

LECTURENOTES

SubjectName:

***INTERNATIONAL HUMAN
RESOURCE
MANAGEMENT***

Year / Branch:

IIMBA II SEM

Regulation:*R22*

Prepared

By:*DR.JYOSHNA.C*

SYLLABUS

II MBA II Semester

L T P C
4 0 0 4

22MBA244C INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Course Educational Objective (CEOs):

CEO1: To provide a framework and clear understanding of International HRM

CEO2: To provide student the strategic and functional roles of HRM in various international contexts, especially in areas such as recruitment and selection

CEO3: To provide the idea and the process of repatriate and expatriate management in MNCs including cross cultural training.

CEO4: To provide the student the knowledge to develop competency in dealing with performance management through competency appraisal, downsizing, layoff and turnover

CEO 5: To develop generic and transferable skills in diagnosing International HRM issues critically this includes work and labor regulations, strategic HRM issues.

UNIT-I Introduction to IHRM: Reasons for going Global-Approaches to IHRM, Difference between IHRM & Domestic HRM, Challenges of IHRM-Global Assignments.

UNIT-II: International Staffing: Sources, IHRM Planning-Recruitment-Selection in International Context-Challenges of recruitment-Global Leadership Development Programmes, dealing with employee shortages.

UNIT- III : Repatriation and Expatriation: Process of Repatriate and Expatriate management in Multinational Companies, Training Expatriates and Repatriates, Cross Cultural Training, Methods of Training adopted.

UNIT-IV: Performance and Compensation Management: Performance management System in MNCs - competency appraisal, downsizing, layoff, turnover, objectives and Key components of international compensation, compensation Practices in MNCs, rewards and incentives.

UNIT-V: IHRM in Present Context: Issues in IHRM-Cultural Issues in MNC's-Global Downsizing-Corporate Social Responsibility at Global Level-Industrial Relations in Global Organizations -Role of Trade Unions at International Level.

Course Outcomes:

	On successful completion of the course the student will be able to,	POs related to COs
CO1	Describe the external forces that have the potential to shape International HRM	PO1,PO4,PO5,PO6
CO2	Demonstrate challenges facing multinational corporations including, staffing, and development of global leadership	PO1,PO2,PO3,PO5,PO6
CO3	Analyze the HRM challenges facing in the process of repatriation process of the expatriate	PO1,PO2,PO3,PO5,PO6
CO4	Measure the performance management systems in MNCs in competency mapping, demotion.	PO1,PO3,PO5,PO6
CO5	Develop a global mindset and sensitivity to cultural issues in organizations	PO1, PO2, PO3, PO4, PO5,PO6

Text Books:

1. International Human Resource Management, 1/e, P. Subba Rao, Himalaya Publishing House, New Delhi, 2011.
2. International Human Resource Management: Text and Cases, 2/e, K. Aswathappa, Sadhna Dash, Tata McGraw-Hill, New Delhi. 2012.

Reference Books:

1. International Dimensions of Organizational Behavior, 5/e, Adler N.J., Kent Publishing, Boston, 2008.
2. International Dimensions of Organizational Behavior, 5/e, Adler N.J., Kent Publishing, Boston, 2008.
3. International Human Resource Management (Text and Cases), 3/e, P. Subba Rao, Himalaya Publishing House Pvt. Ltd., 2022.
4. International Human Resource Management Paperback, Peter J. Dowling, Marion Festing, Allen D. Engle, 2017.

UNIT- I
INTRODUCTION TO
INTERNATIONAL HUMAN
RESOURCE MANAGEMENT

**“Organizations do not compete;
people do.”— Peter Drucker**

UNIT- I

INTRODUCTION INTERNATIONAL TO HUMAN RESOURCE MANAGEMENT

Unit Overview

International Human Resource Management (IHRM) deals with the management of human resources in multinational organizations that operate across different countries. As businesses expand beyond national boundaries, organizations require effective HR practices to manage employees from diverse cultural, legal, and economic environments. This unit introduces the concept of IHRM and explains why organizations go global. It discusses the various approaches to managing human resources internationally and highlights the differences between domestic HRM and IHRM. The unit also examines the major challenges faced by organizations in managing international employees and explains the importance of global assignments in multinational corporations.

Objectives of the Unit

The main objectives of this unit are to:

1. Explain the concept and scope of International Human Resource Management.
2. Identify the reasons why organizations expand their operations globally.
3. Understand the various approaches adopted in IHRM.
4. Differentiate between Domestic HRM and International HRM.
5. Examine the major challenges faced in managing human resources across countries.
6. Understand the concept and significance of global assignments in multinational organizations.

Learning Outcomes

After studying this unit, students will be able to:

1. Define International Human Resource Management and explain its significance.
2. Identify the key factors that encourage organizations to operate globally.
3. Describe different approaches used in international HR management.

4. Distinguish between domestic HRM practices and international HRM practices.
5. Analyse the challenges involved in managing employees in different countries.
6. Understand the role of global assignments in developing international managers.

Importance of Studying the Unit

In today's globalized business environment, organizations are increasingly operating in multiple countries. Managing employees from different cultural and national backgrounds requires specialized HR practices. Studying this unit helps students understand how multinational companies recruit, train, and manage employees worldwide. It also provides knowledge about cross-cultural management, international staffing, and global mobility. Understanding IHRM is essential for future managers because it helps them develop the skills needed to manage global teams effectively and adapt to international business environments.

Key Concepts

- International Human Resource Management (IHRM)
 - Globalization
 - Multinational Corporations (MNCs)
 - Reasons for Global Expansion
 - Approaches to IHRM (Ethnocentric, Polycentric, Regiocentric, Geocentric)
 - Domestic HRM vs International HRM
 - Cross-cultural Management
 - Global Assignments
 - International Staffing
 - Challenges of IHRM
-

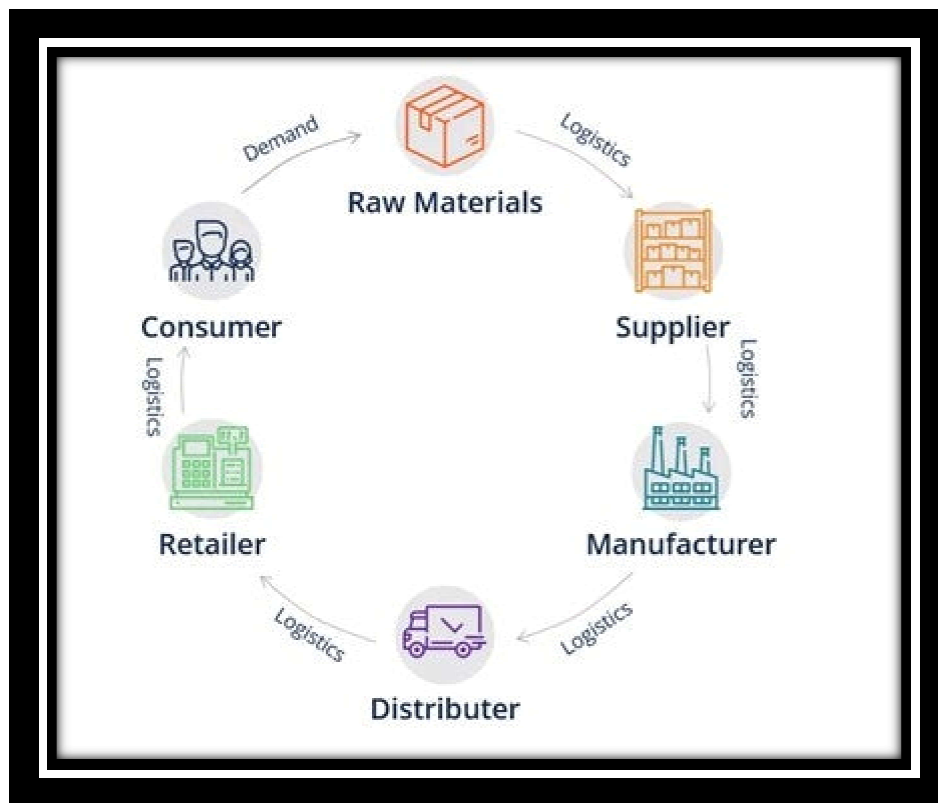
International Human Resource Management (IHRM) refers to managing human resources in multinational organizations operating across different countries.

IHRM involves procurement, allocation, and effective utilization of human resources in multinational corporations (MNCs) operating globally.

Key Difference from HRM:

- Domestic HRM → Manages employees within one country
- IHRM → Manages employees across multiple countries with cultural, legal, and economic differences

Why Do Companies Go Global? (Reasons for Globalization)



Major Reasons:

1. **Market Expansion** – Access to new customers
2. **Cost Advantage** – Cheap labour & raw materials
3. **Resource Availability** – Skilled workforce & technology
4. **Competitive Pressure** – Global competition

5. **Government Policies** – Liberalization & FDI support
6. **Risk Diversification** – Spread business risk across countries

Nations categories where firms expand and operate

Host country

A country in which the MNE seeks to locate or has already located a facility.

Parent country

The country in which a company's corporate headquarters is located.

Third country

The countries other than the one in which the MNC is headquartered or the one in which it is assigned to work by the MNC.

Approaches to IHRM



EPRG Model (Perlmutter)

Approach	Meaning	Example
Ethnocentric	Parent country nationals dominate	HQ managers sent abroad
Polycentric	Host country nationals manage subsidiaries	Local managers hired
Regiocentric	Regional focus	Asia head manages Asia
Geocentric	Best talent globally	Global talent pool

Difference Between IHRM & Domestic HRM

Basis	Domestic HRM	IHRM
Scope	One country	Multiple countries
Complexity	Low	High
Culture	Single culture	Multiple cultures
Legal Environment	One legal system	Different labour laws
Risk	Limited	Political & currency risks

Challenges of IHRM

Cross-cultural Management



Mastering international employment law

- 01** Understand local labor laws
- 02** Localize contracts and policies
- 03** Get payroll, tax, and social contributions right
- 04** Protect data privacy and cross-border transfers
- 05** Develop a compliance plan
- 06** Choose the right operating model
- 07** Document and be audit-ready

Major Challenges:

1. Cultural Differences

2. Legal & Political Environment
3. Expatriate Failure
4. Compensation Differences
5. Language Barriers
6. Global Talent Retention
7. Ethical Issues

Global Assignments



Temporary or long-term relocation of employees to foreign subsidiaries.

GLOBAL ASSIGNMENTS

Strategically designed international assignments can enhance the global competitiveness of firms by increasing coordination and control across units, transferring innovations across geographical boundaries, and developing

future executives with global perspectives and local market responsiveness. To obtain these strategic results, firms are increasing the number of managers sent on international assignments as expatriates

Reasons for international assignments

- Filling a need in an existing operation.
- Transferring technology or knowledge to a worksite (or to a client's worksite).
- Developing an individual's career through challenging tasks in an international setting.
- Analyzing the market to see whether the company's products or services will attract clients and users.
- Launching a new product or service.
- The goal of the international assignment will determine the assignment's length and help identify potential candidates.

