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CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
<u>1</u>	Comparative study of International vs. Traditional HRM Issues and Challenges. Sirous Fakhimi-Azar, Farhad Nezhad Haji Ali Irani and Mohammad Reza Noruzi	<u>1-16</u>
<u>2</u>	An Analytical Study of Marketing of Banking Services of SBI and HDFC Bank in Borivali Suburb, Mumbai. Dr. M. N. Sondge and Prof. T. B. Gadhave	<u>17-39</u>
<u>3</u>	Investor's Awareness and Preference Towards Mutual Funds Investments - Some Survey Evidences. Dr. Megha Sandeep Somani	<u>40-61</u>
<u>4</u>	The Implication of Moral Intelligence and Effectiveness in Organization; Are They Interrelated? Gholam Reza Rahimi	<u>62-76</u>
<u>5</u>	Magnitude and Compensability of Industrial Accidents in Nepal. Dr. Shyam Bahadur Katuwal	<u>77-100</u>
<u>6</u>	Marketing of Dwcra Products A New Pardigm for Combating Rural Poverty - A Case Study Of Andhra Pradesh. Dr. K. Lalith and Prof. G. Prasad	<u>101-111</u>
<u>7</u>	Analyzed Traffic Through Switches In The Design of LANs using OPNET MODELER. Mr. Ishu Gupta, Dr. Harsh Sadawarti and Dr. S. N. Panda	<u>112-124</u>
<u>8</u>	Customer Satisfaction of Retail Consumers With Special Relevance To Organized Retail Outlets In Chennai City. Anita Priscilla .J and Dr. Shanthi	<u>125-145</u>
<u>9</u>	Cluster Based Mutation Testing Using Homogeneous and Heterogeneous N-MUTANTS. Mr. Ajay Jangra and Ms. Jasleen kaur	<u>146-160</u>
<u>10</u>	Review of Supply Chain Management for Modeling and Integration in Indian Electronics & Telecommunication industry. Parul Goyal	<u>161-181</u>
<u>11</u>	Issues and Perspectives on Two fundamental Intangible Assets in Organizations; Intellectual and Social Capitals. Firouze Azizi and Mohammad Reza Noruzi	<u>182-197</u>
<u>12</u>	Management of Transportation System and Prioritization of Transport Infrastructure Projects. Jayanti De, Dr. Sudip Kumar Roy and Dr. Madhumati Dutta	<u>198-214</u>
<u>13</u>	Mobile Learning Empowering Rural Women A study of Vidiyal (NGO) in Theni District, TAMILNADU. Dr. (Mrs.) S. Hasan Banu	<u>215-243</u>
<u>14</u>	A study on point of purchase - An Advertising and Selling Technique. Mrs. Priti Jeevan	<u>244-263</u>

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Title

**COMPARATIVE STUDY OF INTERNATIONAL VS.
TRADITIONAL HRM
ISSUES AND CHALLENGES**

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Abstract:

In the globalization process every co operations and firms, small or big national or multinational ones manufacture products in many countries and sell to consumers around the world i.e. they became globally. Money, technology and raw materials move ever more swiftly across national borders (Globalization, 2005). They should obey from the laws that are now globally not locally. During this process there is one risen issue called IHRM and it has its related issues.

This paper aims to study some effects of globalization and IHRM in detail.

Keyword: Globalization, IHRM, Management, Effects of Globalization on IHRM

Introduction:

Empirical and theoretical foundations of IHRM, alongside their application in practice, have developed significantly since the 1980s when Laurent (1986) described the field as being in its infancy. Indeed, in a recent review of the field, Lazarova optimistically argues: “as an area of research, IHRM is vibrant and diverse and has grown even more so in the past decade” (2006: 43). In a similar vein, Björkman and Stahl (2006) note that not only has the degree of research in the field increased, but so too has the scope of the studies undertaken (Noruzi & Westover, 2009).

There are a lot of literatures on the meaning of globalization, but generally speaking the globalization typically refers to the process by which different economies and societies become more closely integrated, and concurrent with increasing worldwide globalization, there has been much research into its consequences (Nilson, 2010, p.1191).

Globalization has been discussed among a lot of scholars from the past until today it is not a single face phenomena and it has two faces (Belk, 1996; Featherstone, 1990, 1995; Ger and Belk, 1996; Liebes and Katz, 1993; Robertson, 1992; Sklair, 2002; Waters, 1995; Matei, 2006, p.1). Globalization will causes a lot of movements one is social justice movement, it is proposes an alternative path, more responsive to public needs and intense political disputes will continue over globalization's meaning and its future direction (Global Policy Froum, 2011).

