appraisal of other employees is likely to be conducted by the subsidiary's CEO, or the immediate host-country supervisor, depending upon the nature and level of the position concerned. With regard to expatriate performance appraisal, host-country managers may have a clearer picture of expatriate performance and can take into consideration contextual criteria.

### Standardized or Customized Performance Appraisal Forms

Domestic companies commonly design performance appraisal forms for each job category, particularly those using a traditional performance appraisal approach rather than performance management. Such standardization assists in the collection of accurate performance data on which personnel decisions can be made, and allows for cross-employee comparisons.

### Frequency of Appraisal

In practice, formal appraisal is commonly on a yearly basis, and this appears to extend to international performance systems, even though the domestic-oriented literature on this topic recommends an ongoing combination of formal and informal performance appraisal and feedback.

### Performance Feedback

An important aspect of an effective performance management system is the provision of timely feedback of the appraisal process. One of the problems with annual appraisal is that employees do not receive the consistent frequent feedback considered critical in order to maintain or improve their performance.

### 5.4 COMPENSATION FOR A GLOBAL WORKFORCE

**Q6. Write a note on international compensation/ remuneration management. What are the factors considered while designing international compensation package?**

*Ans :*

Compensation is defined as the financial remuneration provided to the employers in exchange for their labour. Compensation management deals with salaries, wages, pay increases and other monetary aspects. Compensation managers of many organizations find it difficult to design and manage the compensation of employees who work for the company in a foreign country because of an entirely different set of issues. Globalization has an increased concern for creating internationally equitable compensation systems in many companies. It is crucial for an organizations to understand,

- The kind of employees employed by the international firms.
- The elements of international compensation system.
- The problems associated with returning citizens (repatriates) on overseas assignments to their home country.

### Factors Considered While Designing International Compensation Package

Certain factors need to be analyzed before determining the various elements of designing international (IN) compensation package, a compensation manager must know the difference among HCNs (Host Country Nationals), TCNs (Third Country Nationals) and expatriates. HCNs, TCNs and expatriates are compensation recipients with their own peculiar issues. The three types of international compensation recipients are as follows:

1. Host Country Nationals (HCNs)
2. Third Country Nationals (TCNs)
3. Expatriates.

#### 1. Host Country Nationals (HCNs)

Those employees whose residence is the host nation are called as nationals or locals.

## 2. Third Country Nationals (TCNs)

Those employees whose nation of residence is neither host country nor home country are TCNs.

The compensation provided to locals, expatriates and third country nationals varies considerably. The total compensation package for locals is less costly than expatriate's compensation package.

## 3. Expatriates

Those employees who come from other country for operation are expatriates.

The three main factors considered by the Human Resource Managers while designing international compensation packages are,

- (i) Staff mobility
- (ii) Term of international assignment and
- (iii) Equity.

### (i) Staff Mobility

While designing international compensation package, human resource professionals must take into consideration the staff mobility, i.e., whether the foreign assignments require employees to move from one country to another country or from one location to another location within the country. This type of movement causes inconvenience and disturbance not only to the expatriates but also to their families. In order to compensate this inconvenience, some monetary incentives are provided to the expatriates.

### (ii) Term of International Assignment

The term of international assignment is an essential factor in designing international compensation package.

Shorter international assignments require only few slight changes to be made in domestic compensation packages. Short-term assignments period is usually less than one year. In case of long-term international assignments few additional features need

to be added in the domestic compensation packages in order to make expatriates comfortable in other countries. The additional features/benefits offered to expatriates may include housing allowances, educational expenses for children and other necessary adjustments to safeguard expatriates from paying 'double' income taxes. Mostly the time period of long-term assignments is more than one year.

### (iii) Equity: Pay Referent Groups

An effectively constructed compensation program develops equity among employees. Employees are paid on the basis of their performances and the knowledge and skills they possess. Expatriates make use of equity while evaluating their compensation levels. Most of the companies located in United States consider domestic employees as pay referent groups while designing international compensation packages. The main reason is that all the employees will come back to United States once their assignments are completed.

Few companies consider local employees as pay referent groups for long-term assignments as local employees facilitate expatriates integration into foreign culture. For example, US companies offer compensation package which comprises of base pay and long-term incentives. On the other hand, Mexican companies offer compensation package which comprises of base pay and cash allowances such as Christmas bonuses. If Mexican expatriates are working on long-term assignment of United States then those expatriates compensation packages will be same as that of United States managerial employees compensation packages.

### 5.4.1 Managing Compensation on a Global Scale

#### Q7. How do you manage Compensation on a Global Scale? Discuss its components?

*Ans :*

Compensation is defined as the financial remuneration provided to the employers in exchange for their labour. Compensation management deals with salaries, wages, pay increases and other monetary aspects. Compensation managers of many organizations find it difficult to design and manage the compensation of employees who work for the company in a foreign country because of an entirely different set of issues. Globalization has an increased concern for creating internationally equitable compensation systems in many companies. It is crucial for an organization to understand,

- The kind of employees employed by the international firms.
- The elements of international compensation system.
- The problems associated with returning citizens (repatriates) on overseas assignments to their home country.

#### Components

Components of an international compensation package, in addition to the normal salary and benefits offered in the home country, frequently include the following. These components are discussed below :

1. **Base salary** : For expatriates, the term base salary means the primary component of a package of allowances which are:
  - (a) Foreign service premium,
  - (b) Cost-of-living allowance,
  - (c) Housing and utility allowance,
  - (d) Basis for in-service benefits and pension contributions.

Base salary may be paid in home or local currency or in some hard currency like pound or dollar.
2. **Foreign Service inducement/hardship premium** : Parent-country nationals often receive a salary premium as an inducement

to accept a foreign assignment or as compensation for any hardship caused by the transfer. Such payments vary depending upon the assignment, actual hardship, tax paid to foreign governments and length of the assignment.

3. **Allowances** : Various allowances are paid to expatriates depending upon the assignment. They include:

(a) **The cost-of-living allowance (COLA)** : It involves a payment to compensate the differences in expenditures between the home country and the foreign country.

(b) **Housing allowance** : Implies that employees should be entitled to maintain their home-country living standards (or, in some cases, receive accommodations)

(c) **Home leaves and travel allowances** : Is given to cover the expense of trips (usually once in a year) back home. These trips allow the expatriates the opportunity to renew family and business ties, thereby helping them to avoid adjustment problems when they are repatriated.

4. **Education Allowances for Children** : Education allowances are given towards fees for the education of expatriates' children. Education allowances include items such as tuition, language class tuition, books, transportation and uniforms.

5. **Relocation Allowances and Moving** : Relocation allowances usually cover moving, shipping; temporary living expenses, and down payments or lease-related charges.

6. **Tax Equalisation Payments** : Many international compensation plans attempt to protect the expatriate from negative tax consequences by using a tax equalisation plan. Under this plan, the company adjusts an employee's base income so that the expatriates will not pay any more or less tax than if they had stayed in the home country.

7. **Spouse Assistance :** To help guard against or offset income lost by an expatriate's spouse as a result of relocating abroad. Multinationals generally pay allowances in order to encourage employees to take up international assignments.

#### 5.4.2 Fundamental Practices

**Q8. Discuss in detail fundamental practices for managing compensation on a global scale.**

*Ans :*

The critical practices such as, managing global compensation strategically, anticipating the influence of culture, paying for performance, addressing the duality challenge of balancing global management efficiencies and local responsiveness demands, and using a total reward system perspective are used to manage compensation for a global workforce.

#### Managing Global Compensation Strategically

Compensation at the company level must strengthen and motivate the employees to act in accordance with the corporate objectives and instructions. The entire system of compensation and rewards serves an important role in promoting successful implementation of an organization's general strategy together with its dozens of business objectives. Compensation attracts and retains talented employees and contributes to collective and individual employee commitment to the MNC's strategic directions and purposes which serves as main source of competitive advantage.