•Management development

–Training and development purposes, assisting in developing common corporate values

•Organizational development

–Need for control, transfer of knowledge, competence, procedures and practices

Types:

- Short-term Assignment
- Long-term Assignment
- Commuter Assignment
- Virtual Assignment

Objectives:

- Knowledge transfer
- Leadership development
- Global coordination
- Control of subsidiaries

Preparing for the Assignment

An international assignment agreement that outlines the specifics of the assignment and documents agreement by the employer and the expatriate is necessary. Topics typically covered include:

- Location of the assignment.
- Length of the assignment, including renewal and trial periods, if offered.
- Costs paid by the company (e.g., assignment preparation costs, moving costs for household goods, airfare, housing, school costs, transportation costs while in country, home country visits and security).
- Base salary and any incentives or allowances offered.
- Employee's responsibilities and goals.
- Employment taxes.
- Steps to take in the event the assignment is not working for either the employee or the employer.
- Repatriation.
- Safety and security measures (e.g., emergency evacuation procedures, hazards).

UNIT HIGHLIGHTS

- IHRM focuses on managing human resources in organizations operating across national boundaries.
- Organizations expand globally to access new markets, resources, technology, and skilled labour.
- Different approaches such as ethnocentric, polycentric, regiocentric, and geocentric are used in international staffing.
- IHRM differs from domestic HRM in terms of complexity, cultural diversity, and legal environment.
- Managing employees across countries involves challenges such as cultural differences, language barriers, and legal regulations.
- Global assignments play a vital role in developing international leadership and transferring knowledge across subsidiaries.
- Effective IHRM practices help multinational companies achieve better coordination, performance, and competitive advantage in the global market.

CASE STUDY: Global Expansion Challenges at Tata Motors

Background

Tata Motors, one of India's largest automobile companies, expanded its global operations by acquiring Jaguar Land Rover in 2008. After the acquisition, Tata Motors had to manage employees from different countries including India, the UK, China, and South Africa.

The company faced several HR challenges:

- Cultural differences between Indian and British employees
- Different labour laws in each country
- Differences in compensation structure
- Communication barriers
- Resistance from UK employees toward Indian management
- Expatriate management issues

Many UK employees were concerned about job security and management style differences.

IHRM Issues Identified

1. Cross-cultural management
2. Expatriate selection and training
3. International compensation management
4. Global performance appraisal

TextBooks:

1. International Human Resource Management, 1/e, P. Subba Rao, Himalaya Publishing House, New Delhi, 2011.
2. International Human Resource Management: Text and Cases, 2/e, K. Aswathappa, Sadhna Dash, Tata McGraw-Hill, New Delhi, 2012.

S.No	CO	Questions	BT
Unit I: Introduction to Human Resource Management			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	1	Define International Human Resource Management (IHRM).	L1
2	1	List any two reasons why organizations go global.	L1
3	1	What is meant by global assignments in IHRM?	L1
4	1	State two differences between Domestic HRM and International HRM.	L2
5	1	Name the different approaches to International Human Resource Management.	L1
6	1	Explain the ethnocentric approach in IHRM.	L2
7	1	Identify any two challenges faced in International Human Resource Management.	L1
8	1	Explain the importance of IHRM in multinational organizations.	L2
S.No	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			

1	1	Define International Human Resource Management (IHRM). Explain the reasons for organizations going global.	L2
2	1	Discuss the major approaches to IHRM.	L4
3	1	Differentiate between IHRM and Domestic HRM.	L4
4	1	a. Explain the scope of IHRM in multinational organizations. b. Functions of IHRM in multinational organizations.	L2
5	1	Discuss the challenges faced by IHRM in global operations.	L4
6	1	Explain the concept of Global Assignments in IHRM.	L2
7	1	Discuss the types of Global Assignments with suitable examples.	L4
8	1	How do cultural differences impact IHRM practices? Explain.	L4
9	1	Evaluate the importance of IHRM in achieving global competitive advantage.	L5
10	1	How can organizations overcome the challenges of managing global assignments? Explain.	L5

UNIT – II

INTERNATIONALSTAFFING

“Train people well enough so they can

leave, treat them well enough so they don't want to.” – *Richard Branson*

UNIT – II: International Staffing

Unit Overview

International staffing is a key function of International Human Resource Management (IHRM) that focuses on recruiting, selecting, and managing employees for global operations. Multinational organizations require skilled employees who can work effectively in different cultural, economic, and legal environments. This unit explains the concept of international staffing and discusses the various sources of staffing used by multinational companies. It highlights the importance of IHRM planning in identifying human resource needs for global operations. The unit also explains recruitment and selection processes in an international context and examines the challenges faced in attracting and selecting qualified candidates. In addition, the unit focuses on global leadership development programmes that help organizations prepare future leaders for international assignments. It also discusses strategies used by organizations to deal with employee shortages in global markets.

Objectives of the Unit

The main objectives of this unit are to:

1. Explain the concept and importance of international staffing.

2. Identify various sources of staffing used in multinational organizations.
3. Understand the process of IHRM planning in global organizations.
4. Describe recruitment and selection procedures in an international context.
5. Analyse the challenges faced in international recruitment and staffing.
6. Understand the importance of global leadership development programmes.
7. Examine strategies for managing employee shortages in multinational companies.

Learning Outcomes

After studying this unit, students will be able to:

1. Explain the concept and significance of international staffing.
2. Identify different sources used for recruiting international employees.
3. Understand the process of planning human resources for global operations.
4. Describe recruitment and selection practices in multinational organizations.
5. Analyse the challenges faced in international recruitment.
6. Evaluate the role of global leadership development programmes.
7. Understand strategies used by organizations to manage employee shortages.

Importance of Studying the Unit

In the global business environment, organizations require competent employees who can work across borders and adapt to diverse cultures. International staffing ensures that the right people are placed in the right positions in different countries. Studying this unit helps students understand how multinational companies recruit, select, and develop employees for international assignments. It also highlights the importance of leadership development and talent management in global organizations. Knowledge of international staffing helps future managers effectively manage workforce shortages and develop strategies for building a strong global workforce.

Key Concepts

- International Staffing
- Sources of International Staffing

- IHRM Planning
- International Recruitment
- International Selection
- Challenges of Recruitment
- Global Leadership Development Programmes
- Talent Management
- Workforce Planning
- Employee Shortages

International Staffing refers to the process of selecting and placing employees for positions in overseas subsidiaries of multinational companies (MNCs).

It ensures the right talent is placed in the right country at the right time.

Sources of International Staffing

Three Major Sources:

Source	Meaning	Advantage
Parent Country Nationals (PCNs)	Employees from headquarters country	Control & coordination
Host Country Nationals (HCNs)	Local employees of host country	Cost effective
Third Country Nationals (TCNs)	Employees from another country	Global expertise

IHRM Planning

International Human Resource Planning ensures adequate global talent to achieve business objectives.

Key Steps:

1. Forecast global manpower needs
2. Analyze internal & external talent pool
3. Develop global talent pipeline
4. Succession planning for global roles

Recruitment in International Context

Managing a Company Job Posting



Step 1: Showcase job descriptions clearly

Post jobs for open positions in your company. Highlight the sought after skills, experience and personal qualities required for each role. Include details on benefits, remuneration and work-related perks to attract better potential candidates.

Step 2: Listen to employees' views about potential hires

Engage with your fellow employees about their opinions about possible candidates. This step is very crucial as it helps you gain an understanding of what current employees think about prospective candidates along with how they would react if the candidate were hired by your company.

Step 3: Incorporate candidate evaluation

When you hire internal candidates, the chances of them fitting in well within your organization are higher when compared to external hires. You can fill out an assessment form for each candidate before hiring them. These forms should test the skills, knowledge and personal qualities required for each role so that you can compare employees' strengths against these requirements.

Step 4: Hold an orientation program

New hires usually need to get up to speed quickly; therefore it is important for you to conduct regular orientation programs in which existing team members share tips about their departments and responsibilities.

Step 5: Communicate regularly with new hires

Provide feedback on job performance frequently by holding one-on-one meetings with employees. You can also conduct regular feedback sessions to allow employees the opportunity to openly communicate their views about their roles and career growth within your organization.

Recruitment Sources:

- Global job portals
- International recruitment agencies
- Internal transfers
- Global campus recruitment
- Professional networks (LinkedIn)

Key Differences from Domestic Recruitment:

- Visa & work permits
- Cultural adaptability
- Language proficiency
- International compensation

Selection in International Context

Selection Criteria:

- ✓ Technical competence
- ✓ Cultural adaptability
- ✓ Emotional stability
- ✓ Family adaptability
- ✓ International experience

Methods:

- Behavioral interviews
- Assessment centers
- Cross-cultural sensitivity tests
- Psychological testing

Challenges of International Recruitment



Major Challenges:

1. Cultural differences
2. Legal & immigration laws
3. High recruitment costs
4. Expatriate failure risk
5. Talent shortage
6. Political instability

Global Leadership Development Programmes

Objectives:

- Develop global mindset
- Build cross-cultural competence
- Strategic thinking
- International networking

Methods:

- International job rotation
- Mentoring by global leaders

- Action learning projects
- Global leadership workshops

INTERNATIONAL RECRUITMENT AND SELECTION PROCESS

- Whenever a position opens, hiring teams should follow this process:
- International recruitment and selection is a complex process. Hiring teams should follow the following steps to make this process smooth for the jobseekers:

1. Identify Hiring Needs

- Employers should have clarity regarding the need for hiring, which could include a knowledge gap in the current workforce, an increase in workload, and filling vacancies, among several others. Once you have identified these gaps, you can create a list of job roles you have to hire for, along with the skills, experience, and qualifications required.

2. Determine a Staffing Approach

- Before starting with international recruitment, employers should identify the staffing approach they will follow to avoid any ambiguities. Depending on your recruitment goals, you can choose any of these approaches:
- **Regiocentric:** Employers hire international candidates from multiple countries in the same region as the business.
- **Polycentric:** Employers hire individuals from the country they want to expand to.
- **Ethnocentric:** Employers hire people from their parent country for locations worldwide.

3. Create a Recruitment Plan

- Once you have decided on an approach and know what competency you want in a candidate, you should prepare a recruitment plan. Assess how important the job role is, how scarce those skills are, and how urgently you need someone to fill the position. These factors will also help you with [budget allocation](#) for the international recruitment process.

4. Write Job Description

Make sure that the hiring managers and recruitment team are in alignment when writing job descriptions. It should be authentic, transparent, and compelling enough to attract global talent. Include the specific job title, outline the responsibilities, expected outcomes, skills and qualifications required, benefits offered, and any other details relevant to your organization.

5. Advertise Jobs Using Various Channels

Share the job posting through various channels, such as career platforms, social media channels, company website, online advertising, etc. For international recruitment, ensure you don't miss out on international job boards or remote job platforms. Some companies also collaborate with global recruitment platforms that can manage the complexities of this process.

6. Screen and Interview Candidates

With the influx of applications, start reviewing and screening the candidates to ensure they meet the minimum criteria. Follow [ethical recruitment](#) practices and shortlist candidates for interviews. During the interviews, ask if they are legally allowed to work for your company, if they have a work visa, and any other important questions from an international recruitment perspective.

7. Discuss the Compensation

The compensation structure may differ even for the same job title based on how you plan to recruit internationally. Whether the employee will work remotely or needs to relocate overseas, the minimum wage in the country, paid vacation, sick days, health insurance, etc., will be significant factors when deciding the compensation.

8. Hire and Onboard

Once you have found the right candidate, extend the job offer letter mentioning all the details about the salary, bonuses, severance pay, work policies, time off, benefits, and other terms and conditions. Make sure that the hired employee can understand and correctly interpret the language in the offer letter. Begin with their onboarding process and resolve their queries to create a welcoming atmosphere.

