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## **A Study on International Human Resources Management Practices (IHRM)**

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### **ABSTRACT**

*Despite a significant degree of academic and practitioner interest the topic of international human resource management remains underdeveloped. A key limitation is the fact that International human resource management lacks a consistent definition and clear conceptual boundaries. The specific contribution of the current paper is in developing a clear and concise definition of International human resource management. We also presented a theoretical model of International human resource management. We then outlined some of the best practices followed by reputed organizations. Data for the paper is collected through primary and secondary source.*

**Key words:** *IHRM, IHR Practices*

### **INTRODUCTION**

International Human resource management is the process of proper utilization of available limited skilled workforce across the globe. It is the organizational function that deals with or provides leadership and advice for dealing with all issues related to the people in an organization. IHRM, as such, deals with compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

IHRM is a strategic and comprehensive approach to managing people and the workplace culture and environment across various boundaries. Effective IHRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives. The current IHRM function also adds value to the strategic utilization of employees and ensures that employee programs recommended and implemented impact the business in positive measurable ways.

The mandate of IHRM is unlikely to change in any fundamental way, despite the ever-increasing pace of change in the business world. As Edward L. Gubman stated in the journals of business strategy, "The basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business; and be an excellent contributor to the business. Those three challenges will never change."

### **ORIGIN**

The term "human resource management" has been commonly used for about the last ten to fifteen years. Prior to that, the field was generally known as "personnel administration."

Personnel administration, which emerged as a clearly defined field by the 1920s (at least in the US), was largely concerned the technical aspects of hiring, evaluating, training, and compensating employees and was very much of "staff" function in most organizations. The field did not normally focus on the relationship of disparate employment practices on overall organizational performance or on the systematic relationships among such practices. The field also lacked a unifying paradigm.

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HRM developed in response to the substantial increase in competitive pressures American business organizations began experiencing by the late 1970s as a result of factors such as globalization, deregulation, and rapid technological change. These pressures gave rise to an enhanced concern on the part of firms to engage in strategic planning--a process of anticipating future changes in the environment conditions. Human resource management (HRM), also called personnel management, consists of all the activities undertaken by an enterprise to ensure the effective utilization of employees toward the attainment of individual, group, and organizational goals.

An organization's HRM function focuses on the people side of management. It consists of practices that help the organization to deal effectively with its people during the various phases of the employment cycle, including pre-hire, staffing, and post-hire. The pre-hire phase involves planning practices. The organization must decide what types of job openings will exist in the upcoming period and determine the necessary qualifications for performing these jobs. During the hire phase, the organization selects its employees. Selection practices include recruiting applicants, assessing their qualifications, and ultimately selecting those who are deemed to be the most qualified and aligning the various components of the organization in such a way as to promote organizational effectiveness.

### MEANING

Human Resource Management is the process of recruitment and selecting employee, providing orientation and induction, training and development, assessment of employee (performance of appraisal), providing compensation and benefits, motivating, maintaining proper relations with employees and with trade unions, maintaining employee's safety, welfare and healthy measures in compliance with labor laws of the land.

### DEFINITION

**According to Michael J. Jucius:** Human resource management is defined as “The field of management which has to do with planning, organizing, directing and controlling. The function of processing, developing, maintaining and utilizing a labor force, such that”

- i. Objectives for which the company is established and attained economically and effectively.
- ii. Objectives of all levels of Human resources are served to highest possible degree.
- iii. Objective of society are duly considered and served”.

**According to Edwin Flippo:** Human resource management is defined as “Planning, organizing, directing, controlling of procurement development, compensation, integration, maintenance and separation of human resources to the end that individual, organizational and social objectives are achieved.”

**According to The National Institute of Personal Management (NIPM):** defined Human resources as personal management as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and having regard for the well – being of the individuals and of working groups, to enable them to make their best contribution to its success”.

### International HRM

- i. International HRM is ‘the process of managing people in international settings’
- ii. Scyllion (1995) defined International Human Resource Management as the HRM issues and problems arising from the internationalization of business and the IHRM strategies, policies and practices which firm pursue in response to the internationalization process.
- iii. International Human Resource Management is the management of HR in business operations in at least two nations.

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## OBJECTIVES OF THE STUDY

1. To study the theoretical framework of International HRM
2. To study various International HRM Practices
3. To study IHR Practices followed at various Multinational companies- DE Shaw & Co, Amazon India, Wells Fargo India Pvt Ltd and FedEx Corporation.

## RESEARCH METHODOLOGY

Data is collected using primary and secondary sources. Primary data is collected through face to face interview with company HR executives and secondary data is collected through books and websites.

### Importance of International Human Resources Management:

An organization cannot build a good team of working professionals without a good International HRM team. The IHRM function is key to an organizations success. International HRM broadly is important in the below specific areas which range from strategic planning to company image.