On individual level, the qualified internal candidates get attracted by an effective compensation package with incentives. The reward system assures the progress of an MNC towards global perspectives between its present managers and future leadership at organizational level. The new companies should keep low prices when they enter new markets and compete internationally and they lack the resources for sufficient direct financial rewards for the required human talent.

The efficient compensation strategy and particularly policies on the functional level to manage global workforce must meet the below six objectives,

1. To attract and retain employees who are capable for foreign assignments.
2. To make sure of transparency and clear understanding of compensation plans.
3. To fix and maintain reasonable equity in compensating employees of all related operations at home and abroad.
4. To be competitive to the practices of the prominent competitors.
5. To deliver the intended rewards by taking cost-saving advantage of economies of scale in the cost-efficient manner.
6. It aid transfers between foreign operations and between foreign locations and home country.

To perform strategic objectives, the strategic management of global compensation must be integrated and coordinated with HR functions and practices of other company.

#### Anticipating the Influence of Culture

The national culture have a great influence on preferences, employee perceptions, and emotional reactions, comprising those connected with employee compensation and rewards. The local culture awareness is equally important as the awareness of local laws and regulations in creating a successful compensation package and practices.

#### Paying for Performance

Pay for performance is an important and quickly growing trends in compensation practices at every level of employment in globally managed MNC's and individual countries. Making employee's compensation contingent on reaching individual, group or organizational performance objectives, has a key connection to MNC strategy. Pay for performance or variable pay is in trend because of the increasing competitive forces that are driving organizations to utilize their rewards in a successful way to achieve productivity goals, specifically regarding individual performance.

#### Addressing the Duality Challenge of Balancing Global Management Efficiencies and Local Responsiveness Demands

The main challenge the multinational organizations facing today is the necessity to maintain the enterprise globally and simultaneously being

responsive to local situations. The global workforce compensation specifically face the ongoing stress of this duality challenge. In the current scenario, the global competition pressure have compelled the organizations to combine and globalize compensation and benefits programs.

### Using a Total Reward System Perspective

In the global compensation efforts, few organizations face problem if they use a narrow, fragmented point of view by neglecting the complete picture of the reward package by emphasizing on individual parts. It is very beneficial to use a total reward system perspective in creating balanced and comparable compensation packages across national borders by considering and evaluating the elements that influence less directly the remuneration that constitute the total package, considering social benefits, company benefits, and tax and social security contribution. All the financial and non financial rewards i.e., total remuneration should be included.

From the above key practices, compensation for workforce can be managed.

## 5.5 KEY COMPENSATION FOR EXPATRIATES

### Q9. Explain briefly about Key Compensation for Expatriates

*Ans :* (Dec.-19, May-19, Imp.)

The area of international compensation is complex primarily because multinationals must cater to three categories of employees: PCNs, TCNs and HCNs. In this section, we discuss key components of international compensation as follows :

#### Base Salary

The term base salary acquires a somewhat different meaning when employees go abroad. 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). For expatriates, it is the primary component of a package of allowances, many of which are directly related to base salary (e.g. foreign service premium, cost-of-living allowance, housing allowance) as well as the basis for in-service benefits and pension contributions. It may be paid in home

or local country currency. The base salary is the foundation block for international compensation whether the employee is a PCN or TCN.

#### Foreign Service Inducement / Hardship Premium

Parent-country nationals often receive a salary premium as an inducement to accept a foreign assignment or as compensation for any hardship caused by the transfer. Under such circumstances, the definition of hardship, eligibility for the premium, and amount and timing of payment must be addressed. In cases in which hardship is determined, US firms often refer to the US Department of State's Hardship Post Differentials Guidelines to determine an appropriate level of payment. As Ruff and Jackson have noted, however, making international comparisons of the cost of living is problematic. It is important to note, though, that these payments are more commonly paid to PCNs than TCNs.

#### Allowances

Issues concerning allowances can be very challenging to a firm establishing an overall compensation policy, partly because of the various forms of allowances that exist. The cost-of-living allowance (COLA), which typically receives the most attention, involves a payment to compensate for differences in expenditures between the home country and the foreign country (to account for inflation differentials, for example). Often this allowance is difficult to determine, so companies may use the services of organizations such as ORC Worldwide (a US-based firm) or ECA International (based in Britain). These firms specialize in providing COLA information on a global basis, regularly updated, to their clients. The COLA may also include payments for housing and utilities, personal income tax, or discretionary items.

There is also a provision for home leave allowances. Many employers cover the expense of one or more trips back to the home country each year. The purpose of paying for such trips is to give expatriates the opportunity to renew family and business ties, thereby helping them to avoid adjustment problems when they are repatriated.

Education allowances for expatriates' children are also an integral part of any international compensation policy. Allowances for education can



cover items such as tuition, language class tuition, enrolment fees, books and supplies, transportation, room and board and uniforms.

Relocation allowances usually cover moving, shipping and storage charges; temporary living expenses; subsidies regarding appliance or car purchases (or sales); and down payments or lease-related charges.

### 5.6 HCN's AND TCN's

#### 5.6.1 HCN's

**Q10. Write about Host Country Nationals.**

*Ans :* (Dec.-19, May-19, Imp.)

#### Host Country Nationals (HCNs)

HCNs are local managers who are hired by the MNC. There are many reasons for hiring them at the lower or middle-level ranks. Many countries require the MNC to hire local talent as part of opening their markets to MNCs. For example, in Brazil, two-thirds of employees in any foreign subsidiary have to be Brazilian nationals. In India too, before approving joint venture agreements, the government restricts the number of expatriates to be employed, primarily to limit the foreign exchange outflow and to prepare Indian nationals to undertake the responsibility at a future time.

PCNs fill usually top positions, but this is not always the case. For example, companies following the multi-domestic philosophy or polycentric approach would select most positions, including top ones, from the host country, but usually after starting the operations. For example, Hindustan Lever Ltd, a subsidiary of the Unilever group in India is currently headed by an Indian.

Tung (1981) identified four reasons for use of host country managers:

1. These individuals are familiar with the culture;
2. They know the language;
3. They are less expensive and know the way things are done, the rules of local market and how to get things done or who can influence; and
4. Hiring them is good public relations.

#### 5.6.2 TCN's

**Q11. Write about Third Country Nationals.**

*Ans :* (Dec.-19, May-19, Imp.)

#### Third Country Nationals (TCNs)

TCNs are managers who are citizens of countries other than the one in which the MNC is headquartered or the one in which it is assigned to work by the MNC. Tung (1991) found that the two most important reasons that American MNCs use third country nationals are:

1. These people have the necessary expertise,
2. They were judged to be the best ones for the job.

Japanese companies usually do not hire TCNs, while Phatak (1995) found that US companies usually prefer TCNs from Europe. TCNs are found typically in large MNCs in advanced stages of growth. A number of advantages are cited for using them. One is that their salary package is usually less than that of a PCN. The knowledge of local language, like English was the reason for choosing British managers by US companies in former British colonies like India, Jamaica, West Indies and Kenya.

Today, a new breed of multi-lingual, multi-experienced 'global-managers' has emerged. These new managers are part of a growing group of international executives who can manage across borders and do not fit the traditional third country mould. With a unified Europe, and North America and Asia becoming business hubs, such global managers are in great demand.

### 5.7 GLOBAL EMPLOYEE RELATIONS

**Q12. Define Employee Relations? Explain objectives of employee relations**

*Ans :* (Sep.-20, Imp.)

The term 'employee relations' is defined as the relationship between the employer (or) representative manager and the employees who aims towards building and maintaining commitment, morale and trust for building a productive and secure work environment.

