

E-514

International Business Management

Managing Human Resources in an International Business



মানুষকে প্রয়োজন ও পরিবেশ
উপযোগী হওয়ার প্রয়োজনীয় শিক্ষা ও
প্রশিক্ষণের মাধ্যমে কার্যকর এবং দক্ষ
উৎপাদক করে গড়ে তোলার
প্রক্রিয়াকে মানব সম্পদ ব্যবস্থাপনা
বলে।

Human	Resource
People	Knowledge Intelligence Skills Experience Communication Commitment Ability Capability Expertise Tactics Inspiration

Human

Resource

**Knowledge, Intelligence, Skills, Experience, Communication,
Commitment, Ability, Capability, Expertise, Tactics, Inspiration**

People

MANAGEMENT

Management is the process of designing and maintaining an environment under which a people or a group of people work(s) together effectively and efficiently for the purpose of achieving a desire goal(s).

Innovating, Creating and Changing/Transforming

Raw Materials

Product

**“Will Ensure the Organization to Achieve success & Competitive Advantages”-
-The Main Purpose of Human Resource Management**

Role of HR Managers in Internationalization of Business

Managing human resources effectively in companies that do business globally requires cultural awareness and the ability to respond quickly in dynamic environments.

Managing individuals in international settings requires motivating and inspiring employees to work collaboratively, even when they don't reside in the same location.

Role of HR Managers in Internationalization of Business

- ☐ Building Teams
- ☐ Fostering Global Collaboration
- ☐ Working with Managers
- ☐ Providing Training

Role of HR Managers in Internationalization of Business

❑ Providing Training

Human resource professionals maintain a productive environment by ensuring that employees have the skills and knowledge to accomplish job tasks. They make arrangements for training courses that enable employees to get the proper credentials for performing their function. This also ensures that companies adhere to all government regulations. For example, all companies must be certain that employees follow the standards for that assure a safe and healthy workplace setting.

Role of HR Managers in Internationalization of Business

❑ Fostering Global Collaboration

As companies become more international, human resource professionals have become more generalist. They tend to know less about day-to-day, internal operations and focus more on ensuring personnel work effectively together as teams. They care about competitive advantage, profitability and economic survival during tough financial times.

Role of HR Managers in Internationalization of Business

❑ Working with Managers

Years ago, human resource professionals in traditional small business settings focused on completing administrative tasks, such as recruiting and hiring personnel, often without input from department managers. As companies become more global, human resource professionals act as business partners to interview and orient new employees to the workplace.

Role of HR Managers in Internationalization of Business

❑ Building Teams

Human resource professionals who support international business operations typically must ensure that diverse teams work well together. By conducting team-building workshops, promoting acceptance of cultural diversity and motivating employees to achieve strategic goals, they help their company build strong teams.

FIVE MAIN FUNCTIONS OF GLOBAL HRM

- ☐ Recruitment Process
- ☐ On-the-Job Training
- ☐ Professional Development
- ☐ Benefits and Compensation
- ☐ Ensuring Legal Compliance

FIVE MAIN FUNCTIONS OF GLOBAL HRM

➤ Recruitment Process

Attracting, hiring and retaining a skilled workforce is perhaps the most basic of the human resources functions. There are several elements to this task including developing a job description, interviewing candidates, making offers and negotiating salaries and benefits. Companies that recognize the value of their people place a significant amount of stock in the recruitment function of HR.

FIVE MAIN FUNCTIONS OF GLOBAL HRM

➤ On-the-Job Training

Even when an organization hires skilled employees, there is normally some level of on-the-job training that the human resources department is responsible for providing. This is because every organization performs tasks in a slightly different way. One company might use computer software differently from another, or it may have a different timekeeping method.

FIVE MAIN FUNCTIONS OF GLOBAL HRM

➤ Professional Development

Closely related to training is HR's function in professional development. But whereas training needs are centered on the organization's processes and procedures, professional development is about providing employees with opportunities for growth and education on an individual basis.

FIVE MAIN FUNCTIONS OF GLOBAL HRM

➤ **Benefits and Compensation**

While the management of benefits and compensation is a given for human resources, the globalization of companies in the twenty-first century has meant that HR must now adapt to new ways of providing benefits to an organization's employees. Non-traditional benefits such as flexible working hours, paternity leave, extended vacation time and telecommuting are ways to motivate existing employees and to attract and retain new skilled employees.

FIVE MAIN FUNCTIONS OF GLOBAL HRM

➤ **Ensuring Legal Compliance**

The final function of human resource management is perhaps the least glamorous but arguably of utmost importance. Ensuring legal compliance with labor and tax law is a vital part of ensuring the organization's continued existence.

CHECKLIST FOR GLOBAL HR

- ✓ Recruitment and Retention
- ✓ Work-Life Balance
- ✓ Training and Professional Development
- ✓ Motivated Workforce

CHECKLIST FOR GLOBAL HR

✓ Recruitment and Retention

Many organizations are realizing the benefit of hiring employees who come from diverse backgrounds. It allows a company to connect with more consumers in more markets, and it brings a fresh set of ideas and values to the workplace.

