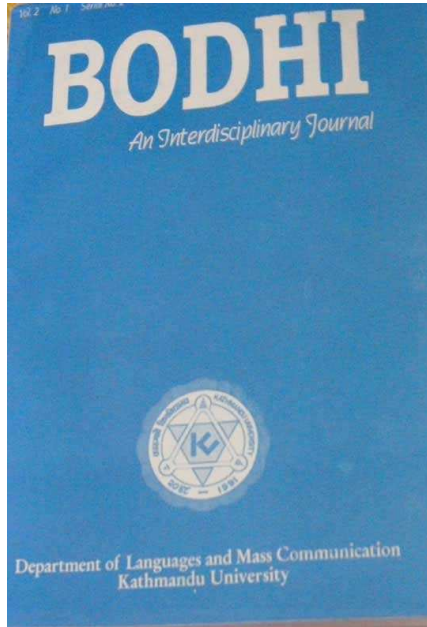


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IHRM: A Gateway for Nepalese Human Resource for Global Competitive Market

-- Kashiraj Pandey

“Management is so much more than exercising rank and privilege;
it’s so much more than ‘making deals’.
Management affects people and their lives,
both in business and in many other aspects as well”.
- Peter Drucker, 1995

This paper reviews how the concept of International Human Resource Management (IHRM) has opened a gateway for Nepalese Human Resource (HR) in global market. When the world has become a global village, our investment in education and knowledge industry as business by preparing graduates with need based courses for the emerging global market will have great advantage for the country, the individual, and it further contributes in international job market.

Management Discourse: HRM and IHRM

Human Resource Management (HRM) focuses on the ‘people’ dimension of business and management. It is well established that in the competitive environment of 21st century business, people represent the most potent opportunities for achieving competitive advantage. As such, the HRM role in organizations has become increasingly more important as organizations seek to deploy, develop, and engage their people. Some vital concepts and techniques relevant to any business are: a critical understanding of the roles played by people in organizations in terms of their needs and behavior, the way in which an organization’s people can be deployed for optimal customer service, the management of people as a critical business resource integral to organizational strategies and complementary management activities, and the impact of the external environment on the business and how its people are managed.

Human resource management in general involves formulating and implementing HR policies, practices, and activities that influence the performance, capabilities, and loyalty of the employees of an organization. Through these policies and procedures, individuals are attracted, retained, motivated, and developed to perform the work of the organization. HRM has its purpose to improve the way human resource is managed strategically within organisations. Each business unit across the globe has the freedom to make and implement its own HRM policies and practices. Different policies lead to different outcomes in employee commitment, competence, and congruence with organizational goals. The four basic HRM functions are acquisition for getting right people for the right jobs, development for helping people manifest their latent potentials, motivation for keeping people happy and willing to put forth extra effort for growth and development, and maintenance for occupational health, safety and wellbeing of the people.

International Human Resources Management (IHRM) has many similarities to domestic human resource management, but there are also some important differences. In IHRM the familiar HRM activities are placed in an international context. Among the results of this are situations such as organizations bringing their operations into unfamiliar social contexts, employees from different cultural backgrounds working together, and the movement of employees from their own to foreign work and social environments. Consequently this creates an additional set of challenges for HRM.

Knowledge on the differences between IHRM and traditional or domestic HRM makes the planners more aware about managing the international aspects of emerging HR duties. Rapid pace of globalisation leads to a more strategic HRM. Internationalization of businesses, inter-country differences affecting HR, improved international assignments through selection, and training and maintaining international employees as IHRM involves planning, recruitment, selection and

delegation of HR for specific jobs at specific locations. Three basic Recruitment models adopted in IHRM are: ethnocentrism (all expatriates) where home-country attitudes, knowledge, management style, evaluation criteria have foremost space, geocentrism (citizenship is ignored in favor of “best person for the job”) believing that the firm’s staff must be exposed on a global basis, and polycentrism (all local country citizens) with the belief that only host country employees/managers would understand the values, culture, and behavior of the host-country market as well would economize the cost, “ host country nationals often know the culture, politics, laws, and business customs better than an outsider would” (Jackson and Mathis, 2003, p. 586). Organizations always look for the best people, basically the “selection is based on five criteria: personality, skills, attitudes, motivation, and behavior” (Cascio, 2006, p. 663). Orientation classes are conducted in initial, predeparture, and postarrival stages when cross-cultural training is given. Decentralization of decision-making is more prevalent in IHRM, but “major” personnel decisions still made within home country.