Dealing with Employee Shortages in Global Context

Strategies:

1. Global talent mobility
2. Remote/virtual assignments
3. Outsourcing
4. Strategic alliances
5. Automation & AI
6. Upskilling & reskilling

UNIT - II HIGHLIGHTS

- **International staffing focuses on recruiting and managing employees for multinational organizations.**
- **Multinational companies use different sources such as parent-country nationals, host-country nationals, and third-country nationals.**
- **IHRM planning helps organizations identify global workforce requirements and allocate resources effectively.**
- **Recruitment and selection in an international context involve evaluating candidates' technical skills, cultural adaptability, and international experience.**
- **Organizations face challenges such as cultural differences, legal regulations, and limited talent availability in global recruitment.**
- **Global leadership development programmes prepare employees to take up managerial roles in international operations.**
- **Effective strategies such as training, global mobility, and talent development help organizations overcome employee shortages.**

CASE STUDY : Global Staffing Strategy at Google

Background

Google hires employees globally.

Challenges:

- Choosing between ethnocentric, polycentric, and geocentric staffing.
- Managing diversity.
- Retaining global talent.
- Remote team management.

IHRM Issues

- Global staffing policies
- Diversity management
- International talent retention
- Global leadership development

Questions

1. Explain ethnocentric, polycentric, and geocentric approaches.
2. Which staffing approach is suitable for Google? Why?
3. What are the benefits of global diversity?
4. How can multinational companies retain global talent?
5. Suggest global leadership development programs.

TextBooks:

1. International Human Resource Management, 1/e, P. Subba Rao, Himalaya Publishing House, New Delhi, 2011.
2. International Human Resource Management: Text and Cases, 2/e, K. Aswathappa, Sadhna Dash, Tata McGraw-Hill, New Delhi. 2012.

S.No.	CO	Questions	BT
UNIT-II: International Staffing			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	2	Define International Staffing.	L1
2	2	What are the main sources of international staffing?	L1
3	2	What is IHRM planning?	L1
4	2	What is meant by international recruitment?	L1
5	2	State any two challenges of international recruitment.	L1
6	2	What is selection in the international context?	L1
7	2	What are Global Leadership Development Programmes?	L2
8	2	What are the methods used by organizations to deal with employee shortages globally?	L2
S.No.	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			
1	2	A. Explain the concept of IHRM Planning. B. Discuss its importance in multinational organizations.	L2
2	2	Discuss the different sources of recruitment in an international context.	L4
3	2	Explain the recruitment process in the international context.	L2
4	2	Describe the selection process followed in multinational companies.	L2
5	2	Discuss the challenges of international recruitment and selection.	L4
6	2	Differentiate between domestic and international recruitment.	L4
7	2	Explain the concept and importance of Global Leadership Development Programmes.	L4
8	2	Discuss various strategies adopted by multinational companies to deal with employee shortages.	L4
9	2	Evaluate the effectiveness of global talent acquisition strategies in multinational organizations.	L5
10	2	How can organizations integrate IHRM planning with global leadership development to ensure long-term sustainability?	L5

UNIT-III

REPATRIATION AND EXPATRIATION

**“Take care of your employees
and they will take care of your
business.” – Richard Branson**

UNIT – III

REPATRIATION AND EXPATRIATION

Unit Overview

Repatriation and expatriation are important aspects of International Human Resource Management in multinational companies. Expatriation refers to the process of sending employees from the parent country to work in a foreign subsidiary, while repatriation refers to bringing them back to their home country after completing the international assignment. Managing expatriates and repatriates effectively is essential for the success of global operations. This unit explains the process of expatriate and repatriate management in multinational companies and highlights the importance of training for employees assigned to international roles. It also focuses on cross-cultural training, which helps employees adapt to different cultural environments. The unit further discusses the various training methods adopted by organizations to prepare employees for successful international assignments and smooth reintegration after returning home.

Objectives of the Unit

The main objectives of this unit are to:

1. Explain the concepts of expatriation and repatriation in multinational companies.
2. Understand the process of expatriate and repatriate management.
3. Identify the importance of training for expatriates and repatriates.
4. Examine the role of cross-cultural training in international assignments.
5. Describe different training methods adopted in multinational organizations.
6. Understand the challenges involved in managing expatriates and repatriates.

Learning Outcomes

After studying this unit, students will be able to:

1. Define expatriation and repatriation in the context of IHRM.
2. Explain the process of managing expatriates and repatriates in multinational companies.

3. Understand the importance of training for employees assigned to international positions.
4. Analyse the role of cross-cultural training in improving international work performance.
5. Identify different training methods used for international assignments.
6. Evaluate the challenges associated with expatriate and repatriate management.

Importance of Studying the Unit

In the global business environment, multinational companies frequently send employees to work in foreign countries. Successful international assignments depend on effective expatriate management and proper reintegration after returning home. Studying this unit helps students understand how organizations prepare employees for overseas assignments and support them during their return. Cross-cultural training plays a crucial role in reducing cultural misunderstandings and improving communication in international workplaces. Knowledge of expatriation and repatriation processes helps future managers manage global talent effectively and ensure smooth international operations.

Key Concepts

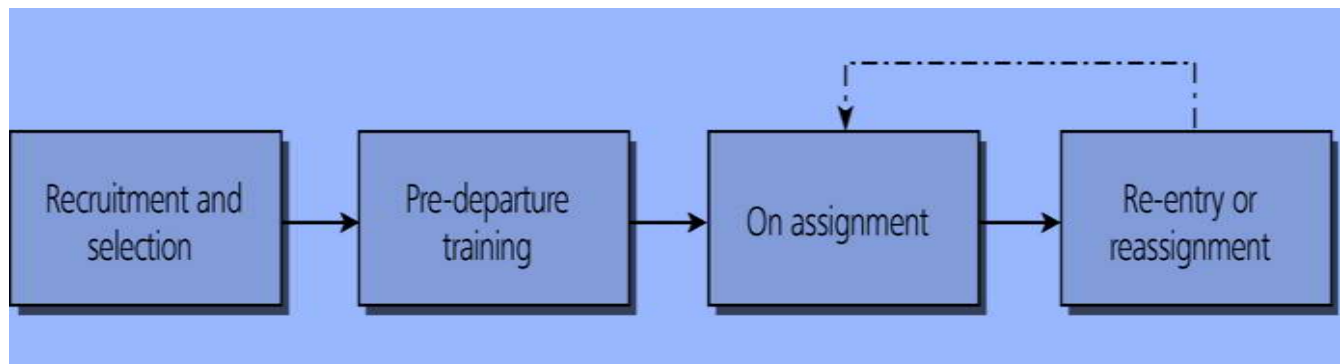
- Expatriation
- Repatriation
- Expatriate Management
- Repatriate Management
- International Assignments
- Cross-Cultural Training
- Cultural Adaptation
- Pre-departure Training
- Post-assignment Training
- Training Methods for International Employees

UNIT-III

Repatriation and Expatriation

Expatriation

Expatriation refers to sending an employee from the parent country to work in a foreign subsidiary for a specific period.



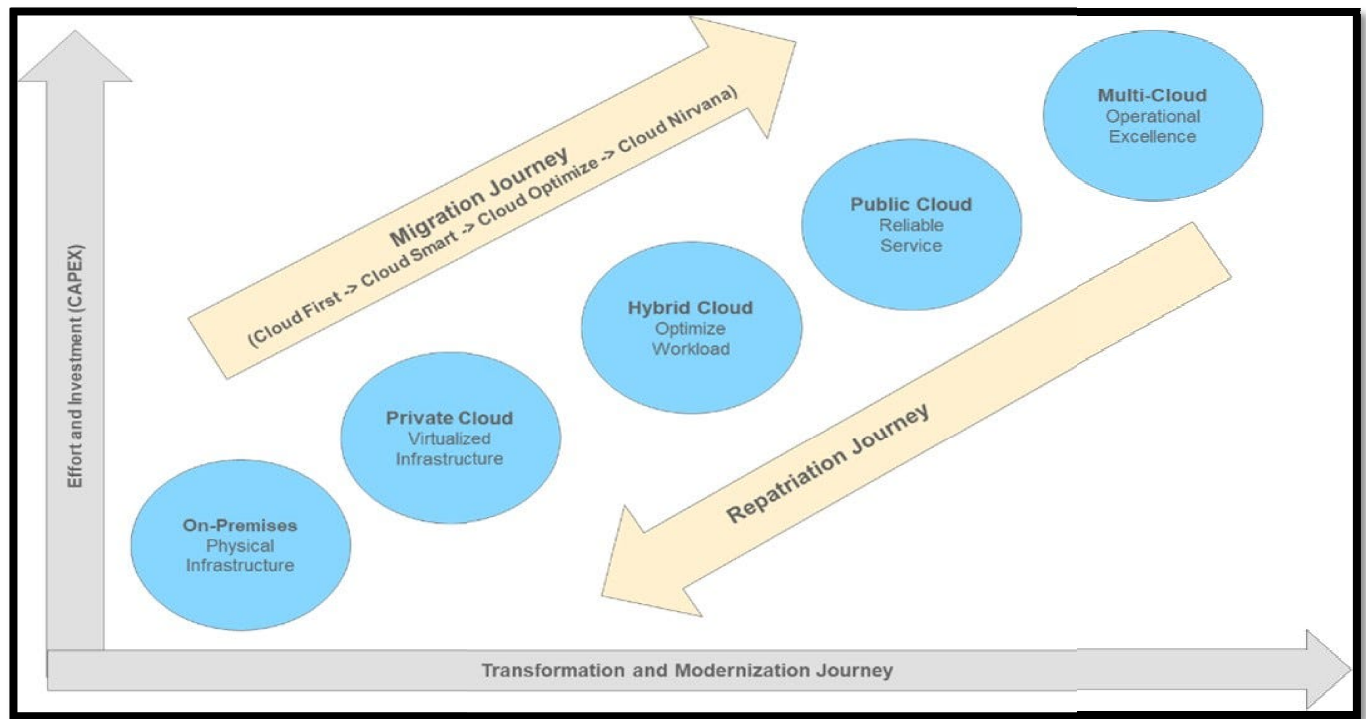
Objectives:

- Knowledge transfer
- Control & coordination
- Leadership development
- Establish corporate culture abroad

Real Example:

Tata Consultancy Services (TCS) sends Indian managers to the US and Europe to manage client projects and ensure quality alignment with headquarters.

Repatriation



Repatriation is the process of bringing an expatriate employee back to the home country after completion of international assignment.

Common Issue:

Many employees resign after returning due to:

- No suitable position
- Reverse culture shock
- Lower job satisfaction

Real Example:

Infosys designs structured reintegration plans to retain returning managers from overseas assignments.

Process of Expatriate Management in MNCs

Step-by-Step Process:

1. Selection

- Technical skills
- Cultural adaptability
- Family readiness

2. Pre-departure Preparation

- Visa & documentation
- Compensation structuring
- Cultural briefing

3. Relocation Support

- Housing assistance
- Schooling for children
- Local orientation

4. On-Assignment Support

- Performance management
- Periodic evaluation
- Mentoring

5. Repatriation Planning (before return)

Importance of Repatriates

Repatriates are valuable to organizations for the following reasons:

International Experience

They bring global exposure, cross-cultural skills, and international business knowledge.

Knowledge Transfer

Help transfer best practices, new technologies, and market insights gained abroad.