CHECKLIST FOR GLOBAL HR

✓ **Work-Life Balance**

Another important facet of global HR is helping employees maintain a good work-life balance. This is closely related to ensuring fair benefits and compensation but takes it a step further by embracing compensation programs not found traditionally in U.S.-based businesses.

CHECKLIST FOR GLOBAL HR

✓ **Training and Professional Development**

Providing specialized training and professional development programs for employees is a vital HR role, particularly in a global business. Investing in employees yields a positive return for the company: Employees can improve their skills and hone their interests, while the business benefits from this added knowledge in the employees' day-to-day job performance.

CHECKLIST FOR GLOBAL HR

✓ Motivated Workforce

Workforce motivation is a key factor in long-term business success. Employees are more likely to contribute positively to the business' bottom line and to its productivity if they are motivated to improve their skills, to move up the ranks or to increase their knowledge.

GLOBAL HR CHALLENGES

- ❑ • Deployment. Getting the right skills to where they are needed in the organization regardless of geographical location.
- ❑ • Knowledge and innovation dissemination. Spreading state-of-the art knowledge and practices throughout the organization regardless of where they originate.
- ❑ • Identifying and developing talent on a global basis. Identifying who has the ability to function effectively in a global organization and developing these abilities.

HANDLING GLOBAL HR CHALLENGES

- Candidate identification, assessment, and selection.
- Cost projections.
- Assignment letters.
- Compensation, benefits, and tax programs.
- Relocation assistance.
- Family support.

HANDLING GLOBAL HR CHALLENGES

○ *Candidate identification, assessment, and selection.*

In addition to the required technical and business skills, key traits to consider for global assignments include, for instance: cultural sensitivity, interpersonal skills, and flexibility.

○ *Cost projections.*

The average cost of sending an employee and family on an overseas assignment is reportedly between three and five times the employee's pre-departure salary; as a result, quantifying total costs for a global assignment and deciding whether to use an expatriate or a local employee are essential in the budgeting process.

HANDLING GLOBAL HR CHALLENGES

○ *Assignment letters.*

The assignee's specific job requirements and associated pay will have to be documented and formally communicated in an assignment letter.

○ *Compensation, benefits, and tax programs.*

There are many ways in which to compensate employees who are transferred abroad, given the vast differences in living expenses around the world.

HANDLING GLOBAL HR CHALLENGES

○ *Relocation assistance.*

The assignee will probably have to be assisted with such matters as maintenance of the person's home and automobiles, shipment and storage of household goods, and so forth.

○ *Family support.*

Cultural orientation, educational assistance, and emergency provisions are just some of the matters to be addressed before the family is sent abroad.

INTERNATIONAL STAFFING: SOURCES OF MANAGERS

There are several ways in which to classify international managers. *Locals* are citizens of the countries where they are working.

Expatriates are non-citizens of the countries in which they are working. *Home-country nationals* are the citizens of the country in which the multinational company's headquarters is based.

Third-country nationals are citizens of a country other than the parent or the host country—for example, a British executive working in a Tokyo subsidiary of a Canadian multinational bank. Expatriates represent a minority of managers. Thus, "most managerial positions are filled by locals rather than expatriates in both headquarters and foreign subsidiary operations."

INTERNATIONAL STAFFING: SOURCES OF MANAGERS

There are several reasons to rely on local, host-country management talent for filling the foreign subsidiary's management ranks. Many people simply prefer not to work in a foreign country, and in general the cost of using expatriates is far greater than the cost of using local management talent. The multinational corporation may be viewed locally as a "better citizen" if it uses local management talent, and indeed some governments actually press for the "nativization" of local management.

There may also be a fear that expatriates, knowing that they are posted to the foreign subsidiary for only a few years, may overemphasize short-term projects rather than focus on perhaps more necessary long-term tasks.

INTERNATIONAL STAFFING: SOURCES OF MANAGERS

There are also several reasons for using expatriates—either home-country or third-country nationals—for staffing subsidiaries. The major reason is reportedly technical competence: in other words, employers cannot find local candidates with the required technical qualifications.

Multinationals also increasingly view a successful stint abroad as a required step in developing top managers. Control is another important reason. Multinationals sometimes assign home-country nationals from their headquarters staff abroad on the assumption that these managers are more steeped in the firm's policies and culture and more likely to unquestioningly implement headquarters' instructions.

ETHICAL ISSUES IN HRM IN MULTINATIONAL CORPORATIONS

❖ Lack of Cultural Awareness

Multinational managers inevitably deal with miscommunication and lack of cultural awareness. They must prepare their employees for appropriate conduct before sending them to their overseas destination.

❖ Bribery

The Foreign Corrupt Practices Act prohibits bribery. However, this law cannot possibly cover all of the range of payments that international businesses encounter.

ETHICAL ISSUES IN HRM IN MULTINATIONAL CORPORATIONS

❖ Privacy

Privacy is a pervasive issue for many companies. In addition, privacy laws vary in different locations. The European Union has much stricter privacy laws than the U.S.

❖ Compensation

Another important issue to consider is the relative compensation levels for each country. Multinationals often have offices in both developed and developing countries where the salaries are quite different.