**Objectives of Employee Relations**

The following are the objectives of employee relations,

1. To motivate and build good employee-employer relations.
2. To reduce conflicts at various levels such as at workplace, at individual, inter-group/team and intra-group/team levels.
3. To increase the morale of the workers and develop a sense of organizational pride.
4. To assure discipline at the workplace and develop a constructive and congenial work environment.
5. To offer motivational incentives and benefits and to improve the economic status of the workers.
6. To assist the worker in solving their problems by coaching, counselling and mentorship programmes.
7. To motivate and develop the workers to involve in the quality improvements, technical and process innovations and brainstorming sessions for organizational excellence.
8. To enhance the quality of work-life, reduce the stress at workplace and provide a healthy work-life balance for improving the employee productivity.

**5.7.1 Current ER Issues**

**Q13. What are the current employee relations issues Globally?**

*Ans. :* (Sep.-20, Dec.-19, Imp.)

**Main Issues in International Labour Relations****I. Person Handling Labour Relations**

The main problem of labour relations occurs in delegating the responsibility of handling labour relations i.e., whether it has to be delegated to head quarters (or) to a subsidiary plants. This decision is mainly influenced by the national differences existing in economic, political and legal systems which create different labour relations systems across

countries. Most of the MNCs usually represents the management of labour relations to their foreign subsidiaries.

When the multinational headquarters are involved in the host country labour relations, several factors hold influence on their functioning. Some of them includes:

1. Labour relations are operated in a centralized manner by its headquarters, if there exists a greater degree of inter subsidiary production integration. Managing labour relations becomes critical to corporate headquarters when transnational sourcing patterns are adapted by the MNCs. In transnational sourcing, a subsidiary in one country depends on another foreign subsidiary for the procurement of components (or) as a user of its output. Thus, coordinated labour relations policy acts as a key factor behind the success of global production strategy.
2. Forms of the subsidiaries ownership also have an influence on the management of employee relations. Example, difference between US and European companies with respect to the involvement of headquarters in employee relations. Wherein US companies tends to enjoy greater centralized control over labour relations when compared to European (or) British companies.
3. Subsidiary performance also plays an important role in the handling management of employee relations. Example, subsidiaries came into existence through the requisition of well-established indigenous companies are supposed to exercise higher autonomy over labour relations when compared with Greenfield projects, undertaken by multinational firm.
4. Even, higher degree of subsidiaries dependency on the parent company for the allocation of resources causes the shifting of labour relations autonomy from subsidiaries to headquarters.

## II. Strategic Choices before Firms

International managers are empowered to take up different strategic choices relating to the decision about the "role of unions in the firm" and the most important among them includes,

1. Managers should decide about the unionization or non-unionization of the firm.
2. Managers must take up certain essential steps to prevent the formation of unions, once it has been decided to adopt a union-free-approach.
3. When managers allow the process of unionization then, management must decide about the kind of union management relationship that needs to be maintained. Once it is determined management has to take suitable steps to realize the relationship.
4. Management should also decide about the form of tactic that needs to be used when it has to negotiate issues relating to wage settlement.

## III. Strategic Choices Before Opinion's

International managers are expected to select the best strategic alternative among the strategic choices, in the similar manner. Unions are free to select the best among alternative strategies. Main alternatives include,

1. Bread and butter Vs political objectives
2. Adversarial Vs cooperative role
3. Traditional labour services Vs new services.

Bread and butter issues are mainly associated with the wage rates, health life insurance and job security.

Previously the role of unions was adversarial by nature and unions perceived that, this role has become challenging, than sharing cooperation with the management. This is the reason which represents the replacement of the adversarial role by cooperative role.

Traditional issues like demands for increased wages and bonus do not remain attractive for the trade unions. Besides this, trade unions are becoming important by gaining stakes in the contemporary environment. This relevance of unions in the future relies on their ability to manage structural, economic and social changes as well as their ability to accommodate changes in social attitudes without compensating with their mutual cooperation.

## IV. Union Tactics

Several tactics are employed by the unions so as to deal with international businesses and the most common tactic is "strike". Strike means concerted and temporary suspension of functions for the development of pressure upon others in the same unit. It acts as a powerful tool/device/tactic since it suspends production, cuts out the profit creation; cuts off the firm from its market; sources of materials may be lost and incurrance of huge fixed charges in the form of interest, taxes and salaries for staff/officials. Major existence of the company may be threatened by lengthy/extended strikes.

Second tactic for labour unions is to establish the International Trade secretaries (ITS's). There are usually 15 ITS's, that will be operating as a loose confederations. Their main purpose is to offer worldwide links for the national unions in specific trade or industry such as: metals, transport and chemicals. Secretariats mainly function to help in the exchange of information. They also strive for the accomplishment of transnational bargaining with each of the multinationals in its industry.

Next tactic used by the labour unions is lobbying for restrictive national legislation. Unions are encouraged to use this tactic as they aim for the prevention of the export of jobs through multinational investment policies. Lastly, labour unions try to exert pressure on MNCs by complying with the standards proposed by international organizations like International Labour Organization (ILO), the United Nations

Conference on Trade and Development (UNCTAD), the Organization for Economic Cooperation and Development (OECD) and the European Union (EU).

Organized labour have experienced little success even-though they have put many efforts to get IN governing bodies for multinationals. The codes of conduct does not attain that much as the unions tries to attain it and those labour unions are purely voluntary and thus, does not provide any enforcement procedure.

Code of conduct to be performed by labour unions are covered under OECD guidelines for multinationals. Even the ILO has adopted a code of conduct for multinationals. Whose guidelines usually comprises disclosure of information, competition, financing, taxation, employment and industrial relations and science and technology.

### 5.7.2 Influence of MNC's and Union on Global ER

#### Q14. How Unions & International Industrial Relations influence on MNC's in managing Global ER?

*Ans :* (Imp.)

Trade unions may limit the strategic choices of multinationals in three ways: (1) by influencing wage levels to the extent that cost structures may become uncompetitive; (2) by constraining the ability of multinationals to vary employment levels at will; and (3) by hindering or preventing global integration of the operations of multinationals.

#### Influencing Wage Levels

Although the importance of labor costs relative to other costs is decreasing, labor costs still play an important part in determining cost competitiveness in most industries. The influence of unions on wage levels is therefore, important. Multinationals that fail to successfully manage their wage levels will suffer labor cost disadvantages that may narrow their strategic options.

#### Constraining the Ability of Multinationals to Vary Employment Levels at will

For many multinationals operating in Western Europe, Japan and Australia, the in-ability to vary employment levels at will may be a more serious problem than wage levels. Many countries now have legislation that limits considerably the ability of firms to carry out plant closure, redundancy or layoff programs unless it can be shown that structural conditions make these employment losses unavoidable. Frequently, the process of showing the need for these programs is long and drawn-out.

#### Hindering or Preventing Global Integration - of the Operations of Multinationals

In recognition of these constraints, many multinationals make a conscious decision not to integrate and rationalize their operations to the most efficient degree, because to do so could cause industrial and political problems.

Union influence thus not only delays the rationalization and integration of (MNCs' manufacturing networks and increases the cost of such adjustments (not so much in the visible severance payments and 'golden handshake' provisions as through the economic losses incurred in the meantime), but also, at least in such industries as automobiles, permanently reduces the efficiency of the integrated MNC network. Therefore, treating Labor relations as incidental and relegating them to the specialists in the various countries is inappropriate. In the same way as government policies need to be integrated into strategic choices, so do labor relations.

#### The Response of Trade Unions to Multinationals

Trade union leaders have long seen the growth of multinationals as a threat to the bargaining power of labor because of the considerable power and influence of large multinational firms. While it is recognized that multinationals are 'neither uniformly anti-union nor omnipotent and monolithic bureaucracies', their potential for lobbying power and flexibility across national borders creates difficulties for employees and trade unions endeavoring to develop countervailing power. There are several ways in which

multinationals have an impact upon trade union and employee interests. Kennedy has identified the following seven characteristics of MNEs as the source of trade union concern about multinationals.

