



Examination Of Current HR Practices In Indian Mncs And Foreign Mncs With A View To Map Similarities And Differences In HR Practices Of Both Indian And Foreign

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Abstract:

The topic of my Research paper deals with the study of current hr practices in Indian MNCs and Foreign MNCs. As we already know the basic HR practices of all the companies are similar, but their implementation and operation differs in many ways. Companies change their HR practices according to the culture and PEST environment of the countries in which they are operate .Globalisation is also a important driver in setting specific benchmarks for the hr policies being followed. This paper also focuses on critical dimensions best HR practices being followed and innovative hr practices, new trends in HRM nationally and internationally. New concepts like E-HRM and HRMIT are developed to cope with the scenario in which company is operating (as all companies now want to move beyond boundaries). Basic aim of all the companies is to earn PROFIT but now the concept is little bit changed as HRM has taken an important place in working of all the companies may it be national or multinational. Human resources are now considered as an ASSET instead of LIABILITY. As now companies are focusing on retaining talents instead of searching for low cost employees with lesser qualifications. Good Human resource management is now considered as one factor which adds competitive advantage to the company. Department of HUMAN RESOURCE in all the companies is now in lime light instead of back seat and it is learnt that “HR cannot function in cabins” Good human resource strategies and practices are the backbone of all the companies may be operating nationally or multinationally and good human resource management is the life blood of those companies. In my paper I have added examples of immediate ,present and in progress human resource practices followed in companies like WIPRO, LG ELECTRONICS, INFOSYS, GOOGLE, MICROSOFT, IBM, XEROX and many other companies which will provide insight into current HR practices and some innovative HR practices of these companies. Companies under discussion have many innovative practices like management restructuring programs, business process reengineering, performance ethic program, many reward systems etc to retain employees, which are discussed in detail in this research paper with the help of examples of INDIAN MNCs and FOREIGN MNCs.

Keywords: *Human Resource Management, Innovative HR practices, M N Cs, Management Restructuring Programs, Business Process Reengineering, and Performance Ethic Program.*

1.Introduction

India now becomes a player in the global stage. Everyone wants to do business with us, this change has given lot of opportunities to our country to grow further but it posed lot of challenges in front of us like Indian companies gained confidence to acquire foreign giant companies and try to establish themselves very competitive than the foreign companies at the same time we have to give emphasis on the various challenges before us like the gap between people in the corporate world and those in the rural areas is becoming serious concern and the wage differentials between blue collared workers and senior managers, the candidates having good education and communication skills getting more chance in the job market than other people lesser than them, attrition levels are all time high in India for example business process outsourcing facing problems with talent retention. This report tries to extract the facts to find out how the companies in India facing HR problems and what kind of innovative practices they are following to recruit and retain their employees and made them feel best place to work and enjoying working and made the companies in the great height in their own field of business.

2.The Global Picture

When it comes to business, the world is indeed becoming a smaller place. More and more companies are operating across geographic and cultural boundaries. While most have adapted to the global reality in their operations, many are lagging behind in developing the human resource policies, structures, and services that support globalization. The human resource function faces many challenges during the globalization process, including creating a global mind-set within the HR group, creating practices that will be consistently applied in different locations/offices while also maintaining the various local cultures and practices, and communicating a consistent corporate culture across the entire organization. To meet these challenges, organizations need to consider the HR function not as just an administrative service but as a strategic business partner.

Companies should involve the human resources department in developing and implementing both business and people strategies. This type of partnership is necessary if an organization wants to change potentially inaccurate perceptions of HR

and reiterate the HR function's purpose and importance throughout its global environment. Organizations will also discover that HR can be invaluable in facilitating the development of a unifying corporate culture and finding and cultivating much needed leadership talent around the world. The process of globalizing resources, both human and otherwise, is challenging for any company. Organizations should realize that their global HR function can help them utilize their existing human talent from across multiple geographic and cultural boundaries. International organizations need to assist and incorporate their HR function to meet the challenges they face if they want to create a truly global workforce.

3.Four Critical Dimensions Of Best Practices

3.1.Attract and Access

Attracting and retaining talent is becoming a big problem for every organization, they are following every trick and strategy to recruit and retain the employees.

3.2.Develop And Grow

Nowadays organizations try to recognize the aspirations of employees and focus on their growth and development. India provides job rotation opportunities to high performing employees from operations division. This gives them broader understanding of the business.

3.3.Engage And Align

Employee engagement has retained the focus of organizational leadership and many companies keep launching new practices to woo employees. They are using innovative practices like "Loyalty Interview"- to find out what is it that makes its employees stay on, the feedback from loyal employees often reflects on the leadership style and is seen to work as a great motivation.

3.4.Transition

Movement of talent within the organization and outside of the organization sends strong signals to the employees about the organization's care and concern. Right

from the induction, which is often the first impression the employees carries, to the exit interview, the sensitivity displayed by the organization has a lasting impact on all employees.

4.New Trends In Hr

Human resource management is a process of bringing people and organizations together so that the goals of each other are met. The role of HR manager is shifting from that of a protector and screener to the role of a planner and change agent. Personnel directors are the new corporate heroes. The name of the game today in business is personnel. Nowadays it is not possible to show a good financial or operating report unless your personnel relations are in order.

