	Answer any Two FULL Questions (15*2=30)	MARKS	CO	RBT

1 (a)	How Host country is Different from Home Country	[02]	CO1	L3
Ans	Home country nationals are the employees of the organization and these are the citizens of the country where the headquarter is located. Host country nationals are the citizens of the country where the subsidiary is located or when any organization recruits the nationals of the country where the subsidiary is located.		CO1 CO2	L2 L3
(b)	Discuss the significance of International Human Resource Management	[06]		

Ans

Importance of Human Resource Management for Business.

The human resource management in an international business plays a significant role at the strategic level. The executive manager of the **human resource management** in an international business actually acts a decision maker & strategic partner of the business organization. The complete comprehension of the overall global system is essential, so that the productivity of the employees of the entire organization is maximized. The human resource must also be global in nature in relation to its global organization.

Stages of International Involvement:

When an organization initiates international operations, then it has been passed through five stages which are as follows.

- Domestic Operations
- Export Operations
- Joint Ventures or Subsidiaries
- Multinational Operations
- Transnational Operations

Global Human Resource Management:

The human resource policies & procedures should be employed that best meet the global requirements so that the wider organizational objectives can be achieved.

Global Staffing:

For the achievement of the goals of the international organization, the specific jobs should be filled with specific individuals at the proper time and proper place. For this purpose, there must be global human resource planning, recruitment & selection procedures for obtaining of the required employee.

Global Human Resource Development

Expatriate Development:

In this kind of training & development, the process is initiated immediately after the selection of the employees and even if the operations of the international organization do not start.

Global Compensation & Benefits:

Because of the pressures of high wage rate, the organizations are compelled to operate in other area of the world in order to maintain competition globally.

Repatriation Orientation & Training:

Global Safety & Health:

When the employees in the (international) organization are safe & health, they are turned into more productive & beneficial.

[08]

1 (C) A Business needs to expands its activities when a business goes global. Discuss.

Ans Internationalization of business can bring changes in organizational strategies, organizational structure, human resource activities and approaches. P.V. Morgan explained the three-dimensional model of IHRM, it includes human resource activities, types of employees, and countries.

International human resource activities:

International human resource activities include major operative human resource functions such as procurement, which involves human resource planning and induction. The second major activity is allocation; it involves the plan for using human resources among various subsidiaries or projects. Effective utilization of human resources is the third human resource activity and helps in maximizing the skills and efficiency of the human resources and productivity.

The activities of international human resource activities cover all the major activities like HR planning, recruitment, selection, orientation, placement, training & development, remuneration, and performance evaluation.

\Human Resource Planning :

- Difficulty in implementing HR procedure in host countries.
- Difficulty in aligning strategic business planning to HRP and vice-versa.
- Providing developmental opportunities for international managers.

Employee Hiring :

- Ability to mix with organization's culture.
- Ethnocentric, polycentric or geocentric approach to staffing.
- Selection of expatriates.
- Coping with expatriate failure.
- Managing repatriation process.

Training and Development :

- Emphasis on cultural training.
- Language training.
- Training in manners and mannerisms.

Compensation:

- Devising an appropriate strategy to compensate expatriates.
- Minimizing discrepancies in pay between parent, host and third country nationals.
- Issues relating to the re-entry of expatriates into the home country.

Performance management :

- Constraints while operating in host countries need to be considered.
- Physical distance, time differences and cost of reporting system add to the complexity.
- Identification of raters to evaluate subsidiary performance.

Industrial Relations :

- Who should handle industrial relations problem in a subsidiary ?
- What should be the attitude of parent company towards unions in a subsidiary.
- What should be union tactics in subsidiaries ?

Thus the list goes on. Be it employee selection, training or compensation, IHRM adds to new dimensions which are not being felt or being observed inn DHRM.

Expatriate training and development

While hiring employees for international assignments, the organization needs to provide better training for the employees. The skill set is not only the constraint to decide the training needs, and it is necessary for all the levels of employees to fit in the international environment and culture. Expatriates may face problems with the local language, culture, and beliefs of the local people, managing personal and family life in the completely new environments. Proper training and development motivate the employees to perform better in achieving the organization's objectives effectively.

International environment and components of compensation

The components of expatriate compensation vary with the domestic compensation standards, so the organizations need to fulfill various requirements of the expatriates while hiring. Companies need to provide housing allowance, travel allowance, education allowance for expatriates children, relocation allowance, cost of living adjustment packages, and currency differential packages, etc.