The variables of uncertainty and ambiguity are often associated with some post-classical approaches to social policy that seem to pervert. Moreover, risk and risk assessment are central to contemporary welfare state to involve both critical approaches, and to the more orthodox social policy, pointing to the pensions which are a good example to illustrate the elements of exclusion and notions of risk-based insurance and their inherent limitations for much of the design schemes of social policy (Hernandez & Noruzi, 2011).

Globalization and International trade:

Traditionally politics has been undertaken within national political systems. National governments have been ultimately responsible for maintaining the security and economic welfare of their citizens, as well as the protection of human rights and the environment within their borders.

During this interrelated process the globalization is one of the important factors which play a central role.

All mentioned above are interrelated and can cover each other from the past because of national and local small policies area made but now the policies are very big they are contains a lot of mini paradigms.

Industrial emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies particularly movement of material and goods between and within national boundaries International trade in manufactured goods has increased more than 100 times (from \$95 billion to \$12 trillion) since 1955(BBC NEWS, 2007). China's trade with Africa rose sevenfold during 2000–07 alone (Times Online, 2008; Politzer, 2008). And these are some effects of globalization in the area of rapid changing.

Traditional IHRM:

IHRM, as an academic discipline and as a functional business area, is in its youth. This is at least in part due to the generally limited role of HRM within many large firms, including the

large MNEs (some of which has to do with HR managers themselves) (Briscoe & Schuler, 2004). Suddenly, in the last twenty years or so, as business in general has rapidly internationalized, HR professionals have been called upon to manage a number of new activities, such as the management of international assignees, to work alongside HR professionals from other countries, and to adapt their HR practices to multicultural and cross-cultural environments (Clause, 1998; Westover & Noruzi, 2009).

Globalization is an act of widening and expanding the borders of a country to open the doors of the country to other countries to import and export goods i.e. a good trading.

The growth of international trade is a straightforward indication of economic globalization. When US residents, for example, read labels on their clothes showing they are made in China, Malaysia or Mexico, or decide to purchase a car made in South Korea, their sense of global connectedness is immediate (Economic Globalization, 2002).

There have been a number of reasons put forth to explain this late awakening to the importance of international business in US firms and its impact on human resources (Clause, 1998, 1999). In general, HR professionals have failed to embrace globalized economy as part of their development, and, indeed, have only recently begun to see the necessity (and business schools and professional HR societies have also been slow to add offerings in international HR to their curricula) (Briscoe & Schuler, 2004, p.27). Additionally, often HR managers are the last ones in their firms to focus on the increasingly globalized economy, the last ones to take on international assignments, and thus often the last ones on the management team to contribute as fully fledged strategic partners in the internationalization of their companies (Briscoe & Schuler, 2004, p.28).

Comparative study of International vs. Traditional HRM:

The typical domestic US HR manager does not have the contacts or networks that become necessary to learn about and handle the new international responsibilities. He or she doesn't typically have any experience with the business and social protocols needed to interact successfully with foreign colleagues or with the forms of organizational structure used to pursue international strategies (such as joint ventures or cross-border acquisitions) (Briscoe & Schuler, 2004, p.29). Additionally, the still relatively limited body of literature and publicly available

seminars and training programs make it much more difficult to develop the competencies needed to manage successfully the IHRM function (Briscoe & Schuler, 2004, p.29; Westover & Noruzi, 2009).

In the early years of academic exploration surrounding IHRM, a number of scholars suggested that IHRM differs from its domestic counterpart in terms of a number of factors (Dowling, 1988). The following updates this perspective.

It is necessary to know that the practice of HRM in the international context is different from its domestic counterpart in a number of ways. This includes the IHR department in a multinational firm

(1) being responsible for a greater number of activities, such as the management of international assignees, which includes such aspects as foreign taxes and work visas and detailed assistance with family relocations to foreign locales;

(2) having to expand its areas of expertise to include a much broader perspective, including knowledge of foreign countries and their employment laws;

(3) having to get much more closely involved – than is ever necessary in a purely domestic situation – with employees' (and their families') lives as the firm moves employees from country to country;

(4) Being involved with a greatly expanded and constantly changing mix of employees, adding considerable complexity to the IHR management task;

(5) having to cope with more external influences, such as having to deal with issues stemming from multiple cultures and countries; and, as a result,

(6) having to face much greater exposure to problems and difficulties, and thus, exposure to much greater potential liabilities for making mistakes in HR decisions (e.g. the cost of a failed international assignment can be as high as US\$1 million) (Claus, 1998; Briscoe & Schuler, 2004, p.29).

New Issues in IHRM:

One of the fundamental problems in successful HR management is to find (recruit and/or train) HR managers who, although they are raised and experienced in one culture, can effectively interact with and manage people raised in one or more different cultures, and who can develop effective HRM practices and policies in all of the various business environments in which the employer operates (as well as helping the firms executives plan for and manage effectively in these environments, as well) (Briscoe & Schuler, 2004, p.26).