- ) **Strategy:** Leaders with expertise in International HR strategic management participate in corporate decision-making that underlies current staffing assessments and projections for future workforce needs based on business demand.
- ) **Compensation:** International HR compensation specialists develop realistic compensation structures that set company wages competitive with other businesses in the area, in the same industry or companies competing for employees with similar skills.
- ) **Benefits:** Benefits specialists can reduce the company's costs associated with turnover, attrition and hiring replacement workers. They are important to the organization because they have the skills and expertise necessary to negotiate group benefit packages for employees, within the organization's budget and consistent with economic conditions.
- ) **Safety:** Employers have an obligation to provide safe working conditions. Workplace safety and risk management specialists from the International HR area manage compliance with U.S. Occupational Safety and Health Administration regulations through maintaining accurate work logs and records, and developing programs that reduce the number of workplace injuries and fatalities.
- ) **Liability:** International HR employee relations specialists minimize the organization's exposure and liability related to allegations of unfair employment practices. They identify, investigate and resolve workplace issues that, left unattended, could spiral out of control and embroil the organization in legal matters pertaining to federal and state anti-discrimination and harassment laws.
- ) **Training and Development:** IHR training and development specialists coordinate new employee orientation, an essential step in forging a strong employer-employee relationship. The training and development area of IHR also provides training that supports the company's fair employment practices and employee development to prepare aspiring leaders for supervisory and management roles.
- ) **Employee satisfaction:** Employee relations specialists in IHR help the organization achieve high performance, morale and satisfaction levels throughout the workforce, by creating ways to strengthen the employer-employee relationship. They administer employee opinion surveys, conduct focus groups and seek employee input regarding job satisfaction and ways the employer can sustain good working relationships.
- ) **Recruitment:** IHR recruiters manage the employment process from screening resumes to scheduling interviews to processing new employees. Typically, they determine the most effective methods for recruiting applicants, including assessing which applicant tracking systems are best suited for the organization's needs.

- J) **Selection:** IHR professionals work closely with hiring managers to effect good hiring decisions, according to the organization's workforce needs. They provide guidance to managers who aren't familiar with IHR or standard hiring processes to ensure that the company extends offers to suitable candidates.
- J) **Compliance:** IHR workers ensure that the organization complies with federal state employment laws. They complete paperwork necessary for documenting that the company's employees are eligible to work in the U.S. They also monitor compliance with applicable laws for organizations that receive federal or state government contracts, through maintaining applicant flow logs, written affirmative action plans and disparate impact analyses.

### Scope of IHRM:

The scope of International Human Resource Management refers to all the activities that come under the banner of International Human Resource Management. These activities are as follows:

- i. Employees Hiring
- ii. Remuneration
- iii. Employee Motivation
- iv. Employee Maintenance
- v. Industrial Relations
- vi. Prospects of Employees
- vii. Global Skills management.
- viii. Expatriate management
- ix. Ensuring Legal Compliance
- x. Performance Management.

### INTERNATIONAL HRM PRACTICES

#### i. International Staffing:

International staffing refers to the process of selecting the employees for staffing international operations of an MNC.

MNCs can be staffed using three different sources

- J) Home Country or Parent Country National
- J) Host Country Nationals
- J) Third Country Nationals.

#### ii. Pre-departure training for international assignments:

J) To make it easier for the employee assume job responsibilities and be effective in the foreign country as soon as possible

J) To facilitate cultural adaption as quickly and effectively as possible.

#### iii. Repatriation:

It is the process of bringing an expatriate home after he/she has completed the international assignment.

Organization can follow 3 practices:

- J) Create knowledge and develop global leadership skills
- J) Ensure that candidate have cross-cultural skills to match their technical abilities
- J) Prepare people to make the transition back to their home offices.

#### iv. Performance management in international assignments:

Performance is a combination of several factors:

- J) Compensation Package
- J) Task Assigned to the Expatriate
- J) Headquarters Support
- J) Environment