2 (a) What do you understand by the term "Expatriate".   [02]

Ans A person who has citizenship in at least one country, but who is living in another country. Most expatriates only stay in the foreign country for a certain period of time, and plan to return to their home country eventually, although there are some who never return to their country of citizenship.

(b) Discuss the forces Influence the International Business.   [06]

Ans

Environment Analysis-Political environment

The political environment of any country influences the business to a larger extent. This political environment is influenced by the political organization, philosophy, government ideology, nature and extent of bureaucracy, the country's political stability, its foreign policy, defense and military policy, the country's image and that of its leaders both locally and internationally . For example a country's policy that restricts the growth of multinationals in the market will automatically limit the business operations of the company hence its growth. Similarly, government policy that allows licensing that is liberal, liberal exportation and importation, inflow of foreign capital and technology, affects the business operation. Globalization as government policy too has influence on the business.

2. Economic environment

Economic factors that influence the business are the collective of the nature of the country's economic system, its structures, and economic policies, how the capital market is organized, and nature of factors of production, business cycles, and socio-economic infrastructure. Any successful organization pictures out the external factors that affect the business, anticipates the prospective market situations and work to minimize the costs while maximizing the profits. Changes in demand are also one great factor that determines success and business performance. Still on the economic aspect, it is undeniable that all business and non-business organizations felt the impact of the 2008 economic crisis, which rocked the whole world.

3. Social environment

The country's social environment affects the functioning of the business since it determines the value system of the society. Sociological factors establish the culture of work, labor mobility, work groups etc, hence, business operation of an enterprise. These factors include cost structure, customs and conventions, cultural heritage, peoples' view towards wealth and income and scientific methods, seniority respect, mobility of labor . All these factors have big impact on the business. For example, peoples' demand determine the kind of products to be offered for sale; this demand is consequently affected by peoples' attitudes, customs, cultural values, fashion and other related forces. The code of conduct that is supposed to be followed by the business is determined by the socio-cultural environment.

The social changes in life also lead to new fashion trends that affect business in any part of the economy. For example, fashion-based demands are social based forces that lead to changes or increase in demand. The higher the demand as portrayed in line three demand, the higher the sales level as well as the business performance. The lower the demand as portrayed in line two the lower the

CO1

CO1   L2

CO2   L3

level of returns attained.

4. Technological environment

Technological factors affects business concerning technological investment, technological application and the effect of technology on markets. Therefore, any technological advancement affects highly the business in a country. The type and quality of goods and services to be produced and the type and quality of plant and equipment to be used in a company, is determined by the kind of technology employed by that company.

5. Legal environment

The legal environment affects the business and its managers greatly. Legal factors involve how flexible and adaptable the law and legal rules that govern the business are. It also includes the exact rulings and courts decision. Legal provisions may also contribute to more or less income depending on the environment of operation.

(c) How International Human Resource Management is different from Domestic Human Resource Management? [08]

Ans   The main differentials are:

- More HR activities
- Need for a broader perspective
- More involvement in employee's personal lives
- Changes in emphasis as the workforce mix of expatriates and locals vary
- Risk exposure
- More external influences

More Human Resource activities: The scope of IHRM is much broader than managing domestic HR activities. There are issues connected with international taxation, international orientation and relocation and administrative services for expatriates, host-government regulations, and language translation services.

Need for broader perspective : When compared to domestic HRM, IHRM requires a much broader perspective on even the most common HR activities. For example, while dealing with pay issues, the corporate HR manager must co-ordinate pay systems in different countries with different currencies that may change in relative value to one another over time. While handling fringe benefits too, complications tend to arise. It is a common practice in most countries to provide health insurance to employees and their families. The family in some countries is understood to include the employee's spouse and children. In other countries, the term family may encompass a more extended group of relatives-multiple spouses, aunts, uncles, grandparents, nephews, and nieces. It is a difficult task for an international business to deal with the different definitions of family.

Any activity of IHRM needs a broader perspective because HR managers working in the global environment face the problem of designing and administering programs for more than one country.