- **Formidable financial resources:** This includes the ability to absorb losses in a particular foreign subsidiary that is in dispute with a national union and still show an overall profit on worldwide operations. Union bargaining power may be threatened or weakened by the broader financial resources of a multinational.
- **Alternative sources of supply:** This may take the form of an explicit 'dual sourcing' policy to reduce the vulnerability of the multinational to a strike by any national union.
- **The ability to move production facilities to other countries:** A reported concern of employees and trade unions is that job security may be threatened if a multinational seeks to produce abroad what could have, or previously has, been manufactured domestically. National relative advantages provide MNEs with choice as to location of units.
- **A remote locus of authority:** (i.e. the corporate head office management of a multinational firm). While many multinationals report decentralization and local responsiveness of HRM and industrial relations, trade unions and works councils have reported that the multinational decision-making structure is opaque and the division of authority obscured. Further, employee representatives may not be adequately aware of the overall MNE organizational strategy and activities.
- **Production facilities in many industries:** As Vernon has noted, most multinationals operate in many product lines.

➤ **Superior knowledge and expertise in industrial relations:**

➤ **The capacity to stage an 'investment strike:** whereby the multinational refuses to invest any additional funds in a plant, thus ensuring that the plant will become obsolete and economically non-competitive.

The response of labor unions to multinationals has been threefold: to form international trade secretariats (ITSs); to lobby for restrictive national legislation; and finally to try and achieve regulation of multinationals by international organizations.

## Short Question and Answers

### 1. Global workforce performance management.

*Ans :*

#### Performance Management

According to Moon (1996), Performance is a multidimensional construct, the measurement of which varies depending on a variety of factors that comprise it. According to, Macpherson and Mwita, 'Performance' refers to outcomes of work because they provide the strongest linkage to the strategic goals of the institution, customer satisfaction and economic contributions Performance is the measure of efficiency. It is an efficiency relationship between inputs and outputs. It indicates a reduction in input costs.

According to Armstrong and Baron, "Performance management is the strategic and integrated approach to deliver sustained success to the organizations by improving performance of the people who work in them and by developing the capabilities of teams and individual contributors".

#### Global Performance Management

According to Engle et al (2014, 2005), Global Performance Management (GPM) is defined as "the cross border dimensions of performance management that enable individual performance results to be systematically aggregated in large and diverse MNCs". Global performance management includes decisions regarding the content of the performance management process, design and roll out of the system, operations in country and assessment of the system.

### 2. Define Performance Appraisal.

*Ans :*

Performance Appraisals is the assessment of individual's performance in a systematic way. It is a developmental tool used for all round development of the employee and the organization. The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health.

Assessment should be confined to past as well as potential performance also. The second definition is more focused on behaviors as a part of assessment because behaviors do affect job results.

### 3. Objectives of Performance Appraisal.

*Ans :*

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

### 4. International compensation.

*Ans :*

Compensation is defined as the financial remuneration provided to the employers in exchange for their labour. Compensation management deals with salaries, wages, pay increases and other monetary aspects. Compensation managers of many organizations finds difficult to design and manage the compensation of employees who work for the company in a foreign country because of an entirely different set of issues. Globalization has an increased concern for creating internationally equitable compensation systems in many companies. It is crucial for an organizations to understand,

- The kind of employees employed by the international firms.

- The elements of international compensation system.
- The problems associated with returning citizens (repatriates) on overseas assignments to their home country.

### 5. Expatriates.

*Ans :*

Those employees who come from other country for operation are expatriates.

The three main factors considered by the Human Resource Managers while designing international compensation packages are,

- (i) Staff mobility
- (ii) Term of international assignment and
- (iii) Equity.

#### (i) Staff Mobility

While designing international compensation package, human resource professionals must take into consideration the staff mobility, i.e., whether the foreign assignments require employees to move from one country to another country or from one location to another location within the country. This type of movement causes inconvenience and disturbance not only to the expatriates but also to their families. In order to compensate this inconvenience, some monetary incentives are provided to the expatriates.

#### (ii) Term of International Assignment

The term of international assignment is an essential factor in designing international compensation package.

Shorter international assignments require only few slight changes to be made in domestic compensation packages. Short-term assignments period is usually less than one year. In case of long-term international assignments few additional features need to be added in the domestic compensation packages in order to make expatriates comfortable in other countries. The additional features/benefits offered to expatriates may include housing allowances, educational

expenses for children and other necessary adjustments to safeguard expatriates from paying 'double' income taxes. Mostly the time period of long-term assignments is more than one year.

### 6. Pay Referent Groups.

*Ans :*

An effectively constructed compensation program develops equity among employees. Employees are paid on the basis of their performances and the knowledge and skills they possess. Expatriates make use of equity while evaluating their compensation levels. Most of the companies located in United States consider domestic employees as pay referent groups while designing international compensation packages. The main reason is that all the employees will come back to United States once their assignments are completed.

Few companies consider local employees as pay referent groups for long-term assignments as local employees facilitate expatriates integration into foreign culture. For example, US companies offer compensation package which comprises of base pay and long-term incentives. On the other hand, Mexican companies offer compensation package which comprises of base pay and cash allowances such as Christmas bonuses. If Mexican expatriates are working on long-term assignment of United States then those expatriates compensation packages will be same as that of United States managerial employees compensation packages.

### 7. Host Country Nationals.

*Ans :*

HCNs are local managers who are hired by the MNC. There are many reasons for hiring them at the lower or middle-level ranks. Many countries require the MNC to hire local talent as part of opening their markets to MNCs. For example, in Brazil, two-thirds of employees in any foreign subsidiary have to be Brazilian nationals. In India too, before approving joint venture agreements, the government restricts the number of expatriates to be employed, primarily to limit the foreign exchange outflow and to prepare Indian nationals to undertake the responsibility at a future time.

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*Ans :*

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1. These people have the necessary expertise,
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Today, a new breed of multi-lingual, multi-experienced 'global-managers' has emerged. These new managers are part of a growing group of international executives who can manage across borders and do not fit the traditional third country mould. With a unified Europe, and North America and Asia becoming business hubs, such global managers are in great demand.

### 9. Objectives of Employee Relations.

*Ans :*

1. To motivate and build good employee-employer relations.
2. To reduce conflicts at various levels such as at workplace, at individual, inter-group/team and intra- group/team levels.

3. To increase the morale of the workers and develop a sense of organizational pride.
4. To assure discipline at the workplace and develop a constructive and congenial work environment.
5. To offer motivational incentives and benefits and to improve the economic status of the workers.
6. To assist the worker in solving their problems by coaching, counselling and mentorship programmes.
7. To motivate and develop the workers to involve in the quality improvements, technical and process innovations and brainstorming sessions for organizational excellence.

### 10. Union Tactics.

*Ans :*

Several tactics are employed by the unions so as to deal with international businesses and the most common tactic is "strike" strike means concerted and temporary suspension of functions for the development of pressure upon others in the same unit. It acts as a powerful tool/device/tactic since it suspends production cuts out the profit creation; cuts off the firm from its market; sources of materials may be lost and incurrence of huge fixed charges in the form of interest, taxes and salaries for staff/officials. Major existence of the company may be threatened by lengthy/extended strikes.

Second tactic for labour unions is to establish the International Trade secretaries (ITS's). There are usually 15 ITS's, that will be operating as a loose confederations. Their main purpose is to offer worldwide links for the national unions in specific trade or industry such as: metals, transport and chemicals. Secretariats mainly functions to help in the exchange of information. They also strives for the accomplishment of transnational bargaining with each of the multinationals in its industry.



