

Internal Assessment Test – I

Sub:	Global HRM					Code:	22MBAHR404
Date:	19/08/2025	Duration:	90 Mins	Max Marks:	50	Sem:	IV
		Branch:	MBA				

SET- II-Evaluation Schema

			OBE																
			Marks	CO	RBT														
	Part A - Answer Any Two Full Questions (2* 20 = 40 marks)																		
1 (a)	Mention any three differences between IHRM and domestic HRM. • Scope: • <i>Domestic HRM</i> deals with managing employees within one country. • <i>IHRM</i> manages employees across multiple countries and cultures. • Complexity: • <i>Domestic HRM</i> faces fewer challenges (single legal, cultural, and economic environment). • <i>IHRM</i> deals with diverse laws, cultures, languages, and economic conditions. • Employee Categories: • <i>Domestic HRM</i> mainly manages local employees. • <i>IHRM</i> manages parent-country nationals (PCNs), host-country nationals (HCNs), and third-country nationals (TCNs).	[03]	CO1	L1															
(b)	Compare ethnocentric and polycentric staffing approaches. Basis <table><thead><tr><th></th><th>Ethnocentric Approach</th><th>Polycentric Approach</th></tr></thead><tbody><tr><td>Definition</td><td>Key managerial positions in foreign subsidiaries are filled by employees from the parent country (home country nationals).</td><td>Subsidiary management filled by employees from local country (local nationals).</td></tr><tr><td>Control</td><td>Tight control by headquarters; strong centralization.</td><td>More autonomy to subsidiaries; decentralized control.</td></tr><tr><td>Advantages</td><td>Ensures alignment with parent company policies, maintains consistent culture, and facilitates knowledge transfer.</td><td>Reduces cultural barriers, increases local responsiveness, and is more effective.</td></tr><tr><td>Disadvantages</td><td>Can cause cultural insensitivity, resentment from host country employees, and higher costs of expatriates.</td><td>May create a “local vs. parent” divide, reduce career mobility for locals in subsidiaries, and reduce knowledge sharing.</td></tr></tbody></table>		Ethnocentric Approach	Polycentric Approach	Definition	Key managerial positions in foreign subsidiaries are filled by employees from the parent country (home country nationals).	Subsidiary management filled by employees from local country (local nationals).	Control	Tight control by headquarters; strong centralization.	More autonomy to subsidiaries; decentralized control.	Advantages	Ensures alignment with parent company policies, maintains consistent culture, and facilitates knowledge transfer.	Reduces cultural barriers, increases local responsiveness, and is more effective.	Disadvantages	Can cause cultural insensitivity, resentment from host country employees, and higher costs of expatriates.	May create a “local vs. parent” divide, reduce career mobility for locals in subsidiaries, and reduce knowledge sharing.	[07]	CO3	L5
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(c)	Discuss the strategic role of IHRM in multinational corporations.	[10]	CO2	L2															

