

Meaningful nature of the ihrm concepts business essay



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Human resource is a vital tool for an organization. Human Resource (HR), it has been argued, is associated with developing employee's potentials, employee's behaviour, approaches and beliefs in the affairs of the organization. HR personnel have the art of extracting the work from their employees', their creativity, skills, labour utilisation, and the talented employees' in-order to reach the desired assignment.

The major functions of human resource management covers diverse activities associated to business. The vital point is the enrolment needs of the company which would be fulfilled through direct employees or the outside contractors, means off-roll employees or on-roll employees. The other functions like recruiting and training the employees ensures that the work is done to meet up to their outlook. Handling performance issues and making certain policies that are related to personnel and management policies addresses to the laws and regulations (Verena, V. 2010).

Human resources are multi dimensional and multi tasking in nature. The employees could imply the inborn abilities, captured knowledge and skills that are within them which could benefit the organizations to improvise them. Current world is clearly globalised, competitive, responsive, and innovative when compared to the earlier industry. Companies are emerging day by day to rush in this global competitive market. A key issue for Multi National Companies (MNC's) for example, is to succeed and develop the business internationally. There should be a clear desire to understand the entire business and face the competition globally (Hammer, P. 2010).

The aim of the essay is to consider if it is meaningful to talk of the concept of International HRM. In order to respond to this question, it is necessary to give an overview on the basics of International Human Resource Management (IHRM), compare the functions with Human Resource Management and International HRM. In short, the key factors and the concepts are identified in macro level. The purpose of IHRM is to enable the multinational enterprise to be a successful enterprise in the global level (Hammer, P. 2010). The essay would show specific trends facing IHRM along with the nature of the IHRM by looking at the reasons for its growth and development. This essay will attempt to give an understanding if it is important to talk about the IHRM in the age of globalization. The essay concludes that it is meaningful to talk of the concept of IHRM.

DOMESTIC VS INTERNATIONAL HRM

There is a significant impact on human resource management for globally based firms. Working in different environments might cause hazards for the human resource managers. In order, to make effective decisions in the existing business environment it is necessary for the HR managers to deal with the employees knowing their attitudes and practices based on the global changes and challenges.

Domestic and International HRM are relatively similar on a larger scale, with the strategic considerations which are complex and varying operational units, needing co-ordination across barriers, (Torrington (1994, p. 6).

According to Schuler et al. (2007, p. 720) IHRM is HRM, functions and practices arising from the strategies of international companies that affect

interests and goals of those companies. From the views of Scullion, the term international HRM as ' the HRM issues and problems arising from the internationalization of business and the HRM strategies, policies and practices which firms pursue in response to the internationalization' (Brewster and Harris, 1999).

However, Dowling says that IHRM significantly differs from the concept of domestic HRM, which is more connected with employees of one country (Scullion and Linehan, 2005), whereas IHRM has more substantial influence from the environmental factors, the activities in the management and it differs from the personnel training approach. Thus, on the basis of these definitions it can be seen that, IHRM - is the process of recruitment and staff development of organizations that work globally.

But there are some differences from IHRM and HRM, like culture, economic crisis, law and social development and even by employing different national categories of workers (Thambyrajah, L. 2010). The features that differ from domestic HRM and IHRM are differences in labour markets and labour costs, problems of labour mobility, the factors of industrial relations and national guidance. Existing cultural factors and the various practices of different countries matter a lot while considering personnel of international companies. As well they do differ from their varied management styles which may lead to conflicts between the personnel headquarters of the company and the foreign affiliates. The structure of labour expenses do exist in all countries, the conflict arises from the varied management practices, culture.

For instance, the Nike Corporation could be apt for this situation, in 1990's the company was attacked for unethical aspects of its sourcing policies. In <https://assignbuster.com/meaningful-nature-of-the-ihrm-concepts-business-essay/>

Asian countries where it gained huge profit, it was condemned for exploiting cheap labour force (Hendry, 2000). The way to overcome the differences faced it would be helpful to develop their recruitment style, orientation and stimulate workers because the relation with the workers, trade unions and the employers do have a significant difference in countries and would have an impact on the practice of HRM (Dowling et. al, 2008; Scullion and Linehan, 2005).