) Cultural Adjustment

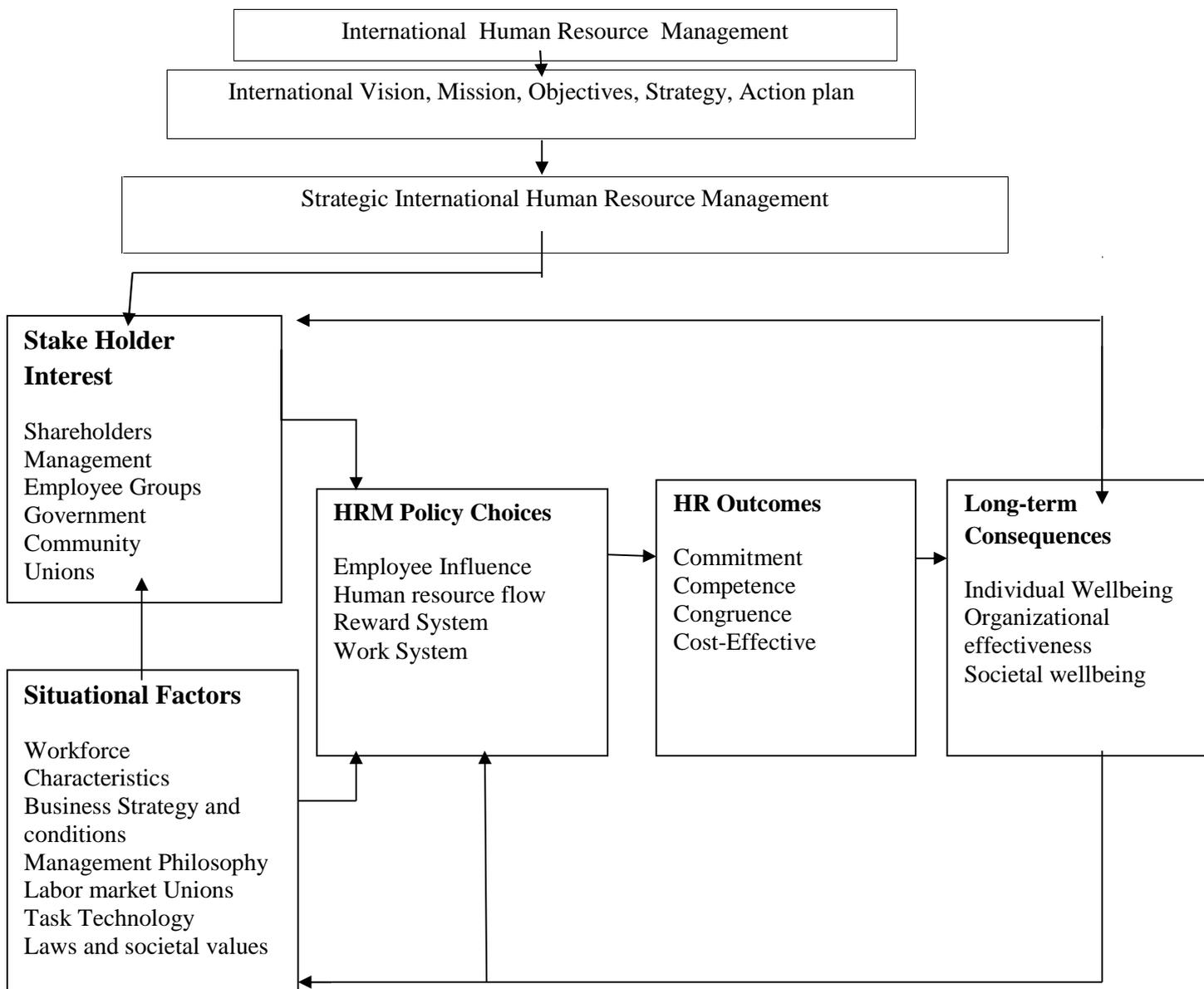
**v. Compensation issues in international assignments:**

Components of expatriate compensation:

- ) Home leave and travel allowances
- ) Children’s education allowances
- ) Currency differential payments
- ) Relocation allowances
- ) Housing allowances
- ) Cost of living adjustment
- ) Payment to protect negative tax consequences

**Models of International Human Resource Management:**

**Harvard Model:**



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The following model can be interpreted from International perspective like International workforce characteristics, International HRM Policy, HR Outcomes of Retention and long term well being of the organisation nationally and internationally.

The Harvard Map or model outlines four HR policy areas:

- i. **Human resource flows:** recruitment, selection, placement, promotion, appraisal and assessment, promotion, termination, etc.
- ii. **Reward systems:** pay systems, motivation, etc.
- iii. **Employee influence:** delegated levels of authority, responsibility, power
- iv. **Work systems** - definition/design of work and alignment of people.

## **INTERNATIONAL HRM PRACTICES IN MULTINATIONAL COMPANIES**

The term "International HR best practices" refers to a collection of human resources practices that are proven to achieve positive results in the workplace.

### **I. D. E. SHAW & CO.**

#### **i. Diversity & Innovation:**

D. E. Shaw propagates the importance of diversity and the need for IHR to make a concerted effort to recruit outside the company; this gains them a new and different perspective of the usual order of business. Innovation for this company comes as a result of change, and change is not possible without somebody being willing to rock the proverbial boat. The company values empathy and emotional intelligence, in relating to colleagues, job candidates, and new employees. At D. E. Shaw, an International HR professional possesses the ability to relate to employees as people, rather than merely team members or experts in their field. Relating to employees as people requires the capacity to look beyond what's on paper and initial impressions, and to ask the right questions

#### **ii. Research & Development, Training:**

D. E. Shaw ensures that employees are well trained internally and dedicate a substantial part of the company budget to research and development. This means hiring workers who can act as skill trainers and instructional leaders. Moreover, they emphasize on finding the best people to utilize as trainers means and being able to identify desirable traits and talents desired in company trainers, and then to successfully recognize those qualities in both internal and external candidates for the position.