Global Leadership Development

Repatriates often become future global leaders due to their international mindset.

Improved Global Coordination

Act as a link between headquarters and foreign subsidiaries.

Higher Return on Investment (ROI)

Proper use of repatriates ensures organizations benefit from costly overseas assignments.

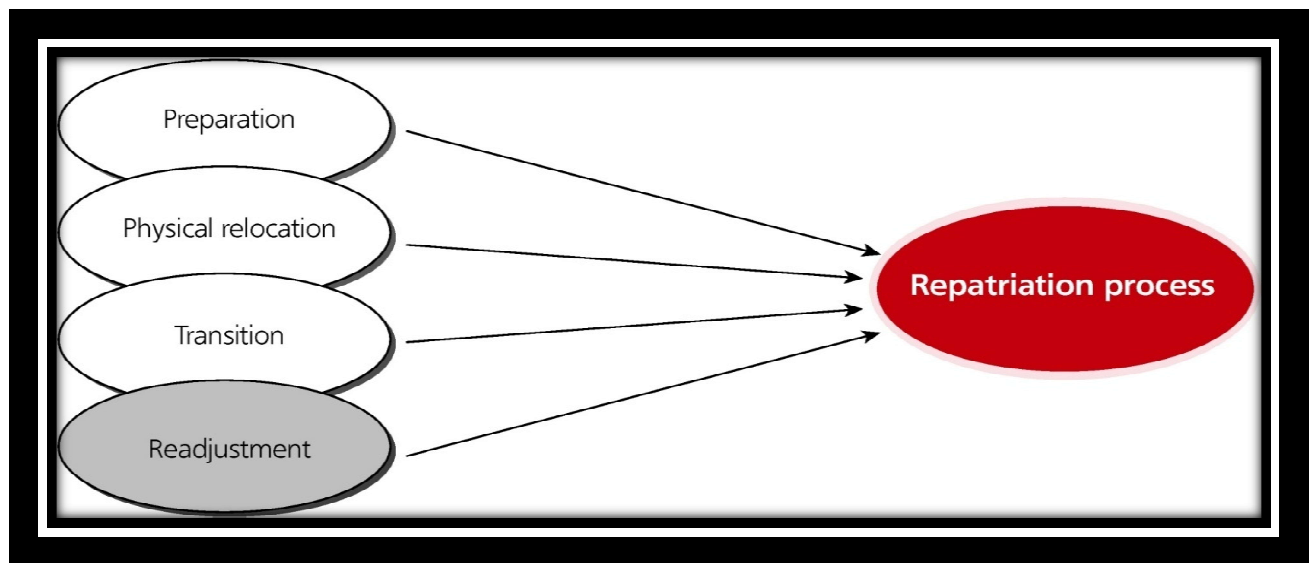
Mentoring Future Expatriates

Can train and guide employees preparing for international assignments.

Competitive Advantage

Their global skills help organizations compete effectively in international markets.

Repatriation Process



1. Preparation: before 3-4 months of expatriate return

Developing plans for future and info about new position

Checklist of items before leaving (closure of bank a/c, bills etc.)

2. Physical Relocation

Removal of personal belongings , breaking ties with friends, colleagues before returning

Re-entry training for home country's update, socio-cultural contrast orientation, psychological aspects etc.

3. Transition:

Finding accommodations, school for children, opening bank A/c etc. for comfortable living.

Relocation consultants used.

4. Readjustment

Coping with aspects as company changes , reverse culture shock and career demands

Eg. Repatriate returning from country where power distance is large as Thailand may experience stress on returning to small power distance countries like Denmark.

Multinational responses to repatriation

1. Staff availability: current and future needs

If repatriate promoted ,International assignments as a positive career move

If repatriate demoted or given pink slips so vice versa.

2. Return on investment (ROI)

Expatriates are expensive

Accomplishing assignment objectives at the expected cost

3. Knowledge Transfer

Cross-fertilization of ideas and practices that assist in developing competitive advantage.

Build upon international experience of repatriates

Process of Repatriate Management

Structured Repatriation Plan:

1. Career planning before return
2. Suitable job placement

3. Reverse cultural training
4. Recognition of international experience
5. Retention strategy

Research shows that nearly **20–30% expatriates leave** within one year of returning due to poor repatriation planning.

Training for Expatriates & Repatriates

Objectives of Expatriate Training:

- Cultural adjustment
- Reduce expatriate failure
- Improve performance
- Family adjustment

Repatriate Training:

- Reverse culture adaptation
- Career counseling
- Knowledge sharing workshops

Real Example:

Unilever provides cultural immersion programs before managers move to Asia or Africa.

Cross-Cultural Training (CCT)

Meaning:

Training given to expatriates to understand host country's culture, values, behavior, communication styles, and business etiquette.

Types of Cultural Differences:

- Power distance
- Individualism vs Collectivism

- Communication style
- Time orientation

Benefits:

- ✓ Reduces culture shock
- ✓ Improves team integration
- ✓ Enhances leadership effectiveness

Methods of Training Adopted

Method	Description
Pre-departure Orientation	Basic information about host country
Language Training	Communication skills
Sensitivity Training	Cultural awareness
Role Plays & Simulations	Practical exposure
Mentoring & Coaching	Senior guidance
E-learning Modules	Online cross-cultural courses
Job Rotation	Exposure to global operations

Challenges in Expatriation & Repatriation

- Culture shock
- Family adjustment problems
- High cost of assignments
- Expatriate failure
- Career stagnation after return

UNIT - III Highlights

- Expatriation involves sending employees to work in foreign subsidiaries of multinational companies.
- Repatriation refers to the process of bringing employees back to their home country after completing overseas assignments.
- Effective expatriate management ensures successful performance in international assignments.
- Training expatriates and repatriates helps employees adapt to new work environments and cultures.
- Cross-cultural training improves communication, cultural understanding, and workplace adjustment.
- Multinational companies use various training methods such as orientation programmes, language training, simulations, and mentoring.
- Proper repatriation programmes help employees reintegrate into the home organization and retain valuable international experience.

Case Study: Expatriate Assignment at Global Tech Ltd.

Global Tech Ltd., an Indian multinational company in the IT sector, expanded its operations to Germany. The company decided to send **Mr. Arjun**, a senior project manager from India, as an **expatriate** to manage the new branch in Berlin for a period of three years.

Before the assignment, the company provided Mr. Arjun with **technical training**, but very little **cross-cultural training**. Initially, Mr. Arjun faced several challenges in Germany such as communication barriers, differences in work culture, and difficulty in managing local employees. The German employees preferred a more direct and structured communication style, while Mr. Arjun was accustomed to a more flexible approach.

After some time, Global Tech Ltd. arranged **cross-cultural training** and leadership development programs to help him understand the local culture and management practices. Gradually, Mr. Arjun adapted to the new environment and successfully managed the team.

After completing his three-year assignment, Mr. Arjun returned to India as a **repatriate**. However, he experienced difficulty adjusting to the old work environment because the company had not planned a proper **repatriation program**. His international experience was not fully utilized, and he felt demotivated.

The management later realized that effective **expatriate and repatriate management**, proper **training programs**, and **career planning** are essential for the success of international assignments.

Questions

1. Who is an expatriate in the above case?
2. What problems did Mr. Arjun face in Germany?
3. Why is cross-cultural training important for expatriates?
4. What issues did Mr. Arjun face during repatriation?

1. International Human Resource Management, 1/e, P. Subba Rao, Himalaya Publishing House, New Delhi, 2011.
2. International Human Resource Management: Text and Cases, 2/e, K. Aswathappa, Sadhna Dash, Tata McGraw-Hill, New Delhi. 2012.

Reference Books:

1. International Human Resource Management (Text and Cases), 3/e, P. Subba Rao, Himalaya Publishing House Pvt. Ltd., 2022.
2. International Human Resource Management Paperback, Peter J. Dowling, Marion Festing, Allen D. Engle, 2017.

S.No.	CO	Questions	BT
Unit III: Repatriation and Expatriation			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	3	Who is an expatriate?	L1
2	3	Who is a repatriate?	L1
3	3	What is expatriate management in multinational companies?	L1
4	3	What is repatriation?	L1
5	3	What is cross-cultural training?	L1
6	3	Why is training important for expatriates?	L2
7	3	Mention any two methods of training adopted for expatriates.	L1
8	3	State any two challenges faced by repatriates after returning to the home country.	L2
S.No.	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			
1	3	Define Expatriate and Repatriate. Explain their role in multinational companies.	L2
2	3	Explain the process of Expatriate Management in multinational companies.	L4
3	3	Describe the Repatriation Process and its importance in global organizations.	L4

4	3	Discuss the challenges faced during expatriation and repatriation.	L4
5	3	Explain the need and objectives of training expatriates and repatriates.	L4
6	3	What is Cross-Cultural Training? Explain its significance in international assignments.	L4
7	3	Discuss the various methods of training adopted for expatriates.	L4
8	3	Differentiate between pre-departure training and post-arrival training.	L4
9	3	Evaluate the effectiveness of cross-cultural training in reducing expatriate failure.	L5
10	3	How can multinational companies design an effective expatriate and repatriate management programme? Explain.	L5

Unit IV

Performance and Compensation Management

**“The way your employees feel
is the way your customers will
feel.” – Sybil F. Stershic**

UNIT – IV

Performance Appraisal and Career Planning

Unit Overview

This unit explains the concept and importance of performance appraisal and career planning in organizations. Performance appraisal is a systematic process used to evaluate employee performance and contribution to organizational goals. The unit discusses the need, objectives, process, methods, and common problems associated with performance appraisal. It also explains the importance of performance feedback in improving employee performance and motivation. In addition, the unit introduces the concept of career planning, its features, methods, and uses in employee development. The concept of career development and succession planning is also discussed as an important strategy for preparing employees for future leadership roles and ensuring continuity in organizational management.

Objectives of the Unit

The objectives of this unit are to understand the concept and importance of performance appraisal, explain the objectives and process of performance appraisal, identify different methods used for evaluating employee performance, understand the problems associated with performance appraisal, explain the importance of performance feedback, and understand the concept, features, methods, and uses of career planning and succession planning.

Learning Outcomes

After studying this unit, students will be able to explain the concept and importance of performance appraisal, describe the process and methods of performance appraisal, identify common problems in performance appraisal systems, understand the role of performance feedback in improving employee performance, explain the concept and features of career planning, and understand the importance of career development and succession planning in organizations.

Importance of Studying the Unit

Studying this unit helps students understand how organizations evaluate employee performance and develop their careers. Performance appraisal helps organizations identify employee strengths and weaknesses, improve productivity, and make decisions regarding promotions, training, and rewards. Career planning helps employees set career goals and develop skills required for future growth. Succession planning ensures that organizations have capable employees ready to fill key positions in the future. This unit therefore plays an important role in improving employee motivation, organizational effectiveness, and long-term growth.

Key Concepts

Performance Appraisal, Need for Performance Appraisal, Objectives of Performance Appraisal, Performance Appraisal Process, Methods of Performance Appraisal, Problems of Performance Appraisal, Performance Feedback, Career Planning, Features of Career Planning, Methods of Career Planning, Career Development, Uses of Career Development, and Succession Planning.

UNIT-IV

Performance & Compensation Management in MNCs

A **Performance Management System (PMS)** in MNCs is a continuous process of identifying, measuring, and developing performance aligned with global strategic goals.