Over the years, highly skilled and knowledge based jobs are increasing while low skilled jobs are decreasing. This calls for future skill mapping through proper HRM initiatives.

Indian organizations are also witnessing a change in systems, management cultures and philosophy due to the global alignment of Indian organizations. There is a need for multi skill development. Role of HRM is becoming all the more important.

Some of the recent trends that are being observed are as follows:

- The recent quality management standards ISO 9001 and ISO 9004 of 2000 focus more on people centric organizations. Organizations now need to prepare themselves in order to address people centric issues with commitment from the top management, with renewed thrust on HR issues, more particularly on training.
- To leapfrog ahead of competition in this world of uncertainty, organizations have introduced six- sigma practices. Six- sigma uses rigorous analytical tools with leadership from the top and develops a method for sustainable improvement. These practices improve organizational values and helps in creating defect free product or services at minimum cost.
- Human resource outsourcing is a new accession that makes a traditional HR department redundant in an organization. Exult, the international pioneer in

HR BPO already roped in Bank of America, international players BP Amoco & over the years plan to spread their business to most of the Fortune 500 companies.

- With the increase of global job mobility, recruiting competent people is also increasingly becoming difficult, especially in India. Therefore by creating an enabling culture, organizations are also required to work out a retention strategy for the existing skilled manpower.

5.New Trends In International HRM

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

- Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.
- Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.
- To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.
- Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.
- In many European countries - Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionized.

5.1.HR Managers Should Do The Following Things To Ensure Success

- Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats.
- Employ innovative reward plans that recognize employee contributions and grant enhancements.
- Indulge in continuous quality improvement through TQM and HR contributions like training, development, counselling, etc
- Utilize people with distinctive capabilities to create unsurpassed competence in an area, e.g. Xerox in photocopiers, 3M in adhesives, Telco in trucks etc.
- Decentralize operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialized ideas from its research labs.
- Lay off workers in a smooth way explaining facts to unions, workers and other affected groups e.g. IBM ,Kodak, Xerox, etc.

Due to the new trends in HR, in a nutshell the HR manager should treat people as resources, reward them equitably, and integrate their aspirations with corporate goals through suitable HR policies.

6.TOP TEN HR PRACTICES

- Safe, Healthy And Happy Workplace
- Open Book Management Style(culture of participative management)
- Performance Linked Bonuses
- 360-Degree Performance Management Feedback System
- Fair Evaluation System For Employees
- Knowledge Sharing
- Highlight Performers
- Open House Discussions And Feedback Mechanisms
- Reward Ceremonies
- Delight Employees With The Unexpected

6.1.Common HR Practices Of Indian And Foreign Mncs Are

6.1.1.Indian MNCs

AIRTEL, ITC Ltd., HINDUSTAN UNILEVER, TATA STEEL, TATA MOTORS, RELIANCE INDUSTRIES Ltd., MIND TREE CONSULTING, BIRLA CORP., SUBEX

6.2.2.Foreign MNCs

IBM, CISCO SYSTEMS, FORD MOTORS, PHILIPS, GOOGLE, LG electronics

Throughout the research it was found that companies now focus on betterment of human resources instead of using them as a medium to extract profit, employees are now considered as resource as any other natural resource, companies now consider employees as asset not as liability.

Watson Wyatt, a USA based e HR™ company advocates that for companies to become E – HR focused, they need to move their HR communications and transactions to the Web and Internet.

Now companies use following HR Practices for the welfare of their HUMAN resources which in turn help them to gain handsome amount of profits.

Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats.

Employ innovative reward plans that recognize employee contributions and grant enhancements.

Indulge in continuous quality improvement through TQM and HR contributions like training, development, counselling, etc

Utilize people with distinctive capabilities to create unsurpassed competence in an area.(GOOGLE,ITC,BATA)

Decentralize operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialized ideas from its research labs.

Lay off workers in a smooth way explaining facts to unions, workers and other affected groups e.g. IBM, Kodak, Xerox, etc.

ALL the companies now focus in the time i.e. when to use expats when to hire locals and how to create new class of employees glopats.

RECRUITMENT and SELECTION is mainly done from within the organization more often, than from external sources, EMPLOYEE REFERRAL is the most famous source, but now the companies are hiring from outside the organization in order to enhance productivity and gain skill variety (ITC, GOOGLE)

360 Degree performance appraisal is widely used.

Management by Objective is also followed in many companies.

As the new outlook of all the companies is on betterment of human resources thus in turn it can enhance productivity and profits of the company.

The new outlook revolved around three basic fundamentals:

Structure: clearly define the job profile and responsibility for the job; match person to job;

Appraisal: ensure that all performance is appraised in a fair and transparent manner;

Reward: ensure that, alongside monetary reward, there is adequate scope for promotions with increased responsibilities.

On Line recruitment is done in all of the above given companies.

