

INTERNATIOANAL HUMAN RESOURCE MANAGEMENT

UNIT II

IHRM STRATEGIES

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Internationalization and world business — Strategic orientation, IHRM in cross border Mergers and Acquisitions, International Alliances – IHRM & Competitive advantage- Cultural context of IHRM

Internationalization

Internationalization is the process of a company branching out to foreign markets to capture a greater market share.

The trend towards Internationalization contributes to Globalization - the state where economies worldwide become integrated due to cross-border trade and investments.

Internationalization may require companies to adapt their product features and branding to match the cultural and technological needs of the local market

Drivers for Internationalization

- Four main reasons for a business to expand its operations abroad are:
- Achieve growth: the local market may have a limited customer base or become saturated over time, expanding overseas is the only for businesses to increase their market share and continue growing.
- Improve profitability: international businesses can take advantage of marketing and technological advantages in the host country or introduce higher prices to new customers to achieve higher profits.
- Spread the risk: by going international, the business can lessen its redundancy on one market or customer base. In case of a market failure or a shift in customer behaviour, it can still rely on other operations elsewhere for survival.

- Increase competitiveness: companies operating overseas have greater economies of scale to lower the cost of their business and be more competitive. The presence on a global scale also boosts the company's reputation and allows it to attract more customers compared to local businesses.

CHALLENGES OF INTERNATIONALIZATION

- Language Barriers
- Cultural Differences
- Managing Global Teams
- Currency Exchange and Inflation Rates
- Nuances of Foreign Politics, Policy, and Relations

STRATEGIC ORIENTATION

- Strategic Orientation is acting in accordance with the organizational priorities, strategies or vision
- Strategic human resource management involves a future-oriented process of developing and implementing HR programs that address and solve business problems and directly contribute to major long-term business objectives.
- Strategic orientation is the ability to link the long-range vision of Indigenous self-determination to daily work, ranging from a simple understanding to a sophisticated awareness of the full impact of thinking and actions

The 5 Levels of Strategic Orientation

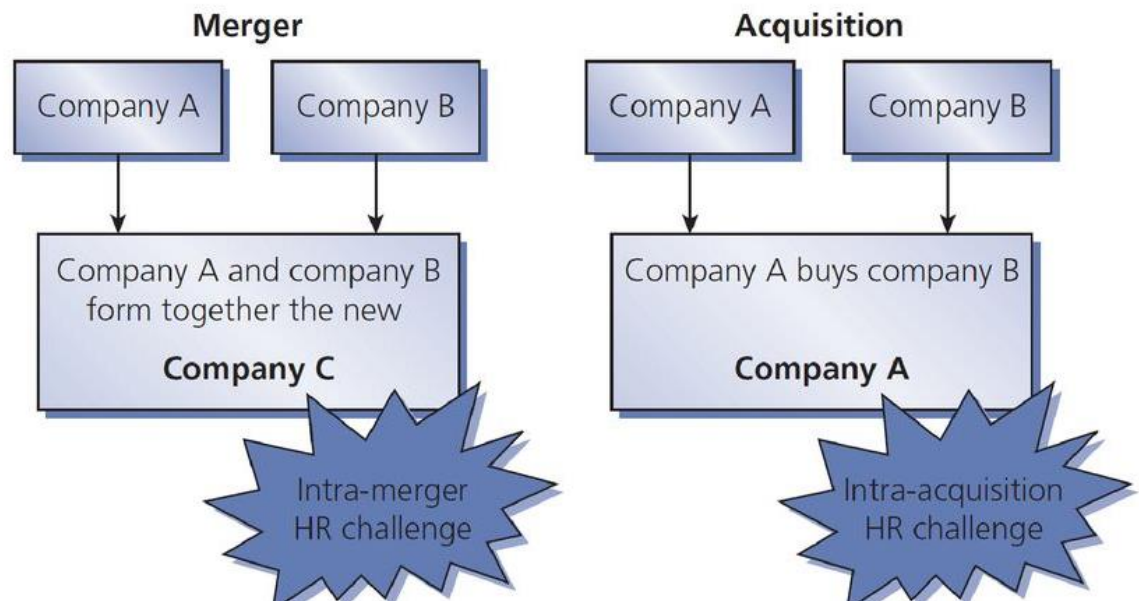
1. Engaging in Strategic Dialogue
2. Strategic Planning

3. Strategic Measurement
4. Developing a Strategic Calendar
5. Integrating Strategic Dialogue

IHRM CROSS BORDER MERGER AND ACQUISITION

MERGER

- The act of joining two or more companies together
- A **merger** is generally defined as the joining of two or more different organizations under one common owner and management structure.
- An **acquisition** is the process of one corporate entity acquiring control of another corporate entity by purchase, stock swap or some other method.”



■ WHAT IS A CROSS BORDER ACQUISITION?

- Cross-border acquisition is when one company acquires a company that is based on a different country.
- Cross-border M&A can help companies to expand their operations around the world without having to start from the ground up,

although there are certainly challenges facing both the acquirer and the acquired company.

What are the two examples in merger and acquisition?

Some of the most famous and successful examples of M&A deals that have occurred over the last few decades include Google's acquisition of Android, Disney's acquisition of Pixar and Marvel, and the merger between Exxon and Mobile (a great example of a successful horizontal merger).