## *Internal Assessment (Mid Examinations)*

The pattern of Mid Exams or Continuous Internal Evaluation (CIE) prescribed by the JNTU-H as per the Regulations 2019 (R19) for all the semesters is as follows,

- There would be two Mid Exams or Continuous Internal Evaluation (CIE) for each semester,
  - The **I<sup>st</sup> Mid Term Examinations** would be conducted during the Middle of the Semester.
  - The **II<sup>nd</sup> Mid Term Examinations** during the last week of instructions.
- The Mid Exam I and II would have the same pattern of question paper which would carry **25 Marks** each and the time duration for conducting each Mid exam would be 120 min.
- The pattern of Mid Exam Question Paper would consist of two parts i.e., **Part-A** and **Part-B**.
  - **Part-A** consist of 5 compulsory questions each carries 2 marks (i.e  $5 \times 2 = 10$  marks).
  - **Part-B** consist of 5 questions out of which 3 questions should be answered, each question carries 5 marks (i.e  $5 \times 3 = 15$  marks).
- The average of the two Mid exams will be added with the 75 marks of External end examination which equals to 100 marks (i.e  $25 + 75 = 100$ ).

### **UNIT - I**

#### **Part - A**

1. Nature of IHRM (Refer Unit-I, SQA-2)
2. Sources of Global Recruitment (Refer Unit-I, SQA-3)
3. Define culture and its characteristics. (Refer Unit-I, SQA-4)
4. What is Globalization ? (Refer Unit-I, SQA-6)
5. Labour Relations Factors (Refer Unit-I, SQA-9)
6. Sources of IHRM (Refer Unit-I, SQA-10)

#### **Part - B**

1. Define IHRM Explain the Factors affecting IHRM ? (Refer Unit-I, Q.No. 1)
2. Explain the functions of IHRM ? (Refer Unit-I, Q.No. 2)
3. What is the key perspective in global workforce management ? (Refer Unit-I, Q.No. 4)
4. What is Globalization and Explain Globalization Process ? (Refer Unit-I, Q.No. 12)
5. Who are contingent workforce ? Discuss factors Emerging workforce in modern Economics. (Refer Unit-I, Q.No. 15)
6. Discuss the challenges in global work - force management. (Refer Unit-I, Q.No. 17)

**UNIT - II****Part - A**

1. Define knowledge transfer. (Refer Unit-II, SQA-1)
2. Functional Training (Refer Unit-II, SQA-3)
3. The Classical Approach (Refer Unit-II, SQA-6)
4. The Systematic Approach (Refer Unit-II, SQA-7)
5. Developing Global Leadership Competencies (Refer Unit-II, SQA-8)

**Part - B**

1. Discuss the areas of global leadership training & development. (Refer Unit-II, Q.No. 2)
2. Explain the role of international HRM in control & coordination of global operations. (Refer Unit-II, Q.No. 3)
3. Write about import firms of organization structure ? (Refer Unit-II, Q.No. 5)
4. How to link human resource management practices to competitive strategy & organizational structure ? (Refer Unit-II, Q.No. 6)
5. "A shift of IHRM from link between strategy and structure to value-adding process is essential to optimize environmental responsiveness and competitive advantage". Discuss. (Refer Unit-II, Q.No. 8)

**UNIT - III****Part - A**

1. Global HR Planning (Refer Unit-III, SQA-1)
2. Ethnocentric Approach. (Refer Unit-III, SQA-3)
3. Polycentric Approach ? (Refer Unit-III, SQA-4)
4. Advantages of Regiocentric Approach (Refer Unit-III, SQA-6)
5. Campus Recruitment. (Refer Unit-III, SQA-9)

**Part - B**

1. Briefly explain logical flow from strategy to decision about work demand & labour supply. (Refer Unit-III, Q.No. 2)
2. Explain in detail, how you design Job for meeting Global Strategy work demand. (Refer Unit-III, Q.No. 4)
3. What are the various trends & conditions that must examine by HR planning in organizations long term survival & competitives (Refer Unit-III, Q.No. 6)
4. Discuss the General Factors / Issues affecting global staffing. (Refer Unit-III, Q.No. 8)

5. Explain Geocentric Approach and Explain its advantages & Disadvantages. (Refer Unit-III, Q.No. 13)
6. Write about Global Selection ? Explain the process of Global selection ? (Refer Unit-III, Q.No. 15)

**UNIT - IV****Part - A**

1. Cultural awareness program. (Refer Unit-IV, SQA-2)
2. Tung's Model. (Refer Unit-IV, SQA-3)
3. Predeparture Training. (Refer Unit-IV, SQA-5)
4. International assignments. (Refer Unit-IV, SQA-6)

**Part - B**

1. Write about Global Training and development, explain the strategic role of training and development. (Refer Unit-IV, Q.No. 1)
2. Discuss the fundamental/basic concepts and principles which guide decisions regarding employee training and development. (Refer Unit-IV, Q.No. 2)
3. Write about Mendenhall and Oddou model for training and development? (Refer Unit-IV, Q.No. 5)
4. Explain briefly about language training. (Refer Unit-IV, Q.No. 7)
5. Explain briefly about international assignments. (Refer Unit-IV, Q.No. 9)
6. Write about expatriate training. (Refer Unit-IV, Q.No. 10)
7. Foreign experience phase includes initial international adjustment and ongoing support. Discuss. (Refer Unit-IV, Q.No. 11)

**UNIT - V****Part - A**

1. Define Performance Appraisal. (Refer Unit-V, SQA-2)
2. Objectives of Performance Appraisal. (Refer Unit-V, SQA-3)
3. International compensation. (Refer Unit-V, SQA-4)
4. Pay Referent Groups. (Refer Unit-V, SQA-6)
5. Union Tactics. (Refer Unit-V, SQA-10)

**Part - B**

1. Explain about Global workforce performance management. (Refer Unit-V, Q.No. 1)
2. Outline the process of Global performance management. (Refer Unit-V, Q.No. 2)
3. Define Performance Appraisal? Explain the objectives of performance Appraisal. (Refer Unit-V, Q.No. 4)

4. How do you manage Compensation on a Global Scale? Discuss its components? (Refer Unit-V, Q.No. 7)
5. Explain briefly about Key Compensation for Expatriates (Refer Unit-V, Q.No. 9)
6. Write about Host Country Nationals. (Refer Unit-V, Q.No. 10)
7. Write about Third Country Nationals. (Refer Unit-V, Q.No. 11)
8. Define Employee Relations? Explain objectives of employee relations (Refer Unit-V, Q.No. 12)

*Rahul Publications*

# JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A IV Semester Examination, September - 2020

## INTERNATIONAL HUMAN RESOURCE MANAGEMENT

R17

Time : 2 Hours]

[Max. Marks : 75

**Note : Answer any Five questions**

**All questions carry equal marks**

### ANSWERS

1. "MNC's operating in many countries with different socioeconomic and cultural orientations face severe challenges in implementing Western HRM practices in the developing countries'. Comment.

*Ans :*

#### **I. Ability challenges**

##### **(i) Unskilled and unqualified manpower**

Finding qualified workforce for critical positions would become difficult". Generic pharmaceutical producers are mostly involved in production and operation affairs; as CEO of a pharmaceutical company in Iran mentioned "university graduates often obtain theoretical capabilities rather than operational and executive ones, indicating that, educational centers are not well prepared to transfer work capabilities to workforce".

##### **(ii) Inadequate professional candidates**

One of the well-experienced participants stated that, "generally, the industry does not provide interests for pharmacists; moreover, they are less paid and compensated compared to their responsibilities. Most pharmacists in Iran are interested in working in private and public pharmacies. It seems that pharmaceutical industry is not able to compete with retail pharmacies in recruiting pharmacists. Therefore, it is too difficult to find experienced pharmacists to hire".

#### **II. Training and development challenges**

##### **(i) Inefficient training of human resources**

The interviewees stated several factors resulting in deficiency of training programs on generic pharmaceutical producers in Iran, as reported in Moreover, they mentioned that some companies fail to offer appropriate plans for training their employees for reasons such as 'not having a clear goal for training', 'not identifying real training needs', 'providing theoretical trainings rather than applicable ones', and 'lack of attention to problem solving trainings and team building plans'.