As globalization is increasingly being linked to diversify management efforts when “multicultural perspective is needed in order for organizations to successfully compete in the global marketplace” (Desimone, Harris and Werner, 2005, p.638). Approaches to such issues vary according to factors endogenous to the organization (such as the nationality of the multinational enterprise (MNE), the stage of internationalization, organizational strategy, and the headquarters’ orientation and corporate culture), as well as exogenous factors (such as national culture, the industry in which the MNE is operating, competitor activities, and regional economic development) having both successful stories and potential pitfalls. While the focus of this paper is on international HRM, keeping in mind that many of the topics can apply equally to a domestic environment, especially where multi-cultural factors are part of the work context considering

the ethical dimensions of managing employees from diverse cultural and national backgrounds.

Looking at the global trends of HRM, massification, bureaucratization, improvisation, diversification, and internationalization, are the key themes that the planners have to keep in mind. Though little reported and largely unnoticed, in various forms, service trade has become increasingly international. In every developed country, service trade is growing as fast as merchandise trade. It is being generated by financial services and retailing, by higher education, by tourism, by royalties on books and technology or on software, by fees on consultancy services, and by a host of other businesses and professions. “The United States has the largest single share of the world’s services trade followed by the United Kingdom, with Japan at the bottom of the list among developed countries” (Drucker 1995, p. 129). Drucker (1995) further clarified that the action was rapidly shifting to ‘alliances’: joint ventures, partnerships, knowledge agreements, ‘outsourcing’ (p. 132). We can take the alliance between American-based Intel, the leading-edge microchip designer, and Sharp, a major Japanese electronic manufacturer to exemplify how according to Drucker (1995), one contributes technical competence while the other contributes production competence at the same time. Intel has shared with the Japanese the design of a very advanced microchip; while the Japanese in turn, made the chip

In global level, such activities include selecting, training, and transferring parent-company personnel abroad with establishment and execution of policies, programs, and procedures for the entire firm, and for its foreign operations. For human resource (HR) practitioners, the continuing high paced restructuring of business activities has got profound effect for competition. This way International Human Resources Management has to cover planning, recruitment, selection, and delegation of human resources strategically. Knowledge has become the key resource for a nation’s

economic strength worldwide and the global economy has become more integrated. Every academic institution is challenged by the global marketplace internally and externally as business and commerce are increasingly going across national, regional, and continental borders. Desimone, Harris and Werner (2005) suggest that “Organizations should create management development programs to produce globally competent managers” (p.524). In order to succeed in a global environment, organizations need to prepare a network of managers comprehensive to the global issues. Twenty-four hour broadcast of MTV in the USA and Bangalore being synonym to the Silicon Valley in California are some powerful examples that support the fact that there are variety of approaches to take when organizations decide to focus attention inside as well as outside their national boundaries. This way, international business relationships are affected by a host of economic, cultural, political, and technological conditions that differ from nation to nation. Internationalization of business and HR in particular has brought together people whose interests, values, and cultures have differed for centuries.

Gateway for Global Market

The success of many organizations depends upon their ability to internationalize their operations. Key factors affecting globalization of managements and organizations are political, legal, social, cultural with several International health, safety, and security concerns including globalization of the economy, commodification of knowledge, increasing trade in education services, and potential of ICT in knowledge dissemination. IHRM is more complex than domestic HR because it crosses a number of different systems; including political, economic, social, cultural, and legal. Whenever cultures are very similar the environment would be more congenial. However, most IHRM planners adopt multicultural/global mindset for their managers to ensure their success in international ventures. Business today reaches around the world crossing national boundaries. The rise of multinational (large and powerful

company that produces and sells goods in many different countries), and transnational (operating in or between countries) corporations place new requirements. IHRM must ensure the appropriate mix of employees in terms of knowledge, skills, and cultural adaptability that is available to handle the global assignments meeting the challenges of global village. Because “the emerging technologies, the competition, and the opportunities, are global, all organizations, regardless of locales, soon must evaluate workforce skills, costs, and availability on a global basis” (Bernardin, 2003, p. 17). Technology affects virtually every aspect of business community, and particularly HRM. Even if we never work for an international organization, the global economy affects the marketplace. Factors like language, culture, value, diversity awareness matters; failing to comply with these may result in embarrassing situations or even in “lost businesses”.

