

# Challenge of International Human Resource Management

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## Abstract

International organizations face many challenges, one of which related to human resource management at the international level. Human resources management has become an important topic at present. First of all is important to understand what human resources management is. Human resources refer to those who work in an organization and the department responsible for managing resources related to employees. Organization are often confused international human resource management and migrant management. The international organization is rooted in its ability to adapt human resources to different culture and values of different culture. In doing so they block the scores of unsolicited employees who are also active in organization. After the globalization, the path of entry into the international market opened up and many challenges started coming out in front of the organization. The full power of globalization has struck the organization today. It is evident that there are many human and culture problem. To face these challenges, it is important to focus the element that affect international human resources management. It presents the result of empirical/ theoretical research. The present paper highlight, what challenges arising in organization' environment including internal, micro and macro environment are significant for human resources management in organizations.

**Keyword** IHRM (international Human Resources Management), Organization, function, Employee Performance, Globalization, Challenges, Workers.

## 1. Introduction

International human resources management provides a critical assessment of contemporary international HRM. Human Resources Management (HRM) involves all management decision and practices that directly affect the people who work for the organization. International Human Resources Management (IHRM) is a process of procuring, allocating, and effectively utilizing human resources in a multinational corporation, while balancing the integration and differentiation of human resources

activities in foreign locations. The purpose of international human resources management is to manage the employees working in the multinational organization. Human resources management is done by the human resources department. Human resources management has become an important topic at present. Managers have many challenges regarding human resources management. After globalization the business started to be done internationally and challenges related to human resources management increased further. This study will enable students to build their knowledge on global human resource issues faced by international business, such as the staffing, recruitment and selection, performance appraisal and training and development along with compensations policies. Apart from this, there are many more challenges in front of the manager like, Talent identification and development – identity capable people who are able to function effectively, language, different labor laws, different political climate, different stages of technological advancement, educational level. This Paper covers one major components of learning objectives that are likely to examine via coursework or examination. This chapter will cover the following topics: Human resource management function International human resource management (IHRM) International HRM approaches IHRM policies and practices Work practice in an international context.

## 2. Review of Literature

**JEAN M.Trudel (2009)**, one of the greatest challenges facing organization is to adopt their structure to the new managerial realities of international markets. The challenge of an organization is to recognize the diversity of its workplace and to encourage communication measures between the groups who have to work together. Many challenge faced by HR manger like, international leadership development, change management, staffing, retention etc.

**Nisha agarwal (2012)**, HR manager is facing many challenges day by day. They have face a lot problem like retention, attraction of employee, dealing with

different culture people, managing work force diversity, technological and informational training (cross cultural training and technological and informational training) is important of HR people. At international level, there challenges have even more impact, facing all these challenges, human resources management has to be done.

**Luciana campos lima (2016)**, According to the challenges related to IHRM are quite about the impact of globalization, depending on the demand for coordination among the local and the global body. It has been include in various fields, including the management of the people. Their efforts, since then, are on, with the implementation countries of various policies and practices, the local demands to be intermediated with global demands.

### 3. Research methodology

This study is in the form of descriptive research. The study uses data from secondary sources. Different books, journal and relevant websites have been consulted in order to make the study effective one.

### 4. Objective

The following are the objective of the research paper:

- 4.1 To understand the international human resources management.
- 4.2 To provide key factor regarding implementation of HR practices and improved organizational performance.
- 4.3 To understand the importance of human resources management and studying the challenges face by international human resources management (IHRM).

### 5. HRM Function

Human resources management (HRM) is the organizational function which deals with people related issues such as organization, management, hiring, safety, wellness, development, compensation, benefit, employee motivation, communication, administration, performance and training. In short we say, the practice of human resources management deals with all aspects of the organization's planned and manage. It contains the following activities such as:

- Employee well-being
- Reward management
- Performance management
- Employee relation
- Learning and development
- Resourcing

Understanding human resources management is important for many reasons. One of the most important reasons is that human resource management practices are associated with employee performance in the organization. Many research

findings indicated that effective human resource management enables organization in achieving and sustaining competitive advantages. Similarly evidence shows that in effective or poor management of human resource leads to employee dissatisfaction and in turn leads to high absenteeism, low productivity, increase in conflicts among employees.