##### **(ii) Inattentiveness to the development of human resources**

Participants believed that HRs development has been widely ignored as only few companies have addressed that. One of the interviewees said "development discussions have just recently been started in our company. To do so, we identified talents in the company and work on their skills; for example, some mentors have been hired to teach our managers, coaches, and middle-managers on how to behave the staff. To this end, our top managers need to be taught too".

**III. Talent management challenges****(i) Incapability in the retention of talented people**

Retaining knowledge workers is one of or even the principle of HRM challenges in public companies. "Totally, a little has been done for managing our talents in pharmaceutical companies, and consequently, our talents and knowledge workers have always been hunted by competitors; as a result, average turnover rate of capable and talented employees in our organizations is high", one of our participants said. It is also reported that, payment is not the only reason for the workforce turnover, as some quit the company either because of conflicts with coworkers and managers or since they receive offers from other companies.

**(ii) Inattentiveness to talent management and succession planning**

One of HR managers interviewed in this study stated that, "only a few Iranian pharmaceutical companies deploy systematic and scientific succession plans; we are trying to utilize such plans through job rotations and training courses as well as developmental programs. These policies are not merely offered for managers and CEOs, but include all workers".

- 
2. (a) Discuss the significances of training and development. (Unit - IV, QNo.1)
  - (b) How will you justify the relationship between HRM practices to competitive strategy ? (Unit - II, QNo. 6)
  3. (a) What are the different techniques of global training and development practices ? (Unit - IV, QNo.4,5,6)
  - (b) Elucidate about optimal global performance. (Unit - II, QNo.5)
  4. Discuss essential decisions to be taken by MNC's for global human resource planning. (Unit - III, QNo.6)
  5. "Human resource planning provides the essential link between MNC strategy and people who make strategy work-including outsourced workers "Comment. (Unit - III, QNo.4)
  6. (a) Discuss about the training imperative for the global workforce. (Unit - IV, QNo.8)
  - (b) How MNC's manages international assignments ? (Unit - IV, QNo.18)
  7. Write short notes on
    - (a) Performing management process (Unit - V, QNo.2)
    - (b) Global employee relations, (Unit - V, QNo.12,13)
  8. "Global performance management is a critical strategic international human resource management activity that refers to an extensive range of activities engaged in by organizations to enhance organizational effectiveness". Elucidate the statement. (Unit - V, QNo.1,3)

# JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A IV Semester Examination, December - 2019

## INTERNATIONAL HUMAN RESOURCE MANAGEMENT

R17

Time : 3 Hours]

[Max. Marks : 75

PART - A (5 × 5 = 25 Marks)

### (Short Answer Questions)

**Note :** This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answers all questions in Part A.

Part B consists of 5 Units. Answer any one full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

### ANSWERS

1. (a) What do you understand by IHRM and bring out its importance?

(Unit - I, SQA. 1)

*Ans :*

#### **Importance**

#### **1. Emphasis on Core Competency.**

Post-liberalization, many organizations have started focusing on their core competence and businesses are being organized around that. A core competence is unique strength of an organization which may not be shared by others. This may be in the form of unique financial resources (finance available at a much lower cost), manpower resources, marketing capability, or technological capability. If the business is organized on the basis of core competency, it is likely to generate competitive advantages. Because of this reason, many organizations have restructured their businesses-divesting those businesses which do not match core competence such as Tata Group divesting many businesses and acquiring Tetley, a UK tea processing company, divestment of businesses by Voltas, Birla Group, etc. or acquiring those businesses which fit core competence such as Reliance acquiring four yarn/fiber manufacturing companies, Gujarat Ambuja acquiring cement companies, and so on. The organization of business around core competence has changed the mind set and in this change, more emphasis has been given to human factor.

#### **2. Reorganization.**

Along with restructuring, there has been emphasis on reorganization too. Many companies are restructuring their organization structure by thinning their management levels and expanding span of control. Thus, there is emphasis on flat structure against tall structure as followed earlier. The old concept of "seven layers in the pyramid and seven direct subordinates under each boss" which has been the historic norm for many large companies in the past is becoming extinct. Further, departmentalization based on functional lines is being changed to strategic business unit departmentalization to focus more sharply on products or services. This reorganization has created need for additional skills on the part of the organizational human resources which can be met by appointing new managerial talents or by developing the existing human resources. The latter course of action is preferable because of the increasing competition for human talents.

#### **3. Competition for Human Resources.**

With the entry of foreign firms in the Indian industrial scene, nature of competition for human resources has changed. Foreign firms, particularly those operating in sector such as consultancy,

merchant banking, investment banking, etc. and computer software companies of Indian origin, have put lot of competition for acquiring managerial talents.

(b) Discuss the integrated strategic framework for HRM.

*Ans :*

Strategic HR management involves the development of a consistent, aligned collection of practices, programs, and policies to facilitate the achievement of the organization's objectives. It considers the implications of corporate strategy for all HR systems within an organization by translating company objectives into specific people management systems. The most important consideration of strategic HR management is that there is no one best way to manage people.

Therefore, the specific approach and processes will vary from organization to organization. It may even vary in an organization with clearly defined business units or functional areas. However, all HR programs and policies must be consistent and must therefore be integrated within a larger framework, leading to the facilitation of the organization's vision and its objectives.

(c) What do you understand by human resource planning and bring out the factors influencing HR planning.

*Ans :*

#### **Definition Human Resource Planning**

**According to E.W. Vetter**, human resource planning is "the process by which a management determines how an organization should make from its current manpower position to its desired manpower position. Through planning a management strives to have the right number and the right kind of people at the right places, at the right time to do things which result in both the organization and the individual receiving the maximum long range benefit."

#### **Factors Affecting HRP**

1. Type and strategy of organization.
2. Organizational growth cycles and planning.
3. Environmental uncertainties.
4. Time horizons.
5. Type and quality forecasting information.
6. Nature of jobs being filled.
7. Off-loading the work.

(d) Describe the needs and expectations of expatriates.

*Ans :*

#### **1. Job security**

Relocating to a new country is no small decision and definitely not one made with the intention of reversing it within a short period of time. Job security is one of the major concerns for any expat employee. This means that the terms of hiring, the performance expectations, the exact scale and scope of the role, and all other relevant details should be clearly mentioned in the hiring contract. The tenure of the job should be clearly stated before hiring the expat employee. A legal contract will create that much-needed sense of job security.



**2. Family Relocation**

If the expat employee is relocating with his family then they would expect the HR to take care of all the visa and immigration procedures for the family members as well. Besides this, the expat would want assistance in helping get the family set up

**3. Repatriation**

The biggest fear for an expat employee usually is – what after this job and international stint? Repatriating to their domestic country can be a challenging task after spending years away from it. This is especially true while they are searching for a job back in the home country. The expat employee may expect the HR group in their host country to help them in the process of repatriating to their domestic country. This may involve some basic help in the search for a suitable job. The minimum support is references, experience certificates, employment details, and organizations also go far enough to provide some degree of outplacement help too.

