

Summary

Chapter Four

IHRM - An Overview

4.1 Introduction

Before we embark on study of IHRM, let us know what it is, how does it differ from HRM, is it a synonym for cross-cultural management & what are often used specific terms like MNCs, TNCs etc.

MNC - is an organization which operates in more than one country.

Transnational Corporation [TNC]- is an organization that produces, markets, invests, and operates across the world.

Home Country / Parent country - is the one where the head quarters of the MNC or TNC is located.

Host country - is the country where the branch or subsidiary of an MNC/TNC is located.

Parent [Home] Country Nationals [PCN]- are employees of an MNC/TNC who are the citizens of home country / parent country of the MNC / TNC.

Host Country Nationals [HCN] - are employees of an MNC/TNC subsidiary, branch who are the citizens of the country where the subsidiary or the branch of the MNC / TNC is located.

Third Country Nationals [TCN] - are employees of an MNC/TNC or their subsidiaries, branches and are the citizens of those countries which are not home country / parent country or host country of the MNC / TNC.

There are several advantages and disadvantages of employing citizens from parent, host and third countries.

4.2 Concept of 'Expatriate': Confusion in Usage.

Dictionary meaning of expatriate is "one who left the home land." The term expatriate from the point view of IHRM is the one who is working and residing in a foreign country to serve the tenure of foreign

International Human Resource Management

employment. Expatriate include i] foreign employees working in domestic companies, ii] parent country nationals working in MNC's subsidiary, iii] third country nationals working in MNCs and iv] host country nationals working in the parent country of the MNC / TNC. In short expatriate is an employee working and living in a foreign country where he/she is non-citizen.

Work Permit: almost all the countries impose a restriction for foreigners on right to work or seek employment in their countries. The foreigners / non-citizens are normally required to obtain *work permit*. It is a document issued by the Government of the country concerned [mostly by the Department of Immigration] granting right to foreigners to seek employment in the country concerned.

Guest Employees: Foreigners with distinctive and rare skills are invited to perform certain activities during a specified period. Such foreign employees are called 'Guest Employees'.

4.3 What is HRM?

Human Resource management is managing procurement, development, compensation, integration and maintenance of people of an organization in order to contribute duly to the individual, organizational and social goals.

The significant HRM activities include 1] Job work design and job analysis. 2] Human resource planning. 3] Recruitment. 4] Selection, placement and induction. 4] Performance management. 5] Training & development. 6] Career planning & development. 7] Remuneration and benefits. 8] Human relations and 9] Industrial relations.

4.3 What is IHRM?

IHRM is not a new concept and in fact it is not the emergence of recent phase of globalization. It is

International Human Resource Management

as old as the first phase of the globalization. It is not the same as cross culture management. It is, however, true that the significance, popularity and complexity of IHRM have been due to the current phase of globalization. The strides of information technology have brought significant changes in the scope and dimensions of IHRM. It can be defined as "performing HRM and its related activities and arranging for related and necessary cultural and immigration facilities for prospective and current employees, by organizations operating in domestic or foreign countries.

4.4 Domestic versus International HRM?

IHRM differs from domestic HRM in six major dimensions:-

1. Wider nationalities of employees - employees from each country bear the specific culture of that country.
2. Variety of functions to be performed - collection of data regarding employees' family, immigration formalities, tax laws of host country etc.
3. Influence of international environment which is complex, highly competitive, dynamic, vibrant, intertwined and interdependent.
4. Broader and deeper relationships more complexity in understanding people, managing them, meeting their wider needs and providing all kinds of security.
5. Different approaches to the domestic functions as nationals from different countries are involved.
6. Enduring complexity of international HRM as it has to practice different HR policies for nationals and expatriates.

The End