WHY IHRM?

In today's world businesses are in huge number which ranges almost worldwide, like in hotels, software development institutions, BPO companies, educational institutions, mills, automobile industry, factories, and man power suppliers. The main motto is to play the business ideas cautiously and to achieve the target with the given or allocated money. Hence we need to consider human resource management in a global perspective in-order to provide aid the domestic firms.

International human resource management (IHRM) is the practice of worldwide people management. The purpose of international HRM is to facilitate the company, multinational enterprise (MNE), to be unbeaten globally. This bring about being: (a) competitive throughout the world; (b) efficient; (c) locally responsive; (d) flexible and adaptable within the shortest of time periods; and (e) capable of transferring learning across their globally dispersed units. These requirements are significant, for example, large numbers of industries in North America and Europe were being dominated by the global competitors (Atifyounas, M. 2007).

Human resource managers are a business organizations ' people' managers, responsible for managing a wide range of employee tasks. The general HR responsibilities and added tasks that are specific to the branch operations of the department should be handled by the HR manager in a MNC with the support of the branches and subsidiary bodies (Verena V, 2010). As Juergen Deller argued, people are the key to global competitiveness of companies (Deller, 2006). That is why it can be stated that the importance of the field of IHRM has increased in every way because of globalisation (Schuler, R. S and Tarique, 2007).

IHRM has grown rapidly among MNC's, which has actually made a difference globally in the quantity and in the influence in recent year's competitive scenario as by Schuler and Tarique (Dowling et. al, 2008). The major key to success in the international context would be being recognized for the effective management (Research and Markets, 2010). It is clear that the significance of multinational companies and the impact of globalization on the concept of the IHRM are considerable. Also, notable that the reason for the IHRM has gained growing interest from academics and practitioners, as the field is becoming more complex and global (Scullion and Linehan, 2005).

EMERGENCE AND FUNCTIONS OF IHRM

The key reasons for the significant growth in research and practice in IHRM, as Scullion (2001) argued they are: a) increased significance of MNCs due to growth of internationalization and competition in the global market (Black et al. 2000); b) recognition of dependence of successful global business on the quality of human resources management in the multinational companies

(Stroh and Caligiuri, 1998; Gooderham and Nordhaug, 2003); c) change from traditional hierarchical organisational structures to the network-based MNC organisation, or flatter structure of organisation which help to manage without complexity as it used to be (Forsgren, 1990); d) rapid growth in numbers of international joint venture companies, cross-border mergers and acquisitions some scholars (Doz and Hamel, 1998; Schuler et al., 2004; Scullion and Linehan, 2005).

As it is very important to know about the growing IHRM; it is considerable firstly to note the change of the entry of foreign direct investments (FDI) offices' location in the global market as a location of international business scene has shifted to newly industrialising countries, like China and India, Dicken, 2007 cited in Morley and Collings, 2004. As these markets appeared with World Trade Organizations (WTO) entry of countries with millions of workers who are linked with MNCs all over the world (Morley and Collings, 2004). The second key point is change of attitude towards career nature for multinational companies (Stahl et al, 2002; Dickmann and Harris, 2005; Thomas et al, 2005), the last trend is the key of the change of pattern of global staffing, as Scullion et. al (2007) showed there are four themes: a dual career issues; participation of women in international assignments is limited; repatriation issues and weak talent management at an international level.

As many companies and organizations still consider IHRM and expatriate management as the same thing, identification of the nature of IHRM will help to understand what activities and areas it includes. It can be understood, because management of expatriates (the most expensive and very important for internationally operating companies labour force), involves <https://assignbuster.com/meaningful-nature-of-the-ihrm-concepts-business-essay/>

complex issues and problems which are not only connected with those employees. However, IHRM covers broader areas than the management of expatriates, which involves the global management of labour force (Brewster and Harris 1999).