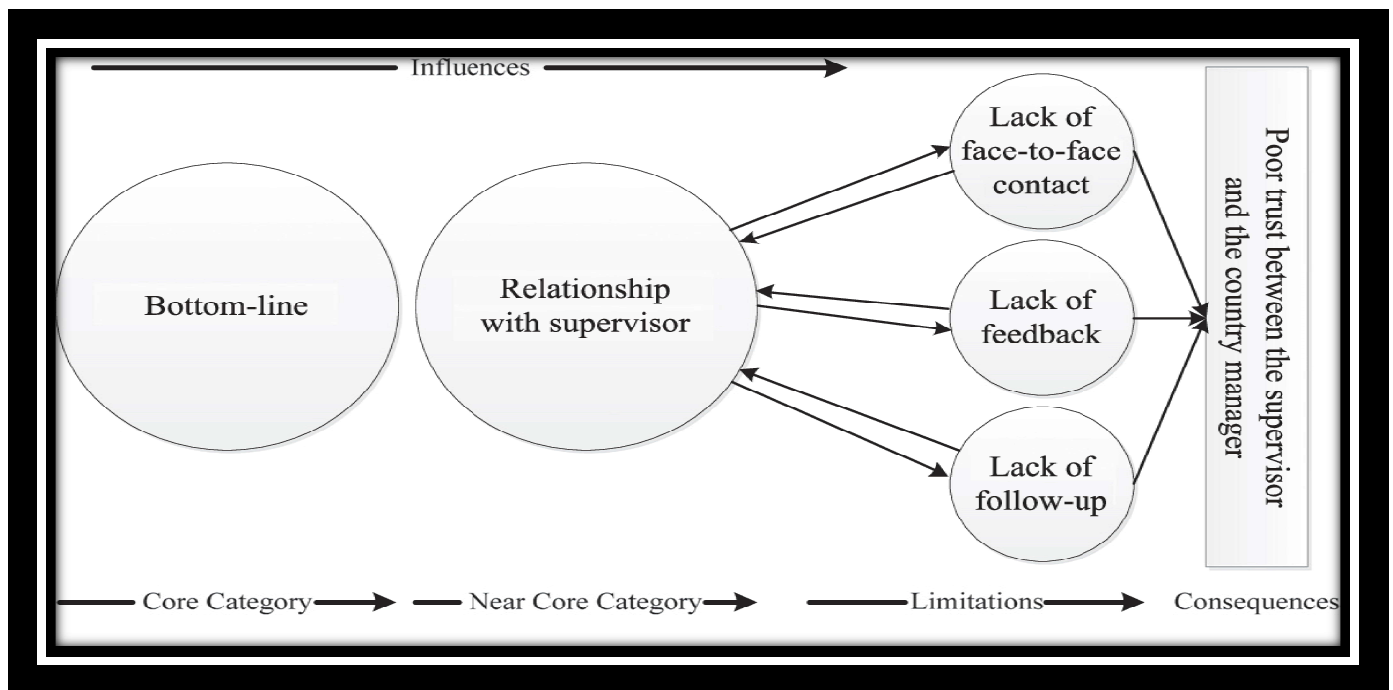
Objectives:

- Align global workforce with corporate strategy
- Measure cross-border performance
- Develop global talent
- Reward high performers

Key Features in MNCs:

- Multi-country performance standards
- Cultural sensitivity in appraisal
- 360-degree feedback
- Use of global KPIs

Performance Management System (PMS) in MNCs



Effective PMS in an MNC:

1. **Define Objectives and Goals:** Begin by clearly defining the objectives and goals of the performance management system. These should align with the overall strategic objectives of the company and consider the diverse needs of different business units across regions.

2. **Select Appropriate Metrics:** Identify key performance indicators (KPIs) that are relevant to each department or team within the MNC. These metrics should be measurable, achievable, and directly linked to business outcomes.
3. **Establish Performance Standards:** Set clear performance standards for each role or position within the organization. These standards should outline expectations regarding quality, quantity, timeliness, and other relevant factors.
4. **Implement Regular Feedback Mechanisms:** Establish a system for providing ongoing feedback to employees. This could include regular performance reviews, one-on-one meetings, and informal check-ins. Feedback should be constructive, specific, and focused on both strengths and areas for improvement.
5. **Training and Development:** Provide training and development opportunities to help employees improve their skills and capabilities. This could include technical training, leadership development programs, and mentoring initiatives.
6. **Promote Transparency and Fairness:** Ensure that the performance management process is transparent and fair. Employees should understand how their performance is being evaluated and have access to information about the criteria being used.
7. **Encourage Goal Setting and Alignment:** Encourage employees to set goals that are aligned with the company's objectives. This helps to ensure that individual efforts contribute to the overall success of the organization.
8. **Recognize and Reward Performance:** Implement a system for recognizing and rewarding high performance. This could include monetary incentives, promotions, or other forms of recognition such as awards or public praise.
9. **Monitor and Evaluate Performance:** Continuously monitor and evaluate the performance management system to identify areas for improvement. Solicit feedback from employees, managers, and other stakeholders to gather insights into the effectiveness of the system.
10. **Adapt and Evolve:** Be prepared to adapt and evolve the performance management system over time. As the business environment changes, new challenges emerge, and employee needs evolve, the PMS should be flexible enough to accommodate these changes.

Real Example:

IBM uses a globally standardized appraisal system but adapts it based on local cultural norms.

Competency Appraisal in MNCs

Assessment of employee performance based on required **competencies** (skills, knowledge, behavior).

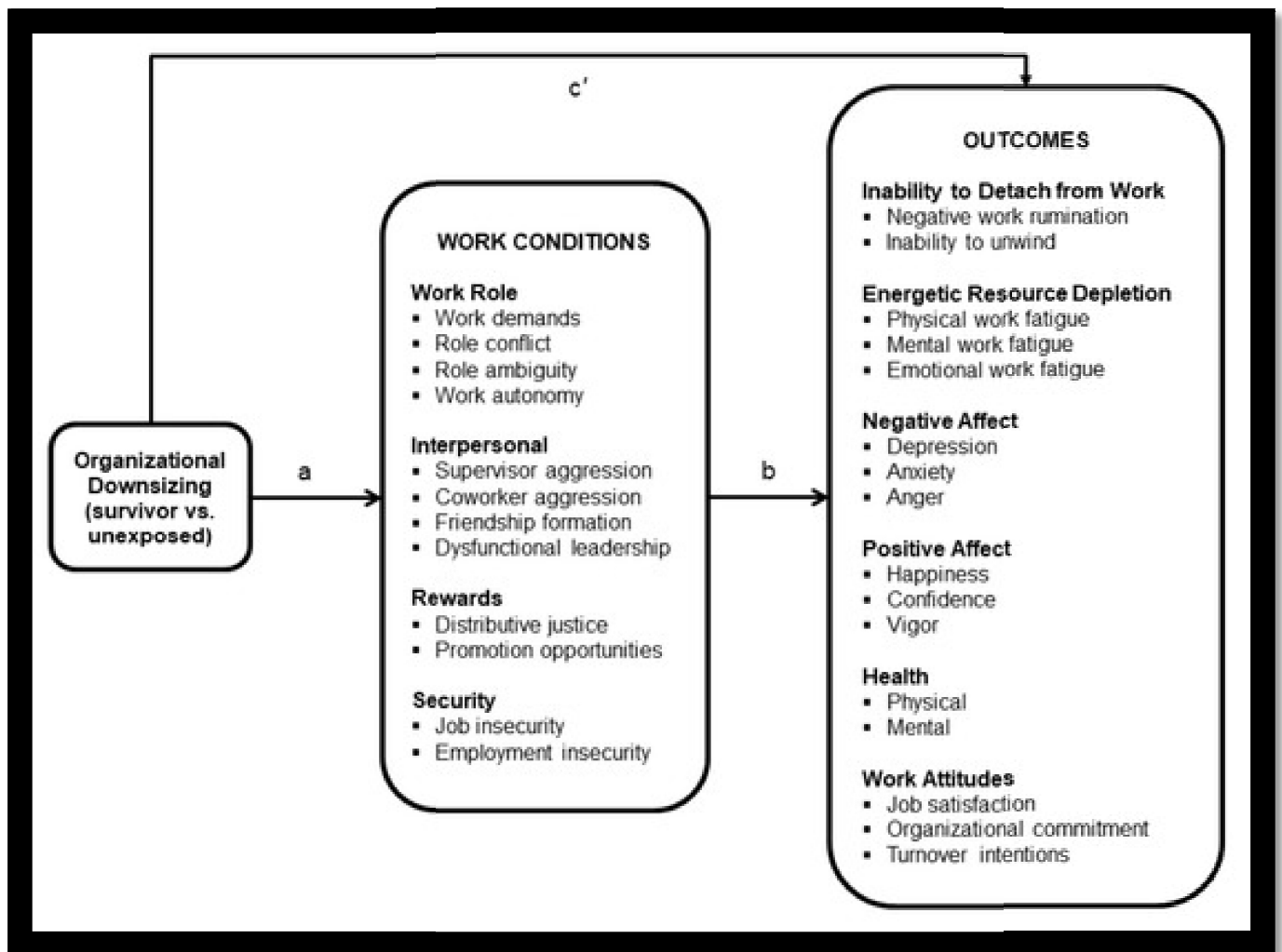
Types of Competencies:

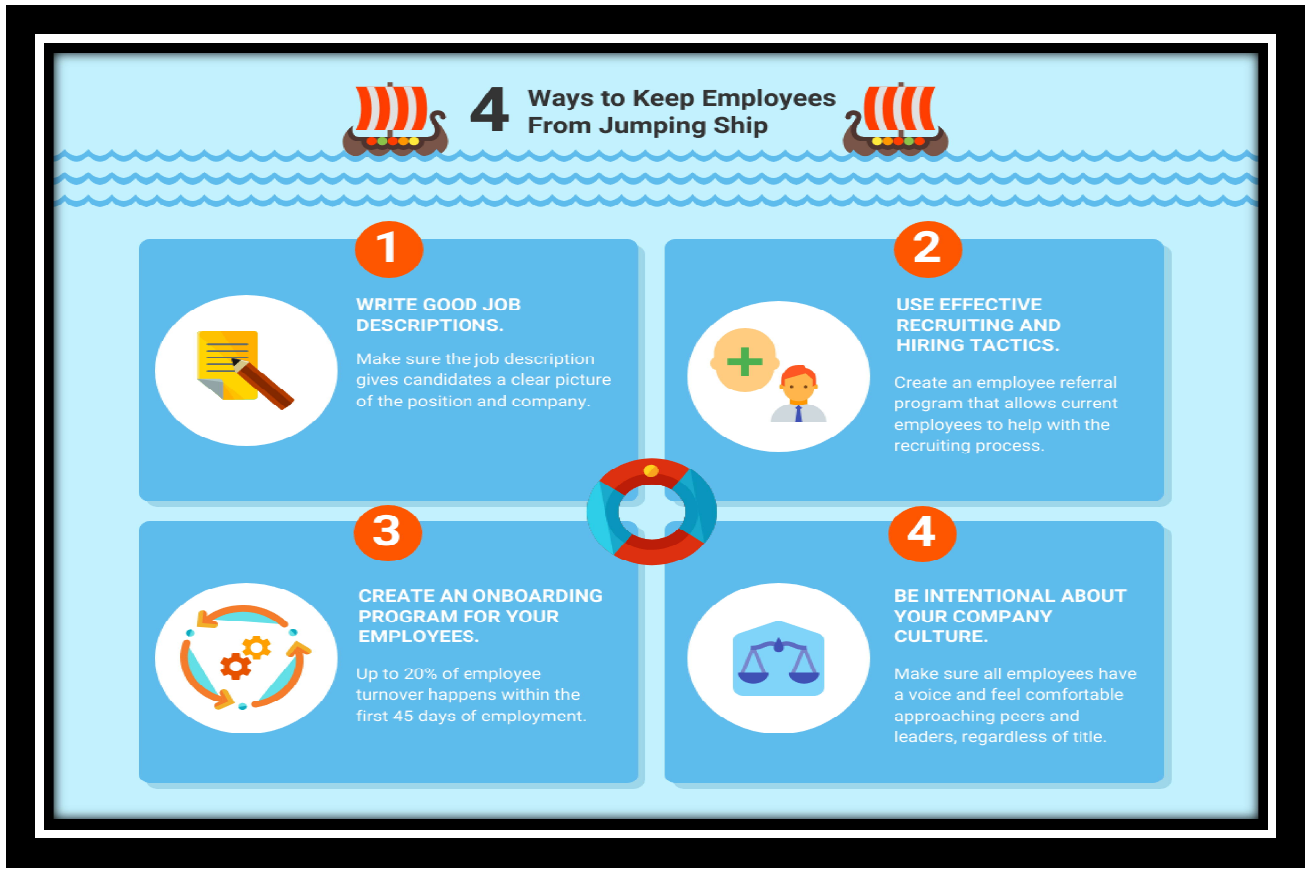
- Core competencies (teamwork, ethics)
- Functional competencies
- Leadership competencies
- Cross-cultural competencies