There are many of issues arising from the internationalization of HRM, including:

- The Development of IHRM,
- Global Human Resource Management Challenges,
- Globalization and Localization Issues,
- Successful Localization in IHRM,
- Advantages of Successful HR Localization in IHRM, and
- Disadvantages of Successful HR Localization in IHRM (Noruzi & Westover, 2009).

Changes in the international environment during the last two decades are forcing most firms to consider globalization and localization issues more seriously. Factors such as the high value of the currency's value and trade friction have led firms of all sizes to establish or expand foreign manufacturing facilities. The large-scale expansion of overseas operations by Japanese firms during the 1980s and 1990s has brought about a shortage of qualified Japanese PCN managers to fill management positions at foreign subsidiaries (Keeley, 2001, 6).

More than any essential contradiction, it is argued that we need a more informed dialogue and proud, to ensure a frank exchange of ideas on some initial clarification of the major social policy issues.

Under globalization, politics can take place above the state through political integration schemes such as the European Union and through intergovernmental organizations such as the

International Monetary Fund, the World Bank and the World Trade Organization. Political activity can also transcend national borders through global movements and NGOs (Globalization, 2005).

Those principles are derived from and shaped by: the law and regulations that government; national standards and community expectations, and the values and mission the country articulates in its strategic plan (Hernandez & Noruzi, 2011).

With global ecological changes, there are two main streams on globalization:

- pro-globalization and
- Anti- globalization

Ever more integrated global economy, and other global trends, political activity increasingly takes place at the global level (Globalization, 2005; investor word, 2005).

According to Economic Globalization, 2002, investment is the conversion of money into some form of property from which an income or profit is expected to be derived. Foreign direct investments (FDI) are flows of money into a country that purchase a lasting stake in an enterprise for a foreign investor. These investments are direct in the sense that the investor purchases ownership rights in a specific company, rather than in a portfolio of stocks held by a broker, say. FDI does not include short-term investments, portfolio investments or currency flows (Economic Globalization, 2002).

In globalization the international trade is the cross-border trade in goods and services. It is measured by the sum of imports and exports, divided by the GDP of a national economy.

In globalization because in countries multinational corporations manufacture products in many countries and sell to consumers around the world money, technology and raw materials move ever more swiftly across national borders. Along with products and finances, ideas and cultures circulate more freely and open their boards then some issues will be arisen like the followings:

- Human Resource Management, HRM, countries should try to learn and understand the global affairs on HRM
- Global Staffing

- Global training
- Global law
- Global strategy
- Global Economy
- Global policy makers not local ones (Global Policy Forum, 2011).

Multinational firms act globally by forming alliances with other firms in other countries, using global systems, and lobbying international firms and other actors directly, instead of working through their national firms so their economy's will be developed.

According to Economic Globalization, 2002, Foreign Direct Investment is an indication of growing transnational ownership of production assets in the globalization. It is a leading edge of economic globalization in the sense that increasing foreign ownership of productive may give direct influence over livelihoods and production. The implications of foreign ownership of production may include both positive and negative elements, depending on the perspective of the observer. Foreign investment has often been an important avenue for the transfer of skills and technology. At the same time, foreign investment puts workers under foreign control, and leads to foreign appropriation of profits (Economic Globalization, 2002: Westover & Noruzi, 2009).

The high cost of maintaining so many PCN managers at foreign subsidiaries and complaints by HCN employees and local authorities underlines the importance of integrating HCNs into the management process (Scullion & Collings, 2006). There is a significant body of research (Yoshihara, 1994; Kopp, 1993), suggesting most Japanese and Asian MNCs have a long way to go before reaching such a stage in their organizational development. Corporations are going global in the sense that they are engaging in extensive FDI but at the same time they are not going local, as US and European companies have tended to do. Wingrove (1997, cited in Keeley, 2001) bases her conclusions on a study of well-known Japanese companies operating in Britain, including: Mitsubishi Electric, Hitachi Power Tools, Kobe Steel and Mitsui and Co. She found that Japanese expatriates fill practically all the senior managerial posts. Furthermore, Wingrove contends that even when decision-making is delegated to managers in the European markets, the Japanese practice of consensus still requires thorough consultation with head office

in Japan. She asserts that the Japanese parent companies tightly control the operation of their foreign subsidiaries and that many Japanese foreign manufacturing subsidiaries have not moved beyond the screwdriver-plant stage. She also reported that Shoichiro Irimajiri, senior managing director at Honda, stated Japanese firms are 10–20 years behind in internationalization (Keeley, 2001; Westover & Noruzi, 2009).

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