Accordingly, Bernardin (2003) further claims that a growing number of US firms have shown a strong commitment to international training and orientation. To elaborate business Firms’ concern for international assignments the cases of Federal Express, Gillette, Colgate Palmolive, that all train recent graduates for multiple overseas assignments, are notable. They also send future expatriates and their families on “fam” trips to provide realistic country preview, which include international assignment as part of their junior training program to make people able to build careers in a global perspective and to assess their family’s willingness to live or work abroad. Some organizations like American Express provide summer job in a foreign location to a prospective graduate. International HRM policies and practices can influence the achievement of the business goals. Gary Dessler (2005) suggests for “coordinating market, product, and production plans on a worldwide basis” (p. 656). For him the firm must extend its HR policies and systems to serve its staffing needs abroad.

Scope of Nepalese HR

In the context of Nepalese Educational leadership and management, Nepal has space in the global marketplace. Bovee and Thill (2005) suggests, “even small companies in remote locations can sell and support their products on a global scale” (p. 62). When the HR boundary has blurred internationally, Nepal can benefit by preparing competitive HR to utilize this opportunity. In this context, student exchanges, brain drain, international convention on recognition of degrees, faculty exchanges, university partnerships, global and regional networks, information flow with intellectual property right considerations are other areas that Nepalese planners must put in consideration. When domestic and foreign operations are highly interdependent and the political situation in the country is unstable, Nepal can be the abundant source of global human capital. Strategy of creating flexible, motivated and capable human resources that will form efficient work teams to display high levels of performance and commitment is demanding.

As global business enterprises, particularly educational institutions evolve rapidly, to maximize productivity; a solid understanding of total global system is essential fulfilling the human resources, no doubt, “are the key to global competitiveness” (Mondy, Noe and Premeaux, 1999, p. 623). Education and training in present context have to comply with the global competitive market producing smart and adaptable people with command over subject matter. In this open system, as the society at large makes assessment on the product, emerging needs and requirements coming from the global, national, or local level should be addressed. Training should be considered a lifelong attempt to learn about other cultures to compete successfully in the global marketplace. We need to better prepare individuals to work in international assignments: to be successful in their overseas projects. Assignees need cross-cultural training to address major cultural differences, and foreign expectations regarding polite business behavior; training needed as well for how to avoid “feeling insulted”

when “no insult” is made. “In Japanese firms, overseas training is typically conducted over a one-year period where international assignees are taught about the culture, customs, and business techniques of the host country” (Hogan & Goodson as quoted by Bernardin, 2003, p. 189). Cultural diversity, therefore, posits drawbacks and difficulties as well as creative opportunities if respect is accorded to each other. Several multinational organizations ensure expatriates know that an international assignment helps in terms of career advancement within the firm.

Modern Organizational Life is synonymous for foreign investment by world’s Leading Organizations. Overseas assignments have great opportunities but at the same time it involves considerable amount of risk. To quote Bratton and Gold (1999),

the changing social context of HRM is placing more pressure on employers to pay more attention to the issues associated with a diverse workforce – in particular to be more sensitive to the issues and challenges related to women workers, ethnic minorities and the disabled. (Bratton and Gold, p. 94)

For the developing nations like Nepal, when everything is influenced by every other thing, only way out is to be hopeful, being very positive to the future, adapting and assimilating ourselves with the fast pace of ongoing change, upgrading and updating technological advancements supported by this common saying, “though Dinosaurs died out, animals like tigers survived because they understood the surroundings and could adapt the change”. According to Prof. S. R. Sharma ((2008), the present education requires to address the issue of unemployed youths not by treating them as burden but by transforming them into economic strength (p. 125: my translation). Nepal can focus its investment in Education and in knowledge industry as business, designing need based courses for the emerging global market. To cite an example from the financial achievement of Singapore, Joel Spring (1998) writes

that Singapore's school system had combined an education in skills needed for contributing to economic development preparing a multicultural and multilingual population for competitive world markets (p.70). Nepalese educational leaders/planners should design courses to prepare HR for overseas assignments by giving them language skills and coaching in the customs, culture, and laws of the prospective host countries which infact benefits the country, the individual, and further contributes in international job market.

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