Example:

Unilever evaluates managers based on global leadership competencies and cultural adaptability.

Downsizing, Layoff & Turnover





Downsizing:

Planned reduction of workforce to improve efficiency.

Layoff:

Temporary or permanent termination due to business conditions.

Turnover:

Employees voluntarily leaving the organization.

DOWNSIZING IN IHRM

Downsizing in International Human Resource Management (IHRM) refers to the strategic reduction of workforce size within a multinational company's international operations. This process may involve eliminating positions, closing facilities, or restructuring operations to improve efficiency, cut costs, or adapt to changing market conditions. Downsizing in IHRM presents unique challenges and considerations due to the global nature of operations. Here's how downsizing is managed in IHRM:

1. **Global Coordination:** Coordinate downsizing efforts across different regions and countries to ensure consistency, compliance with local labor laws, and alignment with the company's overall strategic objectives. Centralize decision-making while allowing for flexibility to address regional differences.
2. **Legal and Regulatory Compliance:** Conduct a thorough review of labor laws and regulations in each country where downsizing will occur to ensure compliance with local requirements regarding employee terminations, severance packages, notice periods, and consultation processes.
3. **Communication and Transparency:** Communicate the reasons for downsizing transparently to affected employees, stakeholders, and the broader organization. Provide clear information about the process, timelines, and support available to impacted employees, including outplacement services, counseling, and career transition assistance.
4. **Consideration of Cultural and Social Factors:** Take into account cultural norms, values, and societal expectations related to employment termination and layoffs in each country. Tailor communication and support strategies to address cultural sensitivities and minimize negative impacts on employee morale and organizational reputation.
5. **Mitigating Legal Risks:** Work closely with legal counsel and HR professionals to identify and mitigate legal risks associated with downsizing, such as potential claims of discrimination, wrongful termination, or labor disputes. Ensure that downsizing decisions are based on objective criteria and applied consistently across the organization.
6. **Retaining Key Talent:** Prioritize the retention of key talent critical to the company's long-term success. Identify high-performing employees with valuable skills and competencies and explore alternative options such as redeployment, reassignment, or voluntary attrition programs to retain their expertise within the organization.
7. **Maintaining Employee Engagement:** Despite downsizing, make efforts to maintain employee engagement and morale among remaining staff. Provide opportunities for open dialogue, feedback, and involvement in decision-making processes to address concerns and foster a sense of trust and loyalty within the organization.
8. **Rebuilding and Reorganization:** Following downsizing, focus on rebuilding and reorganizing the workforce to optimize efficiency, agility, and competitiveness. Review staffing levels, roles, and responsibilities to ensure alignment with business objectives and emerging market trends.
9. **Monitoring and Evaluation:** Continuously monitor the impact of downsizing on employee morale, organizational performance, and stakeholder perceptions. Evaluate the effectiveness of downsizing

strategies and make adjustments as needed to address any unintended consequences or emerging challenges.

10. **Learning and Improvement:** Learn from the downsizing experience to improve future workforce management strategies. Capture lessons learned, best practices, and feedback from stakeholders to enhance the organization's ability to navigate similar challenges in the future.

Overall, downsizing in IHRM requires careful planning, sensitivity to cultural and legal considerations, and a focus on preserving employee well-being while achieving business objectives. By adopting a strategic and thoughtful approach, multinational companies can effectively manage downsizing processes and minimize negative impacts on employees and organizational performance.

LAY OFF IN MNC

Layoffs in multinational corporations (MNCs) involve the termination of employment for a significant number of employees across different countries or regions. This strategic decision is typically made in response to various factors such as economic downturns, changes in market conditions, organizational restructuring, or technological advancements. Managing layoffs in MNCs requires careful planning, coordination, and consideration of the unique challenges associated with operating across borders. Here's how layoffs are typically handled in MNCs:

1. **Strategic Alignment:** Ensure that layoffs align with the company's global strategy, financial objectives, and long-term sustainability goals. Evaluate the impact of layoffs on the organization's market presence, operational efficiency, talent retention, and competitive positioning across different regions and business units.
2. **Centralized Decision-Making:** Centralize decision-making and oversight of layoff initiatives to maintain consistency, transparency, and compliance with company policies and standards across all locations. Establish clear communication channels and reporting mechanisms to facilitate coordination among regional teams, business leaders, and corporate headquarters.
3. **Legal and Regulatory Compliance:** Conduct a thorough review of labor laws, regulations, and employment practices in each country where layoffs will occur. Ensure compliance with local requirements regarding employee terminations, severance packages, notice periods, consultation processes, and any legal obligations related to collective bargaining agreements or employment contracts.
4. **Employee Communication and Support:** Communicate the reasons for layoffs transparently and empathetically to affected employees. Provide clear information about the process, timelines, and available support services, including career counseling, outplacement assistance, and access to employee assistance programs (EAPs) to help individuals navigate the transition and explore future career opportunities.
5. **Retaining Key Talent:** Prioritize the retention of key talent critical to the company's core business functions, strategic initiatives, and long-term growth objectives. Identify high-potential employees with specialized skills, expertise, or leadership potential and explore alternative options such as

redeployment, reassignment, or voluntary attrition programs to retain their talent within the organization.

6. **Managing Stakeholder Relations:** Proactively manage relationships with various stakeholders, including employees, unions, government agencies, investors, customers, suppliers, and local communities. Engage in open dialogue, consultation, and collaboration to address concerns, mitigate risks, and maintain trust and goodwill during the layoff process.
7. **Rebuilding and Resilience:** Focus on rebuilding organizational resilience and agility following layoffs. Evaluate staffing needs, skill requirements, and workforce capabilities to optimize operational efficiency, innovation, and competitiveness in the evolving business landscape.
8. **Monitoring and Evaluation:** Continuously monitor the impact of layoffs on employee engagement, organizational performance, and stakeholder perceptions. Evaluate the effectiveness of layoff strategies, communication efforts, and support programs to identify lessons learned, best practices, and areas for improvement.
9. **Learning and Adaptation:** Learn from the layoff experience to improve future workforce management strategies and enhance organizational resilience. Capture insights, feedback, and success stories from employees, managers, and other stakeholders to inform decision-making, foster innovation, and strengthen the company's capacity to navigate future challenges and opportunities.

In summary, managing layoffs in MNCs requires strategic planning, proactive communication, legal compliance, talent retention, stakeholder engagement, and a focus on rebuilding organizational resilience. By adopting a thoughtful and comprehensive approach, MNCs can effectively manage layoffs while safeguarding employee well-being, preserving organizational capabilities, and positioning the company for long-term success in a dynamic global environment.

TURNOVER IN MNC

Employee turnover in multinational corporations (MNCs) refers to the rate at which employees leave the organization voluntarily or involuntarily and are replaced by new hires. Managing turnover in MNCs presents unique challenges due to the diverse workforce, cultural differences, and complex organizational structures across multiple countries or regions. Here's how turnover is typically addressed in MNCs:

1. **Understanding the Causes:** Identify the factors contributing to turnover within the organization, including job dissatisfaction, lack of career advancement opportunities, poor management practices, inadequate compensation and benefits, cultural mismatches, and work-life balance issues. Conduct exit interviews, employee surveys, and data analysis to gain insights into the underlying causes of turnover.
2. **Talent Acquisition and Recruitment:** Implement robust recruitment and selection processes to attract and retain top talent. Tailor recruitment strategies to target candidates with the skills,

experience, and cultural fit necessary for success in international roles. Leverage employer branding, networking, and talent pipelines to proactively identify and engage potential candidates.

3. **Employee Engagement and Retention:** Invest in initiatives to enhance employee engagement, satisfaction, and retention. Provide opportunities for career development, training, and advancement to support employees' professional growth and job satisfaction. Foster a positive work culture that values diversity, inclusion, collaboration, and recognition of employee contributions.
4. **Performance Management and Feedback:** Implement effective performance management systems to recognize and reward high performers, provide constructive feedback, and address performance issues proactively. Offer coaching, mentoring, and support to help employees succeed in their roles and achieve their career goals. Encourage open communication and dialogue between managers and employees to address concerns and promote a culture of continuous improvement.
5. **Compensation and Benefits:** Ensure that compensation and benefits packages are competitive and aligned with market benchmarks and industry standards. Review and adjust salary structures, incentives, bonuses, and other rewards to attract and retain top talent. Offer additional perks and benefits that appeal to the diverse needs and preferences of employees across different countries or regions.
6. **Work-Life Balance and Well-being:** Promote work-life balance and employee well-being initiatives to reduce stress, burnout, and turnover. Offer flexible work arrangements, telecommuting options, and wellness programs to support employees' physical, mental, and emotional health. Provide resources and support for managing work-related stress, family responsibilities, and personal development.
7. **Cross-Cultural Training and Integration:** Provide cross-cultural training and support to help employees navigate cultural differences, communication styles, and business practices in international environments. Facilitate cultural integration and collaboration among diverse teams through team-building activities, cultural awareness workshops, and exchange programs.
8. **Succession Planning and Talent Development:** Develop comprehensive succession planning strategies to identify and develop future leaders within the organization. Implement talent development programs, leadership training, and mentoring initiatives to build a pipeline of skilled professionals capable of driving organizational growth and innovation.
9. **Exit Interviews and Knowledge Transfer:** Conduct exit interviews with departing employees to gather feedback, insights, and suggestions for improving retention and engagement. Use this information to identify trends, address root causes of turnover, and implement corrective actions. Facilitate knowledge transfer and documentation to capture valuable insights and expertise before employees depart.
10. **Continuous Monitoring and Improvement:** Continuously monitor turnover rates, employee engagement levels, and other relevant metrics to assess the effectiveness of retention strategies and identify areas for improvement. Review and adjust HR policies, practices, and programs based on

feedback, data analysis, and evolving business needs to optimize employee retention and organizational performance.