The differences in economic development and legal systems may require an international company to adapt hiring, firing, training programs and wage rates for each country where it has the branches of international companies. It is very much necessary for them to adapt policies and procedures relating to personnel. All companies have to change to compete in the market and international companies need to change even in higher pace and frequency. Also, success of IHRM is seen by developing a small selected group of people, or cosmopolitans with knowledge how to operate internationally by Torrington and Holden (1992).

Nowadays, IHRM rely on consultants heavily as the need on consultancy expertise would aid on current rates of pay or redundancy protection in different countries (Dowling, 1999).

Recognition of the importance of effective HR management is crucial for a company in the global competition and survival. As Schuler and Jackson note that for setting up foreign affiliates it is necessary to have the capability to attract, motivate and develop human factor which is vital in internationalizing business (Myloni, 2002). Interesting to point that IHRM is viewed by managers as an important field which involves MNC strategic planning and control, also some researchers like Brewster and Suutari describe the field as ' global', not as ' international'. Nowadays the strategic

nature of IHRM is attracting more and more attention from business executives (Cieri et. al, 2007).

APPROACHES TO INTERNATIONAL HRM

According to Dowling (1999) the field of international HRM has been characterized by three broad approaches for its practice. The first approach (evidence provided below) known as the cross cultural approach understands the elements of human behaviour within an organization from an international perspective. The second approach which has been developed from the comparative industrial relations and HRM literature varies based on different countries as its culture, organisational practice, and commitment are different. The third approach focuses on the goal achievement aspects of HRM in MNC's.

Trends in IHRM

Human resource management is a bridge between the employees and the employers in order to achieve their common goal of the organization. The role of the HR manager is shifting from a protector and screener to the role of a planner and change agent and it could be relevant to call the personnel directors as the main subsidiary body of a company. But, in a parental country, IHRM focuses on the functions like relocation, orientation and translation services in order to aid the employees cope up with the trend.

Conclusion

“ Yes” it is meaningful to talk about the concept of IHRM as the subject

encompasses different types of cultures, different people and different
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geographic locations. But, what is important is to understand the field as it is crucial. IHRM is a dimension of both human resource management and international business. Extensive developments within the field identify the complexity of IHRM and show the need to appreciate the global trends to be successful in business. Increasing growth in research and practice in the field is answer for that. While selecting the employees, it is very important to have a careful insight into the personal characteristics of them. Beyond the general information and orientation information provided, if the employee does not work well on the cultural aspects then they would be sent for training. The evaluations among the employees be it a home country employee or a host country employee, it would be considering both the pros and cons on their performance. Compensation systems would be customized for local conditions as well support the strategic indent of the company by the company named Chilli breeze solutions Pvt. Ltd. The essay addresses on the IHRM and HRM phases how organizations achieve their vision, mission, and goals by having consistent policies, rules, regulations, salary structure, incentives, and perks to avoid the comparisons among the employees.

IHRM is a developing field and has many aspects that are to be learned and discussed. There are still debates on the nature of the IHRM, as it changes over time which was explained in the main body of the essay. But there are disputes still taking place and there is no agreement on what areas and functions of IHRM covers in spite of the history of growth started in the 1970's (Girgin, 2005).

For IHRM, WTO implications of entry has not been researched properly and it clearly explains that these implications affect the field considerably (Rowley <https://assignbuster.com/meaningful-nature-of-the-ihrm-concepts-business-essay/>)

and Warner, 2007). Consideration of WTO implications is the only one of many problems and changes affecting IHRM in the globalization age like global terrorism, change of attitudes towards careers and change of pattern of global staffing. Also it can be stated, that in the nearest future the number of affecting changes can increase which would simultaneously change the concept as well and would complicate the IHRM field.

The concept is meaningful to discuss as it is vital for the companies in the global market, operating internationally pay a lot of attention on this field. Because success of the company depends on how well they manage the human factors.

In summary, IHRM is a highly dynamic and an evolving field. It has a positive support because it is been looked today as one the best way to approach in the competitive business environment for the future. IHRM includes everything that HRM involves but only at a higher and more complex level.