### 6. HRM Policy and Practices

“Human resources policies...they represent specific guideline to HR managers on various matters concerning employment and state the intent of organization on different aspects of human resources management such as recruitment, promotion, compensation, training, selections etc”.The speed of globalization is keeping endurance for rapid crusation as competition among organizations the pressure on organization is becoming global. History shows people around the world expanded their business activities later, started sharing physical and intellectual resources to knowledge and technology. Due to this, the construction of the policies, i.e., compensation, performance appraisal, talent management takes on global face. Moreover, the GNP and GDP of countries are related and even affected by the socio-economic and political up and down of the countries. Here human resources manager mentality should be geocentric. He must be able to formulate both centralized and decentralized strategies. Here is the role of IHR's integral partner in coping with this global competition. HRM functions as recruitment, selection, training, compensation and appraisals. So, when the HR is outsourced many complexities, i.e., cultural and contextual emerge which need to be addressed. Each organization has a different set of circumstances and so develops an individual set of human resources policies. Good HR policies provide generalized guidance on the approach adopted by the organization, and therefore its employees concerning various aspects of employment.

### 7. HRM Importance

An organization cannot build a good team of working professionals without good human resources. Various threats generated by liberalization of economy can be met only through bringing corresponding changes in management practices including practices related to International HRM. HRM play a strategic role in managing people and the workplace culture and environment. In the newer management practices, more emphasis has been given to International HRM because of the following factor:

#### 7.1. Emphasis on core competency.

After-liberalization, many organizations have started concentrating on their core competence and business is being held around it. A core qualification is the unique strength of an organization that cannot be

shared by my other. It may be as unique financial resources (finance available at a much lower cost), manpower resources, marketing capability, or technological capability. If business core is held on merit, it is likely to generate competitive advantages. Because of this reason, many organizations have restructured their businesses-divesting those businesses which do not match core competence such as Tata Group divesting many businesses and acquiring Tetley, a UK tea processing company, divestment of businesses by Voltas, Birla Group, etc. or acquiring those businesses which fit core competence such as Reliance acquiring four yarn/fiber manufacturing companies, Gujarat Ambuja acquiring cement companies, and so on. The organization of business around core competence has changed the mind set and in this change, more emphasis has been given to human factor.

### **7.2. Reorganization.**

Along with reorganization, the restructuring has also been accentuated. Many companies are restructuring their organization structure by expanding their management level thinking and span of control. Thus emphasis is laid on flat structure against the long structure like before. The old concept of “seven layers in the pyramid and seven direct subordinates under each boss” which has been the historic norm for many large companies in the past is becoming extinct. Further, departmentalization based on functional lines is being changed to strategic business unit departmentalization to focus more sharply on products or services. This reorganization has created additional skills on the part of the human resources organization, which can be accomplished by appointment new managerial talent or by developing existing human resources. The latter course of action is preferable because of the increasing competition for human talents.

### **7.3 Technological change.**

With the removal of restrictions on critical acquisition of technology, many organization have selected new technologies, adding another dimension to technological innovation, resulting in obsolete skills becoming obsolete. Operators at their location will have to achieve new skills, who have increased training required in such organizations and human resources department has to be more active.

### **7.4. Competition for human resources.**

With the entry of foreign firms in the Indian industrial scene, nature of competition for human resources has changed. Foreign firms, particularly those operating in sector such as consultancy, merchant banking, investment banking, etc. and

computer software companies of Indian origin, have put lot of competition for acquiring managerial talents.

### **7.5. Need for workforce empowerment.**

Throughout the world, there has been increasing emphasis on workforce empowerment that is, giving them authority matching their responsibilities. India cannot lag far behind because of the international impact. For workforce empowerment, there has to be a change in mindset as well as there should be change in skills of workforce. The role of HRM is crucial in both these respects. With the increasing role of human resources and their management, organizations have accorded HRM a higher status than what it previously was.