(e) Define performance appraisal and point out its significance. (Unit - V, Q.No. 4)

PART - B (5 × 10 = 50 Marks)

**(Essay Type Questions)**

2. Discuss the major issues and challenges in managing human resource in a foreign subsidiary. (Unit - I, Q.No. 12, 13, 14, 15)

(OR)

3. Examine the role and relevance of culture in international HRM. (Unit - I, Q.No. 7)

4. Examine the important forms of organization structure for global business. (Unit - II, Q.No. 5)

(OR)

5. Explain how human resource management practices or policy can be a source of competitive advantage. (Unit - II, Q.No. 4)

6. Elaborate various approaches to multinational staffing decisions. (Unit - III, Q.No. 11, 12, 13)

(OR)

7. As the human resource manager of a multinational company, justify the benefits of involving PCN, TCN and HCN (various nationality group) in selecting managers for the international assignments. (Unit - V, Q.No. 9, 10, 11)

8. International training and development is different from the domestic training and Development - Elaborate. (Unit - IV, Q.No. 8)

(OR)

9. Outline and give in detail various reasons for the failure of expatriates in foreign assignment. (Unit - IV, Q.No. 11)

10. Explain various employee relations issues in the international context. (Unit - V, Q.No. 13)

(OR)

11. Discuss the key differences in the compensation for parent country nationals (PCN) and third country nationals (TCN). Justify whether these differences matter. (Unit - V, Q.No. 10, 11)

# JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A IV Semester Examination, April / May - 2019

## INTERNATIONAL HUMAN RESOURCE MANAGEMENT

R17

Time : 3 Hours]

[Max. Marks : 75

PART - A (5 × 5 = 25 Marks)

### (Short Answer Questions)

**Note :** This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answers all questions in Part A.

Part B consists of 5 Units. Answer any one full question from each unit.

Each question carries 10 marks and may have a, b, c as sub questions.

### ANSWERS

1. (a) What are the major challenges in the global labour market? (Unit - I, Q.No. 17)
- (b) How do you link HRM practices to competitive strategy ? (Unit - II, Q.No. 6)
- (c) What are the factors affect global staffing recruitment of HR. (Unit - III, Q.No. 8)
- (d) What are the principles for guiding global training and development ? (Unit - IV, Q.No. 2)
- (e) What are the compensation practices for repatriates ?

*Ans :*

The problem lies in false expectations from both HR and the expatriate. HR may not be thinking of promoting the expatriate when he returns, while the expatriate believes he is due a promotion for sacrificing his normal career progression as well as his or her family's comfort to take the assignment. The expatriate may also believe that he has a lot to offer the company based on experience gained from the exposure abroad, whereas HR may not know how that experience fits into the company's objectives.

With a little work from human resources and the employee, the two sides can meet and communicate expectations before, during and after the assignment, and develop a more successful repatriation plan.

A smooth repatriation experience begins before the employee leaves home.

- Set clear, realistic expectations about post-assignment career advancement and compensation. HR can help retain expatriates by managing expectations and keeping the lines of communication open.
- The first mission of the HR professional, then, is to determine the purpose of the company's overseas assignments. For many companies, it's twofold: Some assignments are developmental; others are task-oriented.
- Not all companies can guarantee a promotion upon return. HR professionals need to explain to expatriates they won't receive a promotion after the assignment and will need to work to secure a satisfying domestic position.
- Establish a formal selection process. Key Equipment Finance, an equipment leasing company based in Superior, recently revised its selection process to better meet organizational goals.

- The most important thing an HR professional can do to retain repatriates is to recognize and applaud their international experiences.
- Provide repatriation assistance to build loyalty. Many employees returning to the point of origin after three to five years overseas can experience reverse culture shock. A significant number report the adjustment coming home was more difficult than when they went abroad, says Freeman. Why? Expatriates don't realize that coming home will require as much assimilation as going abroad. Moreover, they often receive much less assistance readjusting.
- When you go overseas, you get help with buying a house and enrolling your kids in school. When somebody comes back, the company is not as supportive. It's not treated as an international relocation, but it is. You have a new house, new schools, and you have to re-establish connections with colleagues, says Harrison.
- Most companies provide financial repatriation assistance, such as home loans. However, repatriates seek more practical help, such as information on which school districts rank highest. HR professionals should arrange for this type of help through their employee assistance program and encourage repatriates to use it.
- Establish a repatriate tracking system, and track repatriates for two years. To determine if repatriation turnover is a problem, you need to document the path of repatriates. Only 17 percent of companies have post-assignment career tracking.
- Provide forums for repatriates to share their experiences. Even when employers are unable to promote repatriates, it's important to appreciate their experiences.
- Use them creatively. Rotate repatriates into different functional areas, Harrison recommends. Assign them to be part of cross-functional teams, managerial teams, things that leverage their expanded knowledge, such as designing products for an international market.
- HR can also tap repatriates to serve as trainers for future expatriates, adds Harrison. They are a wealth of knowledge for new candidates and their spouses going overseas, says Miller.

PART - B (5 × 10 = 50 Marks)

(Essay Type Questions)

2. Being worked for an automobile company, what are the technological advancements do you consider making you workforce dynamic?

*Ans :*

Here are the most essential automobile milestones and technological advancements that happened in the recent years.

**1. Predictive Automobile Technology**

First and foremost, Artificial Intelligence (AI) and Machine Learning (ML) have an essential part in the future of the auto industry as predictive capacities are getting more predominant in autos, customizing the driving adventure. More makers are implementing algorithms that utilize data to mechanize the way of setting up a vehicle, incorporating an auto's application preferences and its infotainment framework.

Automobiles are shifting into IoT gadgets which can associate with smartphones and take voice commands, changing the UI.

Predictive vehicle innovation can likewise be utilized as sensors inside a car that notifies the proprietor if the vehicle requires a service from a mechanic.

## 2. Automatic High-Beam control

In the updated RX, Lexus offers a framework that naturally lights up and dims the high-beam headlights in connection to the moving traffic. A camera installed on the rearview mirror recognizes when the car is surrounding approaching traffic, and additionally vehicles ahead going a similar way, and withdraws the high beams.

## 3. Backup Cameras

The entry-level autos like the \$15,790 Honda Fit accompany a backup camera as standard, so, you don't generally need to turn your head to look back. Truth be told, rearview cameras will be required on all vehicles under 10,000 pounds.

The advantages of these gadgets are self-evident. With a high-resolution image to reference, it turns out to be significantly less troublesome (however not feasible) to hit over the trash bins toward the end of the parking, and even with parking sensors activated, backing into a tight place has never been simpler.

## 4. Smart Home Integration

The smart home integration technology was introduced with the Alexa amalgamation by Ford and Amazon in the year 2017. Alexa gives in-car command over carport doors, home lighting, and any other gadget that may be associated with your home's PC network through the SYNC3 infotainment system seen in new Ford automobiles.

Different auto manufacturers are additionally venturing up to the bat with associated auto contributions that will deliver it to the market as the year goes on.

## 5. Autonomous Vehicles

Autonomous vehicles are self-driving autos that utilize different cameras, sensors, an EPS motor, laser scanners, brake actuators, and obviously enchantment, to drive by itself.

Simply consider what we could do in a driverless auto, envision all the good times. The most famous self-driving car, which has been around for many years and as yet going strong, has a place with Google.

Numerous different automakers have additionally been working extremely hard on innovations for the autonomous vehicles. This technological progression could diminish vehicle accidents and decrease traffic.

## 6. GPS Vehicle Tracking

A GPS tracking system can help by updating a vehicle's position at regular intervals. It can be really helpful to parents who want to keep a watch on their teenager for safety concerns. Watching it live just needs Internet access. Little and convenient, the GPS device can be moved from vehicle to vehicle. It can likewise caution guardians through their phone if the vehicle's preset speed threshold is surpassed or if the vehicle enters/leaves certain regions. The items like LiveViewGPS are additionally convenient devices for organizations that want to track their fleet vehicles.

## 7. Vehicle-to-Vehicle Communication

Vehicle-to-vehicle communication or V2V is another new innovation in autos that enables vehicles to speak to each other, things around them and the road. So, what's this technology up to?

All in all, like self-driving cars, this innovation can help essentially decrease traffic, vehicle accidents, and fatalities. With V2V innovation, your vehicle will get a signal from the other vehicles in your route directly, in this way cautioning you through a potential crash prediction or automatically applying the brakes.

#### 8. Cars-as-a-Service

Cars-as-a-Service or CaaS alludes to a forthcoming car rental administration that enables city drivers to take part in a ride-sharing facility. Smart gadget owners can signal an auto with driverless innovation through an application, which lifts them up for their delivery or transportation needs. The considerable thing about the innovation is that no driver's permit is required to get to one of these vehicles, working as a driverless Uber.