More involvement in Employee's personal lives : A greater degree of

involvement in the employee's personal lives is necessary for the selection, training and effective management of both parent-country and third-country nationals. The HR department needs to ensure that the expatriate employee understands housing arrangements, health care, and all aspects of remuneration packages provided for the foreign assignment. Many international businesses maintain an "international Human Resource Service" section that co-ordinates administration of the above programs and provides service for the parent-country and third country nationals such as handling their banking, investments, home rental while on assignment, coordinating home visits, and final repatriation.

Involvement of the Hr department in the personal lives of the employees is limited in domestic HRM.   The firm may, for example provide employee insurance program, or when a transfer is involved, the HR department may provide some assistance in relocating the employee and his or her family. But in the international setting the HR department must involve itself more and understand the personal lives of employees to provide the servicer and support needed by them. For example, some governments task to submit a marriage certificate before granting visa to an accompanying spouse. Thus, marital status could become an important consideration in the selection process. In such a situation the HR department should advise all candidates being considered for the positions of the host-country's visa requirement with regard to marital status and allow each candidate to decide whether he or she wishes to remain in the selection process. Apart from providing suitable housing and schooling in the assignment location, the HR department may also need a assist children left behind at boarding schools in the home country. These issues do not figure in domestic HR management.

Changes in emphasis : As an international; business matures, the emphasis placed on various HR activities change. For example, as the need for parent-company and third-country nationals declines and more trained locals become available, resources previously allocated to areas such as expatriate taxation, relocation and orientation transferred to activities such as staff selection, training, and management development. The latter activity may require establishment of a program to bring high- potential local staff to corporate headquarters for development assignments. The need to enhance emphasis in HR activities, as a design subsidiary matures, is clearly a factor that broadens the responsibilities of local HR activities.

Risk Exposure : Risk exposure is high in domestic HRM. unfair hiring practices may result in a firm being charged with the violation of the constitutional provisions and be liable for penalties. Failure to maintain relations with unions may result in strikes and other forms of labor unrest, in addition to these risks, there are other hazards that are unique and more threatening. Depending on the countries where the MNC operates, the headquarters and subsidiary Hr managers may have to worry about the physical safety of the employees.

External influence : The HRM activities are influenced by a greater number of external factors than are domestic HRM functions. Because of the visibility that the international businesses tend to have in host countries (particularly in developing countries), the subsidiary HR managers may have to deal with ministers, political figures, and a grater variety of economic and social interest groups than domestic HR managers would normally encounter. In develop countries, labor is more expensive and better organized than in less develop countries, governments require compliance with guidelines on issues such as labor relations, taxation, health and safety. These factors shape the activities of the subsidiary manager considerably. The subsidiary HR manager also need to spend time learning and interpreting the local ways of doing business and the general

code of conduct regarding activities such as giving gift. It is also likely that the subsidiary HR manager will become more involved in administering benefits such as housing, education, and other facilities that are readily available in the host country.

3(a)	Discuss the term "Global Integration" and "Global Differentiation"	[02]	CO2	L1

the process by which a company combines different activities around the world so that they operate using the same methods, etc.: **Global integration** can involve the processes of product standardization and technology development centralization.
differentiation Approach, under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive advertising campaign.

(b)	Write short notes on "Harvard Model" and 5P's Model of IHRM.	[06]	CO1	L2
(c)	Discuss the various challenge Involved when a business goes global.	[08]	CO1	

Practising HRM in a different environment, culture and ethics background is sure challenging. Nevertheless, if IHRM is being executed appropriately, the reward reaped will contribute to the organisation's growth indirectly. Some typical challenges that the HR managers faced are cross-cultural issues; training and development, remuneration package, performance appraisal and international staffing process.

To fulfil these challenges, it is imperative that the HR managers are sensitive to the people and adaptable to the environment while their organisation establishes foothold globally.

Cross-cultural issues

Cross-cultural issues can turn disastrous if the HR managers are ignorant or refuse to spend efforts to understand the situations. Often so, this is the starting point where most misunderstanding and problems spawn. We will examine the few aspect of cross-cultural issues namely: communications, ethics and management style.

Cross-cultural communications

According to Stone(2008), cross-cultural communications occur when a person from one culture communicates with a person from another culture. Simple gestures, facial expressions and words can turn out to be very different in meaning, depending on the individual culture and priority they have for 'what' and 'how' things are being said or written. Stone went on further to break cross-cultural communications into two parts, high-context cultures and low-context cultures. Quoting from Stone(2008), high-context cultures can be defined as:

'Cultures where non-verbal communications (such as body language and gestures)

and indirect language are use to transfer meaning'

And low-context cultures are being defined as:

'Cultures where verbal communications are explicit and direct. What is said is what is meant.'