## **8. The Challenge of Boosting/ Increasing the Productivity of Resource:**

The management challenge today, and increasingly the management challenge of tomorrow will Centre on boosting the productivity of resources. In nineteenth century liberal capitalism, it was believed that resources developed themselves and are allocated by the “invisible hand”. In nineteenth century socialism and twentieth century communism, it is believed that the development of resources is a function of the system - which is another form of the “invisible hand”. We know better today, i.e. in the 21st century. Resources are developed by managers, are allocated by managers and managers are responsible for their productivity. It is above all productivity which is the first mission of management and its first responsibility. And the management challenge today, and increasingly the management challenge of tomorrow will Centre on the productivity of resources. Resources are not made by nature. They are made by man. And this is particularly true of two key resources - the human being and capital. Indeed, the human being as such is not resource. He becomes a resource only if trained, developed and allocated to productive work. This is the central challenge of management. It is particularly important in developing countries. It is the essence of being a developing country that effective, productive, competent people are in very short supply. One of the central management challenges in a developing country is development of people into human resource a task of training, of developing, of managing. In many ways, capital is perhaps even more crucial, especially in developing countries, than the human resource. And capital can only be obtained by providing a surplus from today's production over today's costs otherwise, capital formation cannot take place. Capital formation may be the crucial factor in the development of the developing countries. It is also the crucial factor in the continuing prosperity of the developed countries.

## 9. External Factor That Affect Human Resource Management:

### 9.1 Workforce Demographics

As an older generation retires and a new generation enters the workforce the human resources department must look for ways to attract this new set of candidates. At the same time, they must offer a work environment conducive to how this generation works. Those involved in human resource management does more than hiring and firing, they make sure that every type of external influence is listened to and proper procedures are followed to avoid lawsuits and sanctions. If you're in HR make sure that you're paying close attention to external influences because there is a good chance they're affecting your job and the company you work for. So next time you talk to someone involved in the human resource management process think twice about the amount of factors that affect their job and how important it is for them to be on top of their game.

### 9.2 Government Regulations

With the introduction of new workplace compliance standards your human resources department is constantly under pressure to stay within the law. These types of regulations influence every process of the HR department, including hiring, training, compensation, termination, and much more. Without adhering to such regulations a company can be fined extensively which if it was bad enough could cause the company to shut down.

### 9.3 Economic Conditions

One of the biggest external influences is the shape of the current economy. Not only does it affect the talent pool, but it might affect your ability to hire anyone at all. One of the biggest ways to prepare against economic conditions is to not only know what's happening in the world around you, but also create a plan for when there is an economic downturn. All companies can make due in a bad economy if they have a rainy day fund or plan to combat the harsh environment.

### 9.4 Technological Advancements

This is considered an external influence because when new technologies are introduced the HR department can start looking at how to downsize and look for ways to save money. A job that used to take 2-4 people could be cut to one done by a single person. Technology is revolutionizing the way we do business and not just from a consumer standpoint, but from an internal cost-savings way. The impact of technology on the HR function is quite profound. An organization become fully computerized and automated, the demand for people with multi skills will grow. Technology will lead to alienation of workers, since job opportunities will shrink along

with opportunities for socialization on the job. HR manager needs to change his business keeping in mind the changing techniques.

## 10. Conclusion

The private economic over the last two decades has now changed dramatically with a key area in labour economic. The mark of this work is to use standard economic tools applied to the special circumstances of managing labour within companies. In the services of literature we have explored many extensive themes: however there has been a special improvement in the management in general and specifically HRM, we are affected by the lack of high quality data. It is especially in time series dimension where our basic understanding of trends also in a more easily measured amplitude of HRM such as HRM is indeterminably bad. This reflects a general paucity of data on the internal structures of firms which needs to be addressed by researchers and statistical agencies. Data concerns notwithstanding, there do appear to be some facts emerging. There is an observable trend towards the incidence of more incentive pay in recent decades (at least in the UK and the US). More aggressive use of high powered-incentives on pay, promotions, hiring and firing is more prevailing in the US and Northern Europe than Southern Europe and Asia. The data on productivity is much better: we have shown wide distributions of productivity within and between countries and HRM appears to mirror these patterns.

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