This means of transport will be noticeably unique in numerous urban areas around the world, particularly where vehicular pollution and traffic are heating issues.

#### 9. Versatile Cruise Control

Driving is sometimes unpleasant too. But advanced driver help frameworks like versatile cruise control can take away a plenty of the worry of the experience. By utilizing a variety of sensors incorporated with the auto, versatile cruise control can coordinate the speed of the vehicle before you, which means you don't should be always hitting the gas and brake in highway rush hour gridlock.

A few frameworks even enable the automobile to be led to a total pause and afterward continue automatically, making unpredictable traffic significantly less worrying.

#### 10. Automatic Liftgates

Gratefully, modern cases of the automatic liftgate don't require much effort to work. Basically, stroll up to your car with the key fob in extent and the car will detect it and open for you automatically.

The 2013 Ford Escape with this technology is the best automobile on the planet – if your hands are loaded with shopping bags, that is a savior for you.

#### 11. Biometric Seat Technology

This innovation enables drivers to manage ordinary disturbances while driving, making the entire adventure more secure and comfortable.

Biometric seat tech uses data from the driver's face, and palm, joining it with real-time data gathered from the auto's steering wheel, accelerator, clutch, and throttle to identify the driver's anxiety and instructs him/her to take a break when required

(OR)

3. Analyse the cultural differences in HRM. (Unit - I, Q.No. 7)

4. Leadership training and development plays a major role in the success of MNC Comment. (Unit - II, Q.No. 2)

(OR)

5. How do you link HRM practices to competitive strategies of an organization ? (Unit - II, Q.No. 6)

6. In order to meet global workforce demand, external environment Scanning necessary. Comment. (Unit - III, Q.No. 2)

**(OR)**

7. Your existing workforce is incompetent to meet global demands you need dynamic workforce. What is your HR long-term planning? **(Unit - III, Q.No. 6)**
8. While managing international assignments, expatriate preparation is one of the important aspects. What is your training and development plans for it ? **(Unit - IV, Q.No. 10)**

**(OR)**

9. To gain competitive advantage workforce should be dynamic. What strategic concepts do you consider in the global market place in this regard? **(Unit - IV, Q.No. 1)**
10. Managing compensation for PCN, HCN & TCN is an important HRM practice. Give your opinion and suggest any innovative practicing. **(Unit - V, Q.No. 10,11)**
11. Countries differ in their management style in terms of goal oriented and process oriented management. In this context what are your important consideration for global performance management. **(Unit - V, Q.No. 3)**

# JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A II - Year IV - Semester Examination

**R19**

## MODEL PAPER - I

### INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Time : 3 Hours]

[Max. Marks : 75

PART - A (5 × 5 = 25 Marks)

(Short Answer Questions)

#### ANSWERS

1. (a) Define IHRM ? (Unit-I, SQA.1)
- (b) Define knowledge transfer. (Unit-II, SQA.1)
- (c) Global HR Planning (Unit-III, SQA.1)
- (d) Flexible International assignments. (Unit-IV, SQA.7)
- (e) Objectives of Performance Appraisal. (Unit-V, SQA.3)

PART - B (5 × 10 = 50 Marks)

(Essay Type Questions)

2. Explain the functions of IHRM ? (Unit-I, Q.No. 2)  
(OR)
3. Discuss change in Labour Force Demographics. (Unit-I, Q.No. 14)
4. Define knowledge transfer. Explain role of knowledge transfer in IHRM. (Unit-II, Q.No. 1)  
(OR)
5. "A shift of IHRM from link between strategy and structure to value-adding process is essential to optimize environmental responsiveness and competitive advantage". Discuss. (Unit-II, Q.No. 8)
6. Define HR Planning. Discuss Global HR planning and its issues ? (Unit-III, Q.No. 1)  
(OR)
7. What are the various Global selection Techniques used in IHRM ? (Unit-III, Q.No. 17)
8. Explain briefly about international assignments? (Unit-IV, Q.No. 9)  
(OR)
9. Explain the measures for enhancing international assignment effectiveness involving global teams. (Unit-IV, Q.No. 18)
10. Outline the process of Global performance management. (Unit-V, Q.No. 2)  
(OR)
11. How Unions & International Industrial Relations influence on MNC's in managing Global ER? (Unit-V, Q.No. 14)

## JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

M.B.A II - Year IV - Semester Examination

R19

## MODEL PAPER - II

## INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Time : 3 Hours]

[Max. Marks : 75

## PART - A (5 × 5 = 25 Marks)

## (Short Answer Questions)

ANSWERS

1. (a) Globalisation Process (Unit-I, SQA.7)
- (b) Functional Training (Unit-II, SQA.3)
- (c) Polycentric Approach (Unit-III, SQA.4)
- (d) Language training (Unit-IV, SQA.4)
- (e) Global workforce performance management. (Unit-V, SQA.1)

## PART - B (5 × 10 = 50 Marks)

## (Essay Type Questions)

2. What is the key perspective in global workforce management ? (Unit-I, Q.No. 4)  
(OR)
3. What is Globalization and Explain Globalization Process ? (Unit-I, Q.No. 12)
4. Discuss the areas of global leadership training & development. (Unit-II, Q.No. 2)  
(OR)
5. Discuss the role of IHRM in cross-border strategic alliances, mergers and acquisitions. (Unit-II, Q.No. 7)
6. Write about External Environmental factors to be observed by Global HR Planning Manager in labour supply ? (Unit-III, Q.No. 3)  
(OR)
7. Write about Regiocentric Approach ? (Unit-III, Q.No. 12)
8. Write about Global Training and development, explain the strategic role of training and development. (Unit-IV, Q.No. 1)  
(OR)
9. Foreign experience phase includes initial international adjustment and ongoing support. Discuss. (Unit-IV, Q.No. 11)
10. Define Employee Relations? Explain objectives of employee relations (Unit-V, Q.No. 12)  
(OR)
11. What are the current employee relations issues Globally? (Unit-V, Q.No. 13)



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M.B.A II - Year IV - Semester Examination

R19

## MODEL PAPER - III

## INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Time : 3 Hours]

[Max. Marks : 75

PART - A (5 × 5 = 25 Marks)

## (Short Answer Questions)

ANSWERS

1. (a) Define culture and its characteristics. (Unit-I, SQA.4)
- (b) Developing Global Leadership Competencies (Unit-II, SQA.8)
- (c) Technical and Managerial Competence. (Unit-III, SQA.11)
- (d) Principles of Adult Learning. (Unit-IV, SQA.1)
- (e) Union Tactics. (Unit-V, SQA.10)

PART - B (5 × 10 = 50 Marks)

## (Essay Type Questions)

2. What are the Internal & External factors influencing Global Workforce Management? (Unit-I, Q.No. 5)  
(OR)
3. Who are contingent workforce? Discuss factors influencing workforce in modern Economics. (Unit-I, Q.No. 15)
4. Explain the role of international HRM in control & coordination of global operations. (Unit-II, Q.No. 3)  
(OR)
5. Write about important forms of organization structure? (Unit-II, Q.No. 5)
6. Define Global staffing. Explain the steps involved in Global Staffing. (Unit-III, Q.No. 7)  
(OR)
7. Write about Global Selection? Explain the process of Global selection? (Unit-III, Q.No. 15)
8. Explain the key imperatives for global training. (Unit-IV, Q.No. 8)  
(OR)
9. Discuss in detail about international assignments considerations for special expatriates. (Unit-IV, Q.No. 16)
10. Discuss in detail fundamental practices for managing compensation on a global scale. (Unit-V, Q.No. 8)  
(OR)
11. How do you manage Compensation on a Global Scale? Discuss its components? (Unit-V, Q.No. 7)