The methods of training used are like Job Rotation, Understudy assignment / Mentoring and coaching, Classroom lecture, Films and videos, Experiential / Simulation exercise(case analyses, group interaction), Workbooks/manuals, Vestibule training, Technology Based Training Method, CD-ROM/DVD/Videotapes/Audiotapes, Videoconferencing/teleconferencing/Satellite TV, E-HRM.HRM IT,E-Learning. All of these methods of training are used in KAFCO,TATA MOTORS,FORD,AIRTEL.

Method of job rotation is not followed by AIRTEL.

TRAINING in all the companies focus on ON THE JOB training method followed by lectures (BATA INDIA Ltd.) and Short stories:The Company compiled 52 short stories, one for each week, the company used to introduce new recruits. The stories talk about its history and evolution, technology and people who made a difference (GOOGLE).

Open and transparent communication in GOOGLE,XEROX,TATA STEEL,has helped these companies in maintaining harmonious relationship between employees

at all levels and this type of communication is followed in 99% of all the companies being considered in the research.

UNILEVER and IBM both have employee retention policies they focus on retaining its “high flyers” so that they can not lose their competent talent.

Similarities in the hr practices OF FORD AND TATA MOTORS

At Ford – They only hire competent employees who have a post graduate degree and they train them to develop their skills.

Various training programmes like “Technical Career Entry Programmes” are provided to develop the technical skills of the employees. This includes various categories like

ASSET – Automotive Student Service Educational Training

Fact- Ford Accelerated Credential Training

Maintenance and Light Repair Training

YAATC- Youth and Adult Automotive Training Centers

At Tata Motors –

They emphasise on developing their employees at every cadre.

Technical training programmes, training for finance personnel, training for human resource management personnel, administrative are given.

Structured training programmes, rotational assignments and cross-functional mobility allow employees to grow.

Movement across functions is encouraged to help employees develop a wider perspective and gain expertise in manifold functions.

Findings.....!!!!

Huge difference in the HR practices followed in India and the US

Both the companies’ emphasise on the technical skills of the employees

Difference in Ford India and Ford USA HR Practices due to the difference in the culture and attitude

Training is given high importance (In TATA & Ford) – to develop employee skills

The unique feature about Ford US is its E-HR practices where all the HR practices are practiced on the web – not practised in Ford India

A lot of career development programmes are conducted thereby improving employee performance and company performance

Where Ford Motors is a People oriented organisation, Tata Motors is committed at taking care of its employees

The other similarity in both the companies is that they encourage 'Innovation' and that is the key to development.

7.Conclusion

During the course of the secondary research done on the topic: Current HR practices of Indian MNCs and foreign MNCs" and after finding out the common and different points between them and the forces affecting them it can be concluded that:

Introduction of expatriates/ Glopats

"Expatriates are more successful in India if they apply a culture-specific leadership style. Such a leadership style combines Adaptation (authoritativeness, emotionality and empathy) and Leadership (result-orientation). Both components have some potential alone, but basically form an inseparable unit, which only in its entirety generates the best possible results. This entirety can also be called a deliberate, demanding, differentiated Paternalism (d d d P.)

7.1.Positive Characteristics Of The Indian Employees, As Seen By Foreign Expatriates

Firstly, Indian employees are seen as hard working, as loyal to the company, and as highly motivated to do new things. Secondly, they are seen as intelligent, as well-educated and willing to develop themselves. Thirdly, they are seen as friendly, positive and open towards foreigners.

7.2.Negative Characteristics Of The Indian Employees, As Seen By Foreign Expatriates

Indian employees are seen as not committed to results, as unreliable, as bad team players and as job-hoppers.

7.3. Positive Characteristics Of Expatriates, As Seen By Indian Employees

The employees appreciate the expatriates' professionalism and ambition (organized way of thinking/working), leadership style (delegation, open communication,

fairness, approachability), skills (job knowledge, international experience) friendliness (empathy, generosity and courteousness), and willingness to understand India and Indians.

7.4. Negative Characteristics Of Expatriates, As Seen By Indian Employees

The employees state that firstly, the expatriates' do not adapt enough, and secondly, they remain aloof, look down upon Indian employees, and do not trust them. Development of Global database to know where and what kind of talent is present within company, has made companies efficient enough to meet the business need in lesser time and in most effective way. Success of MNCs lies in their balance between global efficiency, local responsiveness and worldwide learning. Head quarters of all MNCs always have a strong role in recruitment and selection process, as 99% of times the guidelines are provided by the HQs (I.B.M., GOOGLE). Now More importance is given on the welfare of human resources and in maintain amicable relationship between employer and employee, and also between employee and employee. More skilled and knowledgeable people are the need of the time, as all the Indian companies are moving abroad and vice versa all because of GLOBALIZATION which needs grasping others culture into your own business while taking care their your own vision and mission doesn't diminishes away. Companies are now taking care that they employ psychologically sane people thus now psychological testing is most important part of recruitment process in all companies and also in many companies interviews of spouses are being taken. (ITC ltd.) Companies are now focusing on implementation of employee retention policies instead of searching of cheap labour. (MAHINDRA & MAHINDRA, MARUTI UDYOG ltd.) Companies now have an Intranet-based tool, which assesses an employee's health through a questionnaire and makes recommendations based on the scores. (GOOGLE, HUL)

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