High-context cultures can be commonly found in Asia countries where great importance is being placed in personal relationship like family relationship and friendships. It is crucial for HR managers to interpret the true meaning of what is being said over what the other party actually mean. Failure to do so will lead to unnecessary misunderstanding and confusion.

Low-context cultures on the other hand are straight forward and simple. This culture is most prevalence in the western country where 'YES' mean yes and 'NO' simply mean no. HR managers should not 'beat around the bush' when handling such situations. A direct and concise approach will lead to the progression of the matters on hand.

Ethics

Ethics can be explained as the ability to differentiate between right and wrong. It is a moral value instilled in one since young, and changes constantly due to environmental, religion influences and education level. What may seem right to you may be a big taboo to the others. As there are many 'grey' areas where ethics is concern, extra sensitivity should always be bear in mind. This is especially so in situations where organisation do business in places where bribery and corruption are the key to business success or should organisation exploits the workers to their advantage when there is no worker union remains unanswered. HR managers should always refer back to the organisation values and direction so as to align their own judgment and ethics to the best of the organisation.

Management style

Management style can be greatly influence by the culture and the organisation structure. For example in Singapore Arm Forces (SAF), a military organisation; the management style has to be a top-down approach. When the commander has given a specific instruction, the rest will follow with no question asked and this management style is extremely critical especially during war time. Interestingly, this top-down approach or autocratic style is very common in Asia, mainly due to the respect and trust a subordinate has for their superiors, a clear display of cultural influence.

Another management style which is a contrast to the top-down approach is the paternalistic style. This particular management style allows subordinates and their superiors to be on equal ground, allowing decision making to be distributed equally. This kind of management thrives in sectors where collative ideas are imperative to the success of the organisation. A good example will be the engineering or research sectors where there might be chances of a better idea coming from the subordinates instead. This kind of management style is widely practice in the western countries like United States, where children are taught to ask questions whenever they don't understand.

Whichever management style to be apply will have to depend on the host country and their cultural background as well as the organisation core business. HR managers will have to be open minded and flexible as there is 'no one medicine that cure all illness'.

Training and development

Training and development in foreign country can be a tricky issue. According to Stone(2008), diversity of the workforce, language and cultural differences will influence how the training and development program be structured. A very good example will be the language of the program to be conducted, should English or the host-country language be used? Are there any taboo topics which should be avoided? Which type of leaning style will attain the most desired result, instructional or facilitative style? These are the few areas of concerns that HR managers will tend to encounter frequently.

As a general rule of thumb, new and innovative training and development can be good, but at the same time it should not deviate too much from the cultural norms. So as to ensure that the best end result can be achieve while not creating confusion and difficulties for the participants.

Remuneration package

'National culture is an important consideration in strategic remuneration' (Stone, 2008) Remuneration package will varies in different part of the world, depending heavily on the cultural environment of the host country. In places where seniority is valued, the remuneration style will be based on the rank and the number of years in service to the companies. Such remuneration style is prevalent in Asia countries and in organisation that adopt the hierarchy concept. A stark difference to this will be the meritocracy concept of remuneration package, where remuneration will be based on the individual achievement and contribution to the organisation. This style of remuneration is widely practice in the western country and in organisation where achievement and contribution can be quantified.

Adopting the right remuneration package will not only spur employees to give their best but more importantly, it can retain the talents and boost the organisation's reputation.

Performance Appraisal

Conventionally, performance appraisal was considered as a knotty problem in the HR function and internationalisation of organisation simply complicate this function further. Different cultures will have different appreciation for performance and it is virtually impossible to set a standard for performance. For example, to get a good performance appraisal in China, one will need to have good personal relationship with their superiors. (Lu et al, 1998) Knowing strong and influential people will also ensure a smooth work life. But this might not be the case in organisation where good performance simply mean high sales figure or other factors which can be quantified.

Performance appraisal for expatriate is much more elaborated. The scarcity of resources available(eg. Poor infrastructure and communication) and the expatriate soft skill(eg. Adaptability and resourcefulness) must also be taken into account when doing their performance appraisal so as to establish a system of fairness to the expatriate.