	Strategic Role of IHRM in MNCs <ol style="list-style-type: none"> Global Talent Management <ul style="list-style-type: none"> Attracts, develops, and retains skilled employees across countries. Ensures the right people are placed in the right roles globally. Cross-Cultural Management <ul style="list-style-type: none"> Promotes cultural sensitivity, diversity management, and global leadership skills. Reduces conflicts and improves collaboration among multicultural teams. Alignment with Business Strategy <ul style="list-style-type: none"> Aligns HR policies (recruitment, training, rewards) with the overall corporate strategy. Helps MNCs achieve cost efficiency, innovation, and market responsiveness. International Staffing & Mobility <ul style="list-style-type: none"> Manages expatriates, inpatriates, and third-country nationals strategically. Ensures effective transfer of knowledge and leadership across borders. Standardization vs. Localization <ul style="list-style-type: none"> Balances global consistency in HR practices with local responsiveness to laws, cultures, and labor markets. Competitive Advantage <ul style="list-style-type: none"> Builds a global workforce that enhances organizational flexibility, innovation, and competitive positioning in international markets. 			
2 (a)	<p>Explain the key factors influencing IHRM practices in MNCs.</p> Key Factors Influencing IHRM Practices <ol style="list-style-type: none"> Cultural Differences <ul style="list-style-type: none"> National cultures (values, attitudes, communication styles) strongly affect HR practices such as leadership, motivation, and teamwork. Legal and Political Environment <ul style="list-style-type: none"> Labor laws, employment regulations, tax policies, and political stability influence recruitment, compensation, and industrial relations. Economic Conditions <ul style="list-style-type: none"> Wage levels, inflation, unemployment rates, and economic growth in host countries impact pay structures and employee benefits. Labor Market Characteristics <ul style="list-style-type: none"> Availability of skilled workforce, education levels, and labor mobility shape staffing and training strategies. Organizational Strategy and Structure <ul style="list-style-type: none"> The degree of centralization vs. decentralization, global vs. local strategy, and type of staffing approach (ethnocentric, polycentric, geocentric) determine HRM practices. Technology and Innovation 	[03]	CO1	L2

	<ul style="list-style-type: none"> ○ Digital tools, HR analytics, and remote work technologies influence recruitment, training, and performance management globally. <p>7. Expatriate Management Issues</p> <ul style="list-style-type: none"> ○ Costs, cultural adjustment, repatriation challenges, and family concerns affect international assignments and mobility policies. <p>8. Global Competition</p> <ul style="list-style-type: none"> ○ Need to attract and retain global talent while maintaining cost efficiency and competitive advantage drives HR decisions. 			
(b)	<p>Describe how a firm's international strategy affects its HR functions.</p> <p>1. International Strategy (Home-based replication)</p> <ul style="list-style-type: none"> • Focus: Exporting parent company's products/practices abroad. • HR Effect: <ul style="list-style-type: none"> ○ Staffing: More ethnocentric, with home-country nationals filling key posts. ○ Training: Limited cultural training, since practices mirror HQ. ○ Compensation: Standardized to match home policies. <p>2. Multidomestic Strategy (Local responsiveness)</p> <ul style="list-style-type: none"> • Focus: Adapting products/services to each host country. • HR Effect: <ul style="list-style-type: none"> ○ Staffing: Polycentric, hiring host-country nationals for local leadership. ○ Training: Emphasis on local culture, legal compliance. ○ Compensation: Customized to local standards. <p>3. Global Strategy (Standardization across markets)</p> <ul style="list-style-type: none"> • Focus: High global integration with uniform products/services. • HR Effect: <ul style="list-style-type: none"> ○ Staffing: Move toward geocentric, selecting best talent worldwide. ○ Training: Global leadership programs, cross-cultural skills. ○ Compensation: Standardized packages with some local adjustments. <p>4. Transnational Strategy (Global + Local balance)</p> <ul style="list-style-type: none"> • Focus: Achieve efficiency while remaining locally responsive. • HR Effect: <ul style="list-style-type: none"> ○ Staffing: Mix of expatriates, host-country, and third-country nationals. ○ Training: Strong intercultural and coordination training. ○ Compensation: Flexible—balancing global equity with local competitiveness. 	[07]	CO2	L2