Real Example:

Microsoft announced global layoffs to restructure operations during economic slowdowns.

Causes in MNCs:

- Automation
- Global competition
- Economic recession
- Cultural dissatisfaction

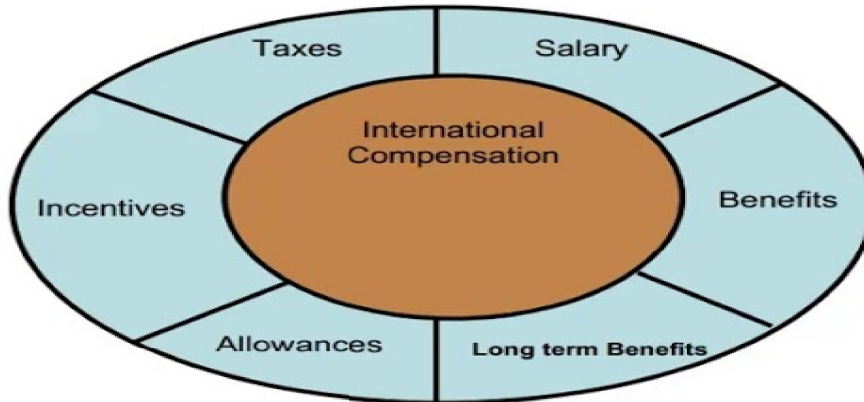
Objectives of International Compensation

Main Objectives:

1. Attract global talent
2. Retain expatriates
3. Ensure equity & fairness
4. Motivate high performance
5. Compensate cost-of-living differences

Key Components of International Compensation

COMPONENTS OF COMPENSATION



Cost of Living

['kɒst 'əv 'li-vɪŋ]

The amount of money needed to cover basic expenses such as housing, food, taxes, and healthcare in a certain place and time period.

Components:

Component	Description
Base Salary	Home or host country pay
Cost of Living Allowance (COLA)	Adjust for inflation differences
Hardship Allowance	For difficult locations
Housing Allowance	Accommodation support
Education Allowance	Children's schooling
Tax Equalization	Adjust tax burden
Incentives & Bonuses	Performance-based rewards

Example:

Shell plc provides hardship allowances for employees working in remote oil fields.

Compensation Practices in MNCs

Common Approaches:

1. **Home-Based Approach**
2. **Host-Based Approach**
3. **Balance Sheet Approach** (Most popular)
4. **Lump Sum Approach**

Balance Sheet Approach:

Ensures expatriate maintains same living standard abroad as in home country.

Rewards & Incentives in MNCs



Employee recognition programs to try



Years of service award



Employee appreciation events



Customer service award



Weekly shoutouts on social media



Employee Stock Option (ESO)

[im-,plò(i)-'ē 'stāk 'äp-shən]

A type of equity compensation granted by companies to their employees and executives.



Types of Rewards:

◇ Financial Rewards:

- Bonuses
- Stock options
- Profit sharing
- International assignment allowance

◇ Non-Financial Rewards:

- Global career opportunities
- Recognition awards
- Leadership programs
- Flexible work arrangements

Real Example:

Google offers global mobility opportunities and performance bonuses to retain top talent.

Challenges in Global Performance & Compensation

- Cultural bias in appraisal
- Currency fluctuations
- Taxation differences
- Legal restrictions
- Pay inequality issues

Comparison: Domestic vs International Compensation

Factor	Domestic	International
Currency	Single	Multiple
Taxation	Single country	Complex
Benefits	Standard	Adjusted globally
Risk Factor	Low	High

UNIT - IV Highlights

Performance Appraisal and Career Planning

- **Performance Appraisal** is the systematic evaluation of an employee's job performance and contribution to organizational goals.
- It helps organizations **measure employee efficiency, productivity, and performance**.
- The **need for performance appraisal** arises to identify employee strengths, weaknesses, and training requirements.
- Major **objectives of performance appraisal** include improving performance, providing feedback, determining promotions, and identifying training needs.
- The **performance appraisal process** includes setting performance standards, measuring performance, comparing results, and providing feedback.
- Common **methods of performance appraisal** include ranking method, rating scale method, management by objectives (MBO), and 360-degree feedback.
- **Problems of performance appraisal** may include bias, halo effect, leniency errors, and lack of proper evaluation standards.
- **Performance feedback** helps employees understand their performance level and areas for improvement.
- **Career planning** is the process through which employees identify career goals and plan steps to achieve them.
- Important **features of career planning** include continuous development, goal setting, and employee growth.
- **Career development methods** include training, job rotation, mentoring, and development programs.
- **Succession planning** ensures that capable employees are prepared to fill important leadership positions in the future.

CASE STUDY: Expatriate Assignment at Global Tech Ltd.

Global Tech Ltd., an Indian multinational company in the IT sector, expanded its operations to Germany. The company decided to send Mr. Arjun, a senior project manager from India, as an expatriate to manage the new branch in Berlin for a period of three years.

Before the assignment, the company provided Mr. Arjun with technical training, but very little cross-cultural training. Initially, Mr. Arjun faced several challenges in Germany such as communication barriers, differences in work culture, and difficulty in managing local employees. The German employees preferred a more direct and structured communication style, while Mr. Arjun was accustomed to a more flexible approach.

After some time, Global Tech Ltd. arranged cross-cultural training and leadership development programs to help him understand the local culture and management practices. Gradually, Mr. Arjun adapted to the new environment and successfully managed the team.

After completing his three-year assignment, Mr. Arjun returned to India as a repatriate. However, he experienced difficulty adjusting to the old work environment because the company had not planned a proper repatriation program. His international experience was not fully utilized, and he felt demotivated.

The management later realized that effective expatriate and repatriate management, proper training programs, and career planning are essential for the success of international assignments.

Questions

1. Who is an expatriate in the above case?
2. What problems did Mr. Arjun face in Germany?
3. Why is cross-cultural training important for expatriates?
4. What issues did Mr. Arjun face during repatriation?
5. Suggest measures that Global Tech Ltd. can adopt to improve expatriate and repatriate management.

Text Books:

1. Subbarao.P: Human Resource Management-Texts, Cases And Games (Himalaya), 2011.
2. Human Resource Management, 10/e, 2006, Dessler Gary, Pearson/Prentice Hall of India, New Delhi.

ReferenceBooks:

1. Human Resource Management – Text and cases, 6/e, 2006, VSP Rao, Excel Books, New Delhi.
2. Human Resource Management, 5/e, 2007, K.Asathappa, Tata McGraw Hill, New Delhi.
3. Personnel and Human Resource Management, 2009, Subba Rao, HPIL, New Delhi.

S.No.	CO	Questions	BT
Unit IV: Performance Appraisal and Career Planning			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	4	What is performance management in multinational companies (MNCs)?	L1
2	4	Define competency appraisal.	L1
3	4	What is meant by downsizing?	L1
4	4	Differentiate between layoff and turnover.	L1
5	4	List any two objectives of international compensation.	L1
6	4	What are the key components of international compensation?	L2
7	4	Explain the concept of rewards and incentives in MNCs.	L2
8	4	State any two compensation practices followed by multinational companies.	L2
S.No.	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			
1	4	Explain the concept of Performance Management System (PMS) in Multinational Companies (MNCs).	L2
2	4	a. Discuss the process of Competency Appraisal in MNCs. b. Significance of Competency Appraisal in MNCs.	L4
3	4	Differentiate between Downsizing, Layoff, and Employee Turnover.	L4
4	4	Explain the causes and impact of employee turnover in multinational organizations.	L4
5	4	Discuss the objectives of International Compensation in MNCs.	L2
6	4	Explain the key components of an International Compensation Package.	L4
7	4	Describe the compensation practices followed by MNCs across countries.	L4
8	4	Discuss various rewards and incentive systems adopted in multinational companies.	L4
9	4	Evaluate the effectiveness of Performance Management Systems in global organizations.	L5
10	4	Design a suitable international compensation and reward strategy for expatriates in an MNC.	L5

UNIT V
IHRMINPRESENTCONTEXT

**“Culture is more often a source of
conflict than of synergy; cultural
differences are a nuisance at best and
often a disaster.”
— Geert Hofstede**

UNIT – V: IHRM in Present Context

Unit Overview

International Human Resource Management (IHRM) plays a crucial role in addressing contemporary issues faced by multinational corporations (MNCs). With increasing globalization, organizations operate in diverse cultural, social, and economic environments, which creates various challenges in managing employees across countries. This unit focuses on the current issues in IHRM such as cultural differences, global downsizing, and managing workforce diversity in multinational organizations. It also highlights the importance of Corporate Social Responsibility (CSR) at the global level, where organizations are expected to contribute to social and environmental well-being while conducting business operations. The unit further explains the concept of industrial relations in global organizations and examines the role of trade unions at the international level in protecting workers' rights and promoting fair labor practices.

Objectives of the Unit

The main objectives of this unit are to:

1. Understand the present issues and challenges in International Human Resource Management.
2. Examine cultural issues faced by multinational corporations.
3. Explain the concept and impact of global downsizing.
4. Understand the role of Corporate Social Responsibility at the global level.
5. Analyse industrial relations practices in global organizations.
6. Examine the role of trade unions in international labor relations.

Learning Outcomes

After studying this unit, students will be able to:

1. Identify major issues faced in the field of International Human Resource Management.
2. Understand the influence of cultural differences in multinational organizations.
3. Explain the concept and implications of global downsizing.

4. Analyse the significance of Corporate Social Responsibility in international business.
5. Understand industrial relations practices in multinational companies.
6. Evaluate the role of trade unions in protecting employee interests at the international level.

Importance of Studying the Unit

In today's globalized economy, organizations must address various social, cultural, and ethical issues while managing employees across countries. Understanding the present context of IHRM helps students recognize the challenges faced by multinational companies in maintaining effective workforce management. Knowledge of cultural issues improves cross-cultural communication and collaboration among employees. Studying CSR practices helps organizations become socially responsible and sustainable. Additionally, understanding industrial relations and the role of trade unions at the international level helps managers maintain harmonious relationships between employers and employees in global organizations.

Key Concepts

- Issues in International Human Resource Management
- Cultural Issues in Multinational Corporations
- Global Downsizing
- Corporate Social Responsibility (CSR)
- Industrial Relations in Global Organizations
- International Labour Standards
- Trade Unions at International Level
- Workforce Diversity
- Ethical Management
- Global Workforce Management

UNIT-V

IHRM in Present Context

Issues in International Human Resource Management (IHRM)

International HRM deals with managing people across different countries, cultures, legal systems, and economic environments. In today's globalized world, MNCs face complex challenges.

Major Issues in IHRM

1. Cultural Diversity

- Differences in values, beliefs, communication styles
- High vs Low context communication
- Individualism vs Collectivism
- Power distance differences

Example:

Toyota emphasizes collective teamwork in Japan, while its US plants promote individual performance recognition.

2. Legal & Regulatory Differences

- Labor laws differ across countries
- Work hours, minimum wages, termination laws vary

Example:

Walmart faced labor regulation challenges while entering Germany due to strict employee protection laws.

3. Managing Expatriates

- High cost of expatriation
- Family adjustment issues
- Repatriation challenges
- Expat failure rates

4. Talent Management & Global Leadership

- Identifying global leaders
- Succession planning across countries
- Shortage of skilled global managers

5. Ethical & CSR Pressures

- Maintaining ethical practices globally
- Handling bribery, corruption, discrimination issues

Cultural Issues in MNCs

Cultural differences significantly affect communication, motivation, leadership, and negotiation.