A reliable method to ensure that a professional and unbiased performance appraisal is being carried out is to have a set of guiding questions. These questions will act as a guide as to how a performance appraisal should be done. Stone(2008), listed a few questions which is fundamental to performance appraisal. Questions akin to definition of performance; what is the performance criteria; will the same criteria be use across all level of in the organisation and will the performance

appraisal be assessed on a group or individual basis.

International staffing process

International staffing can also be term as international recruitment process. Organisations typically have three options of candidates namely the home country nationals, host country nationals and third country nationals. The home country nationals are the natural choice when it comes to international staffing as they are much well versed in the organisation goals, objectives and culture.

Expatriate are constantly employed in global organisations. But what are the problems faced when employing expatriate? We can broadly classify the problems into expatriate selection and expatriate failure.

Expatriate selection process

Expatriate selection can be very complex in nature. Expatriate are constantly being expose to a spectrum of social and personal problems examples language barrier, culture differences and physical environment. If these are unanswered, it will ultimately lead to the failure of the expatriate. Organisation often perceive that a high flyer back home will do equally well in a foreign country, therefore emphasis is always on the expatriate's work experience and capability rather than focusing on the expatriate ability to blend into the new environment.

Stone (2008) did a survey from different HR managers all over the world. Stone's survey was to determine the essential selection criteria on expatriate. Stone's study revealed that different countries HR managers have different emphasis on the selection criteria, Stone went on further to suggested that this may be due to the different cultural values which the HR managers held. Stone concluded a list of desired selection criteria for expatriate and here are some of the criteria: effective communication; listening skill; stress tolerance; empathy; flexibility in dealing with foreign cultures; political skill and previous international experience.

Expatriate failure

Expatriate often fail due to their partner and their inability to adapt. (Stone, 2008) Adaptability seems to be the determinant factor for expatriate to make or break. Other factors include sub-standard performance, poor healthcare, safety implication and unattractive remuneration. (Insch et al, 2002)

Such situations can be reduced if organisations have some pre-departure programs for their expatriates and families. Programs like cross cultural orientation where expatriate will gain knowledge of the cultural aspect of the host country so as to avoid cultural shock. Allowing the expatriates and their families to stay in the host country for about a month will enable the expatriates to adapt to the physical environment and slowly immense themselves into the country's culture. To add on, providing a factual job scope and environment description to the expatriates will have them prepared mentally. All these will give the expatriates an expectation of the host country and avoid any unnecessary shock.

Compulsory Question [08] CO1 L3

4 (a) Mr Ramesh, CMD of an Indian branded industry, is planning to expand his company operation in USA, Mr Anand from India, Mr. Ching from China and Ms Simth from USA are in final selection round for CEO position. For the other key positions, on a three year term contract, Mr Singh, Mr Nair and Ms Fatima have been selected. If you are in place of Mr Ramesh.
1) Whom do you select for CEO position? Why?

2) What would be the challenges involved is selecting on of them?
3) What kind of training is required as pre departure schedule?

Course Outcomes		PO1	PO2	PO3	PO4	PO5	PO6	PO7
CO1:	To Analyze the impact of contemporary issues and global imperatives oh Human resource concept	2a, 3c	1a,1 b, 3b		4a			
CO2:	To learn the policies and practices in multinational organization	3a	2c, 1c					
CO3:	To compare, contrast and explain a variety of strategic approaches to the management of human resource in multinational organization							

Cognitive level	KEYWORDS
L1	List, define, tell, describe, identify, show, label, collect, examine, tabulate, quote, name, who, when, where, etc.
L2	summarize, describe, interpret, contrast, predict, associate, distinguish, estimate, differentiate, discuss, extend
L3	Apply, demonstrate, calculate, complete, illustrate, show, solve, examine, modify, relate, change, classify, experiment, discover.
L4	Analyze, separate, order, explain, connect, classify, arrange, divide, compare, select, explain, infer.
L5	Assess, decide, rank, grade, test, measure, recommend, convince, select, judge, explain, discriminate, support, conclude, compare, summarize.

PO1 - *Knowledge application; PO2 - Analytical and logical thinking; PO3 - Team work;*
PO4 - Leadership; PO5 - life-long learning; PO6 - Analyze and practice aspects of business; PO7- *Personal and Soc*
growth;