(c)	<p>Analyse the factors affecting expatriate selection.</p> <ul style="list-style-type: none"> • Technical & Professional Competence <ul style="list-style-type: none"> • Core job knowledge, skills, and expertise are essential. • MNCs often give high weightage, but technical ability alone does not guarantee success. • Cultural Adaptability <ul style="list-style-type: none"> • Ability to adjust to host-country culture, values, and lifestyle. • Includes cultural sensitivity, flexibility, and tolerance for ambiguity. • Family Situation <ul style="list-style-type: none"> • Spouse and children's willingness and capacity to adapt. • Research shows <i>family adjustment issues</i> are the leading cause of expatriate failure. • Language & Communication Skills <ul style="list-style-type: none"> • Proficiency in host-country language eases integration. • Good interpersonal skills help in overcoming cultural barriers. • Personality Traits <ul style="list-style-type: none"> • Resilience, emotional stability, openness to change, and problem-solving orientation. • High self-confidence and motivation are key predictors of success. • Past International Exposure <ul style="list-style-type: none"> • Prior overseas experience or work with multicultural teams. • Builds familiarity with cultural diversity and reduces adjustment time. • Host Country Conditions <ul style="list-style-type: none"> • Political risk, cultural distance, safety, and quality of life influence the choice of candidates. • Cost Implications <ul style="list-style-type: none"> • Expatriate postings can cost 3–5 times more than local hires. • Firms balance financial feasibility with the strategic importance of the assignment. 	[10]	CO3	L4
3 (a)	<p>List out limit of global integration.</p> <p>Limits of Global Integration</p> <p>1. Cultural Differences – Local traditions and values may conflict with</p>	[03]	CO3	L2

	<p>standardized global practices.</p> <ol style="list-style-type: none"> Legal & Political Barriers – Diverse labor laws, regulations, and government policies restrict full integration. Economic Variations – Differences in wages, costs, and market conditions limit uniform strategies. 			
(b)	<p>Explain with examples how cultural differences impact IHRM practices.</p> <p><i>Impact of Cultural Differences on IHRM Practices</i></p> <ol style="list-style-type: none"> Recruitment & Selection <ul style="list-style-type: none"> In some cultures (e.g., USA), individual achievements and competencies dominate hiring decisions. In others (e.g., Japan/China), emphasis is placed on loyalty, group harmony, and family background. Training & Development <ul style="list-style-type: none"> Western cultures (Germany, US) value formal, structured training programs. Asian cultures (India, Japan) may prefer mentoring, on-the-job training, and collective learning. Motivation & Rewards <ul style="list-style-type: none"> In individualistic cultures (e.g., US, UK), rewards are based on personal performance (bonuses, promotions). In collectivist cultures (e.g., Japan, South Korea), group-based incentives and seniority are more motivating. Leadership & Communication Style <ul style="list-style-type: none"> Low power distance countries (e.g., Denmark, Netherlands) prefer participative leadership and open communication. High power distance countries (e.g., India, Mexico) expect hierarchical authority and respect for seniority. Performance Appraisal <ul style="list-style-type: none"> In Western cultures, direct and individual feedback is common. In Asian cultures, indirect or group-based feedback is preferred to avoid loss of face. 	[07]	CO2	L2
(c)	<p>Evaluate the staffing policies in international HRM: ethnocentric, polycentric, geocentric, and regiocentric.</p> <p><i>Staffing Policies in International HRM</i></p> <p>1. Ethnocentric Policy</p> <ul style="list-style-type: none"> Definition: Key positions in subsidiaries are filled by home-country nationals. Advantages: <ul style="list-style-type: none"> Ensures control and coordination with headquarters. Transfers parent company's culture, values, and practices. Disadvantages: <ul style="list-style-type: none"> Expensive due to expatriate costs. Causes resentment among host-country employees. Best suited for: Firms in early internationalization stage where 	[10]	CO3	L5