Common Cultural Issues

1. Communication Barriers

- Language differences
- Misinterpretation of gestures
- Direct vs indirect communication

2. Leadership Style Conflicts

- Western style: Participative & democratic
- Asian style: Hierarchical & authority-driven

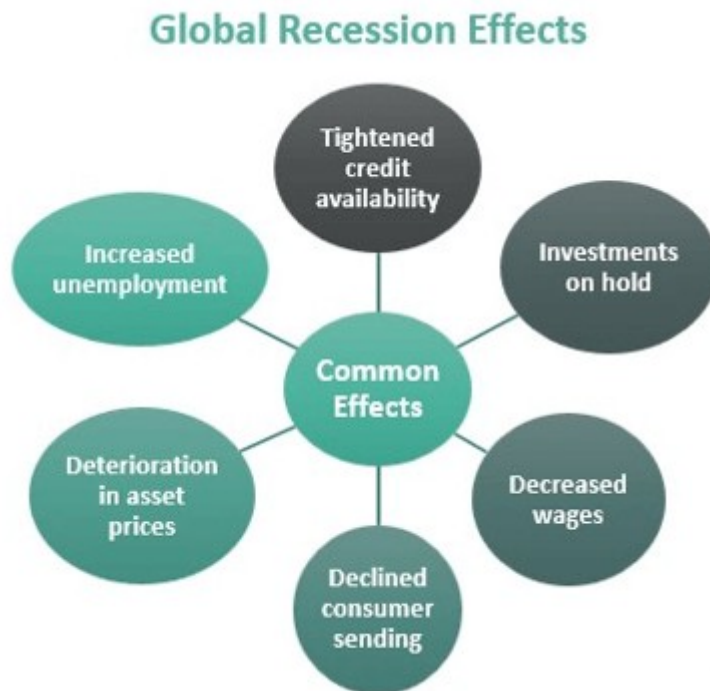
3. Work Attitudes

- Time orientation differences
- Risk-taking behavior differences

Real Example:

McDonald's adapts menus and management style in India by respecting vegetarian preferences and cultural values.

Global Downsizing



Global downsizing refers to workforce reduction across multiple countries to reduce costs or restructure operations.

Reasons

- Economic recession
- Automation
- Mergers & acquisitions

- Cost reduction strategies

Challenges in Global Downsizing

- Different termination laws
- Union resistance
- Reputational risk
- Employee morale decline

Example:

Microsoft has undertaken global layoffs during restructuring phases while offering severance benefits based on country laws.

Impact

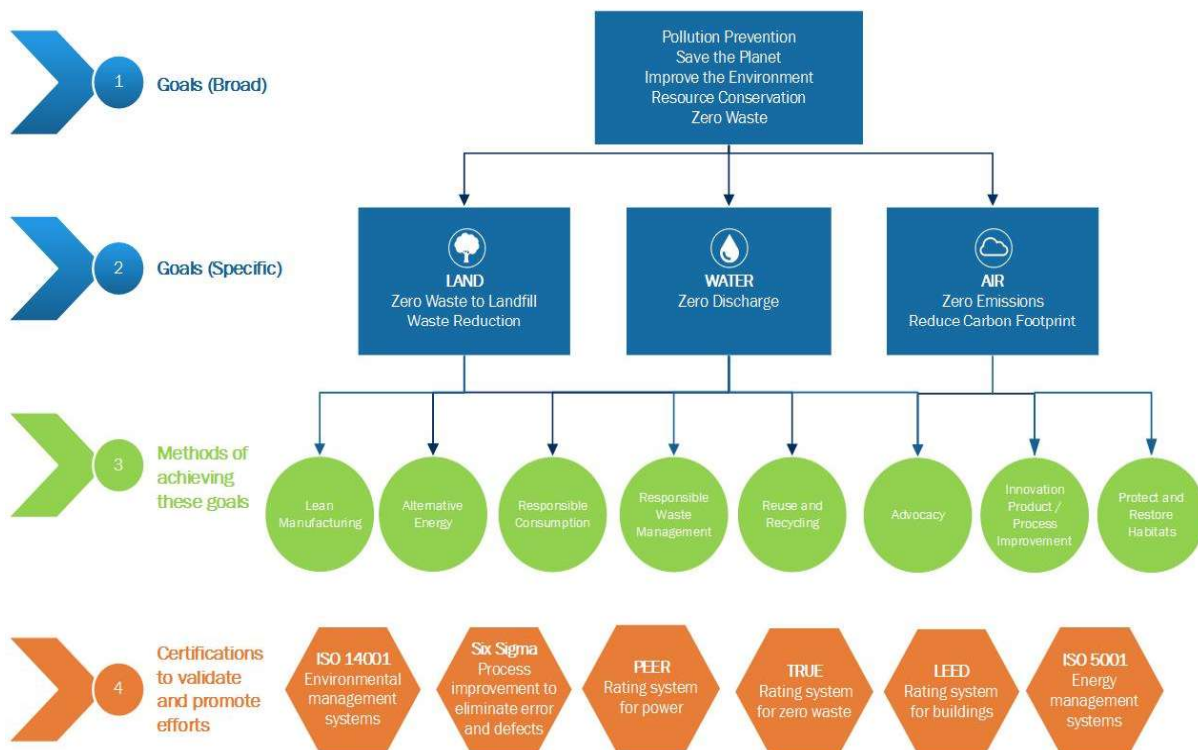
- Psychological stress
- Loss of talent
- Survivor syndrome
- Decreased productivity

Corporate Social Responsibility (CSR) at Global Level



Environmental Sustainability Hierarchy

A breakdown of the most common corporate sustainability goals, methods, and certifications.



Programme	Description
Integrated Farming System (IFS)*	Community empowerment through agricultural initiatives such as horticulture, plantation, animal husbandry, fishery and paddy planting development. Main activities include training, facilitating and providing ongoing technical support to farmers*.
Education and talent-pool development	Scholarship programmes covering primary, secondary and university levels, teacher training and honorariums, supply of school and education equipment, study tours.
Small & Medium Enterprises (SME)*	SME development programme targeted at businesses that directly support company operations, as well as businesses not related to APRIL*.
Community healthcare	Building of community clinics to provide free health services including immunization, nutritional supplement support, surgical procedures such as cataract and harelip operations, family planning advisory and health education.
Social Infrastructure	Improving physical and social infrastructure such as schools, places of worship, road construction and maintenance, sanitation infrastructure and civic buildings.
Vocational training	Vocational training in trades such as tailoring, hair styling, baking, bee keeping and honey production, carpentry and automotive repairs.
Community religious affairs	Improving soft skills of religious leaders through training and capacity building.
Employee volunteerism	Supporting employees to undertake volunteer work in partnership with local communities in areas where we operate. Activities include joint 'gotong royong' or cleaning, improvement and beautification of community areas.
Youth sport development	Sport development for community youth. Training facilities, coaching and equipment are provided in targeted sports - badminton, karate, football and tennis.

Meaning

CSR refers to a company's responsibility toward society, environment, and stakeholders globally.

Global CSR Areas

1. Environmental sustainability
2. Community development
3. Ethical labor practices
4. Human rights protection

Example:

Unilever runs sustainable sourcing programs worldwide.

Tata Group invests heavily in education, healthcare, and rural development in India.

Industrial Relations in Global Organizations

Industrial relations deal with relationships between employers, employees, and unions.

Key Issues

- Collective bargaining
- Strike management
- Employee participation
- Conflict resolution

Differences Across Countries

- USA: Weak union power
- Germany: Strong works councils
- India: Politically influenced unions

Example:

Amazon has faced unionization efforts in the US and Europe.

Role of Trade Unions at International Level

Meaning

Trade unions protect worker rights at national and international levels.

International Trade Union Bodies

- International Labour Organization (ILO)
- Global Union Federations

Functions

- Protect wages and benefits
- Ensure workplace safety
- Negotiate collective agreements
- Influence labor policies

Example

International Labour Organization sets international labor standards adopted by member countries.

Contemporary Trends in IHRM

1. Remote global workforce management
2. Digital HR & AI-based recruitment
3. Hybrid work models
4. Focus on Diversity, Equity & Inclusion (DEI)
5. Sustainable HR practices

UNIT HIGHLIGHTS

- IHRM faces various contemporary issues due to globalization and workforce diversity.
- Cultural differences influence communication, work behavior, and management practices in multinational companies.
- Global downsizing is adopted by organizations to reduce costs and improve efficiency during economic challenges.
- Corporate Social Responsibility at the global level encourages organizations to contribute to social and environmental development.
- Industrial relations in global organizations involve maintaining harmonious relationships between employers and employees across countries.
- Trade unions at the international level play an important role in protecting workers' rights and ensuring fair labor practices.
- Effective management of these issues helps multinational companies achieve sustainable growth and maintain a positive organizational image.

CASE STUDY : Cultural Conflict at Toyota

Background

Toyota established a manufacturing unit in the USA.

Problems faced:

- Japanese managers expected strict discipline.
- American workers preferred flexible work style.
- Decision-making styles differed.
- Communication gap created misunderstandings.

Production efficiency was affected.

IHRM Issues

- Cross-cultural differences
- Leadership style differences
- Work culture conflict
- Communication barriers

Questions

1. What cultural differences are visible in this case?
2. How do Japanese and American management styles differ?
3. How can cross-cultural conflict be reduced?
4. What role does global leadership play?

Text Books:

1. International Human Resource Management, 1/e, P. Subba Rao, Himalaya Publishing House, New Delhi, 2011.
2. International Human Resource Management: Text and Cases, 2/e, K. Aswathappa, Sadhna Dash, Tata McGraw-Hill, New Delhi. 2012.

S.No.	CO	Questions	BT
Unit V: IHRMinPresentContext			
<i>PART- A (TWO MARKS QUESTIONS)</i>			
1	5	What is meant by Issues in International Human Resource Management (IHRM)?	L1
2	5	What are cultural issues in multinational companies (MNCs)?	L1
3	5	Define global downsizing.	L1
4	5	What is Corporate Social Responsibility (CSR) at the global level?	L1
5	5	What is meant by industrial relations in global organizations?	L1
6	5	State any two challenges faced by MNCs in managing industrial relations globally.	L2
7	5	What is the role of trade unions at the international level?	L1
8	5	Mention any two cultural challenges faced by employees working in multinational companies.	L2
S.No.	CO	Questions	BT
<i>PART-B (TEN MARKS QUESTIONS)</i>			
1	5	Explain the major issues in International Human Resource Management (IHRM).	L2
2	5	Discuss the cultural issues faced by Multinational Companies (MNCs).	L4
3	5	How do cultural differences affect HR policies and practices in global organizations? Explain.	L4
4	5	Define Global Downsizing. Discuss its causes and consequences in multinational organizations.	L4
5	5	Explain the concept of Corporate Social Responsibility (CSR) at the global level.	L2
6	5	Discuss the importance of CSR in multinational companies operating across countries.	L5
7	5	Describe the nature and scope of Industrial Relations in global organizations.	L4
8	5	Explain the role and functions of Trade Unions at the international level.	L4
9	5	Evaluate the impact of globalization on industrial relations systems.	L5
10	5	Suggest strategies for managing cultural diversity and industrial relations issues in MNCs.	L5