#### **iii. Quality Recruitment:**

One effective method of recruitment that is followed at D. E. Shaw involves recruiting through networking, focusing on growth and satisfaction in job descriptions, and communicates with recruits as people, rather than potential job candidates.

### **II. AMAZON INDIA:**

#### **i. Recruitment and Selection:**

IHR recruitment and selection practices at Amazon India are based on the organization's mission and the workplace culture. Recruitment practices here underlie recruiting activities and functions such as campus recruitment drives career fairs at colleges and universities with diverse student populations, advertising job vacancies across several venues to reach a broad audience.

#### **ii. Work-Life Balance:**

Amazon India Implements flexible work schedules, work from home options, part time work options, providing employees with telecommuting options and training supervisors to spot signs of workplace stress suggests the organizational culture supports employees achieving work-life balance. Managing scheduling logistics, modifying technology for remote access and conducting training sessions are essentially

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transactional functions. However, these functions ultimately create a results-oriented work environment because they enable greater efficiency and, thus, increase the time employees have to devote to family obligations and personal endeavors.

**iii. Compensation:**

At Amazon India, Compensation and benefits often are viewed together, presenting a comprehensive view of how employers reward their employees. However, their compensation by itself offers a clearer picture of IHR management practices because employee wages comprise up to 70 percent of an employer's cost to operate her business.

**III. WELLS FARGO INDIA SOLUTIONS: (WFIS)**

**i. Outsourcing:**

In WFIS, when demands on the human resources department increase, it gets difficult to meet goals and focus on long-range planning. In times like these outsourcing some aspects of HR that are a drain on employee time are considered and which don't need to be performed in-house. Outsourcing allows the human resources department to focus on things that can be handled only in-house, such as developing solutions to meet the needs of business managers or building business relationships. Functions that can be outsourced include payroll, recruitment, Insurance administration and training.

**ii. Equal Opportunity:**

The best practices at WFIS include holding recruiters accountable for engaging in fair employment practices that treat applicants equally within regard to non-job-related factors such as age, sex, race, national origin and religions, and instead focusing solely on experience, expertise and qualifications in decisions about narrowing the field of viable candidates.

**IV. FEDEX CORPORATION:**

FedEx Corporation is a company with a track record of being successful. FedEx believes that its success lies in the hands of how efficient its employees perform. The company discovered that well-treated employees are top producers, resulting in positive company growth. In 1973, FedEx developed, and still practices, its "People-Service-Profit" philosophy denoting excellent care of its employees. The company tracks employee satisfaction with its annual Survey-Feedback-Action, or SFA, program. Post-survey, management and employees meet to discuss the survey results, address problems and decipher how to resolve them.

**Challenges faced by International HRM professionals:**

- Retaining unique talent: Retaining unique talent is a challenge that is faced by all organizations out there in the world. The IHR professionals spend a considerable amount of time when interviewing, recruiting and training the employees and if they fail to retain the talent they hire, they would be putting all the efforts in vain.
- Ensuring workplace culture: The workplace culture should be challenging as well as enjoyable. It is up to the International HR professionals in order to create that culture. The workplace culture should cater to all the employees within the organization in a consistent manner as well.
- Make sure new employees fit to the organization: IHR professionals can't do any mistakes when they are recruiting new talent. Therefore, the IHR professionals should make sure that the employees they hire fit perfectly well to the organization culture or not.
- Juggling diversity: All the organizations out there in the world focus on creating a diverse structure as well. Therefore, IHR professionals will have to deal with juggling diversity.

**CONCLUSION:**

The practice of International HRM must be viewed through the prism of overall strategic goals for the organization instead of a standalone tint that takes a unit based or a micro approach. The idea here is to adopt

a holistic perspective towards IHRM that ensures that there are no piecemeal strategies and the International HRM policy enmeshes itself fully with those of the organizational goals. For instance, if the training needs of the employees are simply met with perfunctory trainings on omnibus topics, the firm stands to lose not only from the time that the employees spend in training but also a loss of direction. Hence, the organization that takes its International HRM policies seriously will ensure that training is based on focused and topical methods.

In conclusion, the practice of IHRM needs to be integrated with the overall strategy to ensure effective use of people and provide better returns to the organizations in terms of ROI (Return on Investment) for every rupee or dollar spent on them. Unless the IHRM practice is designed in this way, the firms stand to lose from not utilizing people fully. And this does not bode well for the success of the organization

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