	consistency is critical.			
	<p>2. Polycentric Policy</p> <ul style="list-style-type: none"> • Definition: Subsidiaries are managed by host-country nationals, while headquarters is staffed by home-country nationals. • Advantages: <ul style="list-style-type: none"> ◦ Reduces cultural barriers and improves local responsiveness. ◦ Less costly than expatriates. • Disadvantages: <ul style="list-style-type: none"> ◦ Creates a gap between HQ and subsidiaries (communication barriers). ◦ Limited career growth for local managers at global level. • Best suited for: Firms following a multidomestic strategy with high local adaptation. 			
	<p>3. Geocentric Policy</p> <ul style="list-style-type: none"> • Definition: Best people are selected for jobs regardless of nationality. • Advantages: <ul style="list-style-type: none"> ◦ Builds a global talent pool and strong corporate culture. ◦ Encourages knowledge sharing and leadership development worldwide. • Disadvantages: <ul style="list-style-type: none"> ◦ Complex to implement due to immigration laws and costs. ◦ Requires high investment in training and relocation. • Best suited for: Firms with a global or transnational strategy aiming for integration and competitiveness. 			
	<p>4. Regiocentric Policy</p> <ul style="list-style-type: none"> • Definition: Staff is selected from a specific region (e.g., Europe, Asia) rather than strictly home or host country. • Advantages: <ul style="list-style-type: none"> ◦ Balances global integration and local responsiveness within regions. ◦ Develops regional expertise and reduces relocation costs. • Disadvantages: <ul style="list-style-type: none"> ◦ May create “regional silos” rather than global integration. ◦ Limits exposure of managers outside their region. • Best suited for: Firms adopting a regional strategy (e.g., EU-focused or Asia-Pacific operations). 			
	Part B - Compulsory (01*10=10 marks) – CASE STUDY			

4	Case Study:			
	A US-based manufacturing company is sending its manager, John, to head operations in Brazil. John is worried about cost of living differences, taxation rules, and schooling for his children.			
(a)	Q1: Asses the approach to expatriate compensation would best suit John's case?	[5]	CO3	L5
(b)	Compensation Approaches in IHRM <ol style="list-style-type: none"> Home-based (Balance Sheet) Approach <ul style="list-style-type: none"> Expatriate is paid as if still in the home country (USA), with adjustments for cost of living, housing, taxation, and family needs. Ensures John maintains the same standard of living as in the USA. Additional allowances: Cost of Living Allowance (COLA), Housing Allowance, Education Allowance (for children), Tax Equalization. Host-based Approach <ul style="list-style-type: none"> Expatriate is compensated according to local Brazilian salary structures. May not suit John, since cost of living, taxation, and international schooling are his main concerns. Global/Standardized Approach <ul style="list-style-type: none"> Provides uniform pay packages for expatriates worldwide. Lacks flexibility to address John's specific family and taxation issues. <p>Q2: Analyse two key components of an expatriate compensation package.</p> <ol style="list-style-type: none"> Base Salary <ul style="list-style-type: none"> This is the fundamental component of an expatriate's pay. It is usually benchmarked against the home-country salary structure or the host-country pay scale. The base salary provides financial stability and is used as a reference point for calculating other allowances (such as hardship allowance, housing allowance, etc.). Example: If John, a U.S. manager, is sent to Brazil, his U.S. base salary may be retained as the reference, ensuring fairness and consistency. <hr/> <ol style="list-style-type: none"> Allowances (Cost of Living and Housing) <ul style="list-style-type: none"> Expatriates face differences in living standards, taxation, and lifestyle costs in the host country. To address this, companies provide allowances such as: <ul style="list-style-type: none"> Cost of Living Allowance (COLA): Compensates for higher daily expenses (e.g., groceries, transportation, utilities) compared to the home country. Housing Allowance: Covers rental or accommodation costs, 	[5]	CO3	L4

	ensuring the expatriate and their family live in conditions comparable to their home country.			
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Course Outcomes (COs)		PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4
CO1:	Understand various research approaches techniques and strategies in the appropriate business	1a	2a				1a	2a		
CO2:	Apply a range of quantitative / qualitative research techniques to business and day today management problems		1c,2b,3b					1c,2b,3b		
CO3:	Demonstrate knowledge and understanding of data analysis interpretation and report writing		3a		2c,4b	1b,3c,4a		3a		2c,4b, 1b,3c,4a
CO4:	Develop necessary critical thinking skills in order to evaluate different research approaches in business									
CO5:	Discuss various forms of intellectual property its relevance and business impact in the challenging global business environment and leading international concerning IPR									

Cognitive level	KEYWORDS
L1 - Remember	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2 - Understand	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3 - Apply	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4 - Analyze	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5 - Evaluate	asses, decide, choose, rank, grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6 - Create	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

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