

HR PRACTICES BEFORE AND AFTER MNCS IN INDIA**Dr. K . KUMAR****Associate Professor , PG Dept of Commerce , National College, (Autonomous)****Trichy****C. ANANTH****Research Scholar , PG Dept of Commerce , National College,(Autonomous)****Trichy****ABSTRACT**

India is being widely recognized as one of the most exciting emerging economics in the world. Besides becoming a global hub of outsourcing, Indian firms are spreading their wings globally through mergers and acquisitions. During the first four months of 1997, Indian companies have bought 34 foreign companies for about U.S. 11 billion dollars. This impressive development has been due to a growth in inputs (capital and labour) as well as factor productivity. By the year 2020, India is expected to add about 250 million to its labour pool at the rate of about 18 million a year, which is more than the entire labour force of Germany. This so called 'demographic dividend' has drawn a new interest in the Human Resource concepts and practices in India. This paper traces notable evidence of economic organizations and managerial ideas from ancient Indian sources with enduring traditions and considers them in the context of contemporary challenges.

The rapid rise of multinational corporations (MNCs) from emerging economies has led to greater interest and urgency in developing a better understanding of the deployment and diffusion of managerial strategies from their perspective and without assuming the prevailing Western ethnocentric orthodoxy. This paper develops a conceptual framework of global HR strategies and practices in MNCs from emerging economics across their subsidiaries in both developed and developing markets. Using data from a pilot study of an Indian MNC, it provides insights and guidance into the motives, strategic opportunities and constraints in cross national transfer of HR policies and practices in a multi-polar world.

INTRODUCTION

HR practices before arrival of multinational companies consist of internationalization and globalization, international human resource management is becoming an important concept for human resource practitioners to be aware of and to practice. This is vital for human resource managers in multinational corporations and international joint ventures, and also for domestic based human resource managers who import staff from overseas. In order to keep up with the pace, human resource managers will have to have a global vision of how to manage their people effectively both at home and abroad.

Transfer of HRM practices in MNCs

HRM is evolving from being a mere support function to one of strategic importance and several authors have argued that HRM policies and practices are becoming crucial because they can act as mechanisms for co-ordination and control of international operations. At the same time, it has been acknowledged that HRM constitutes a major constraint when MNCs try to implement global strategies, mainly because of the different cultural and institutional framework of each country in which the MNC operates.

INDIAN HR PRACTISES

Staffing practices Indian job advertisements often specify educational qualifications and age requirements for potential jobs. Indian companies use branding in their recruitment process. The status minded Indian employees like to work for employers that have a name and are well-recognized in employment and social circles. Therefore, newspaper advertisements frequently provide detailed company information. Subsequently, the employee is considered the “brand” and a walking advertisement for the company.

Personal questions are often asked during the hiring process. Questions about marital status, caste and family background will be asked during the interview or on a bio-data form. Employers frequently discriminate on the basis of caste, which is easily recognizable by the first and last names. Verification of recent educational certifications, degrees and certificates is asked from applicants during the interview process. Married female applicants are frequently asked during the interview if they are planning to start a family.

TRAINING PRACTISES

Indian organizations spend quite a bit of money on training because it is considered an extension of academic learning, which is very valued in India. It also relates to the cultural dimension of future orientation, which makes employees seek any form of learning to have constant marketable skills.

Among Indians, training creates loyalty to the company. For entry level employees, there is often a large disconnect as to what they are taught in graduate school and what they have to when they enter the workplace. Therefore elaborate entry-level training focuses on soft skills such as effective communications, team dynamics and also relevant product-based and technical knowledge.

Training programs in India are more extensive and longer in duration. Entry-level employees are in training for between three and 12 months, depending on the size of the company. The average annual corporate training hours can range anywhere between 60 and 120 hours. The best company in providing training of Infosys, with an annual training budget of about 145million. Entry-level Infosys employees spend about four weeks on initial training. Organizations often pair with both well-known local and international universities to provide continuing education for their employees.

PERFORMANCE APPRAISAL

Cultural dimensions of collectivism and power distance make objective appraisals a challenge.

- ❖ Supervisors and subordinates develop close relationships.
- ❖ Organizational loyalty is as important as work performance.
- ❖ Employee promotions are frequently based on seniority.
- Annual Performance appraisals.
- Supervisors provide performance ratings that are frequently inflated due to personal relationships.
- Employment at will does not exist in India. Employment termination carries a social stigma.

COMPENSATION AND BENEFITS :

- In addition to a base salary, compensation includes:
- House rent Allowance (HRA*)
- Medical allowance.
- Dearness allowance (DA*)

- Leave Travel allowance (LTA*)
- Commuter allowance
- * These allowances are frequently referred by their acronyms

- Several categories of leave (vacation) exist:
 - Sick leave : 7days (medical certificate required)
 - Casual leave: 7 days (for personal and family emergencies, requires prior permission of boss). Employees can take maximum 2 days at a time
 - ❖ Annual leave: 3 weeks (after one year of employment).
 - ❖ Federal Holidays : About 20days.

- Retirement Age :
 - ❖ 55-60 years (Private Sector)
 - ❖ 60 years (public sector)

- Retirement benefits: Employees receive two lump-sum payments when they retire :
 - ❖ Provident Fund (Similar to 401(k))

- Typical Contributions : 10-12 percent of base salary (employer and employee)
- Payable of retirement, Voluntary separation, death.
 - ❖ Gratuity
 - Only employer contributes (15 days salary per year of service)
 - Tax – exempt for employees.
 - Payable of retirement, Voluntary separation, death.
- Executives or senior management are frequently offered special perks. These special perks are associated with increased social status. Employees in the Indian culture like to have visible indicators of increased status and wealth because they signify work achievement.

CONCLUSION

Indians are born into their castes which creates a social hierarchy that spills over into organizational life. This is the scenario within which HRM is evolving from a primarily industrial relations and personal function to that of the creation and moulding of strategic and systemic policies and practices aligned with their business goal in an environment of intense global competition. A growing body of theoretical and empirical literature on the use the Indian context is lacking. The reason for such a gap is yet to be explored. At the same time, a stable employee-employer relationship has been identified as one of the key factors in enhancing the performance of individuals and organizations.