



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore - 641 107**

**An Autonomous Institution**

**Accredited by NBA - AICTE and Accredited by NAAC - UGC with 'A' Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA315 STRATEGIC HUMAN RESOURCE MANAGEMENT**

**II YEAR /III SEMESTER**

**Unit III - CROSS CULTURAL HRM**

**Topic 7 - International Compensation**



# INTERNATIONAL COMPENSATION

## Definition:

International compensation can be defined as the provision of monetary and non-monetary rewards, including base salary, benefits and perquisites, long and short-term incentives, valued by employee in accordance with their relative contributions to MNC performance.



# OBJECTIVES

- ▶ To recruit and retain suitable employees
- ▶ To provide consistency and equity
- ▶ To facilitate employee's mobility
- ▶ To motivate employees to adapt to foreign cultures and environment.
- ▶ To determine cost of staff
- ▶ To simplify collective bargaining procedures
- ▶ To enhance organizational performance
- ▶ To provide competitive and comparable compensation package



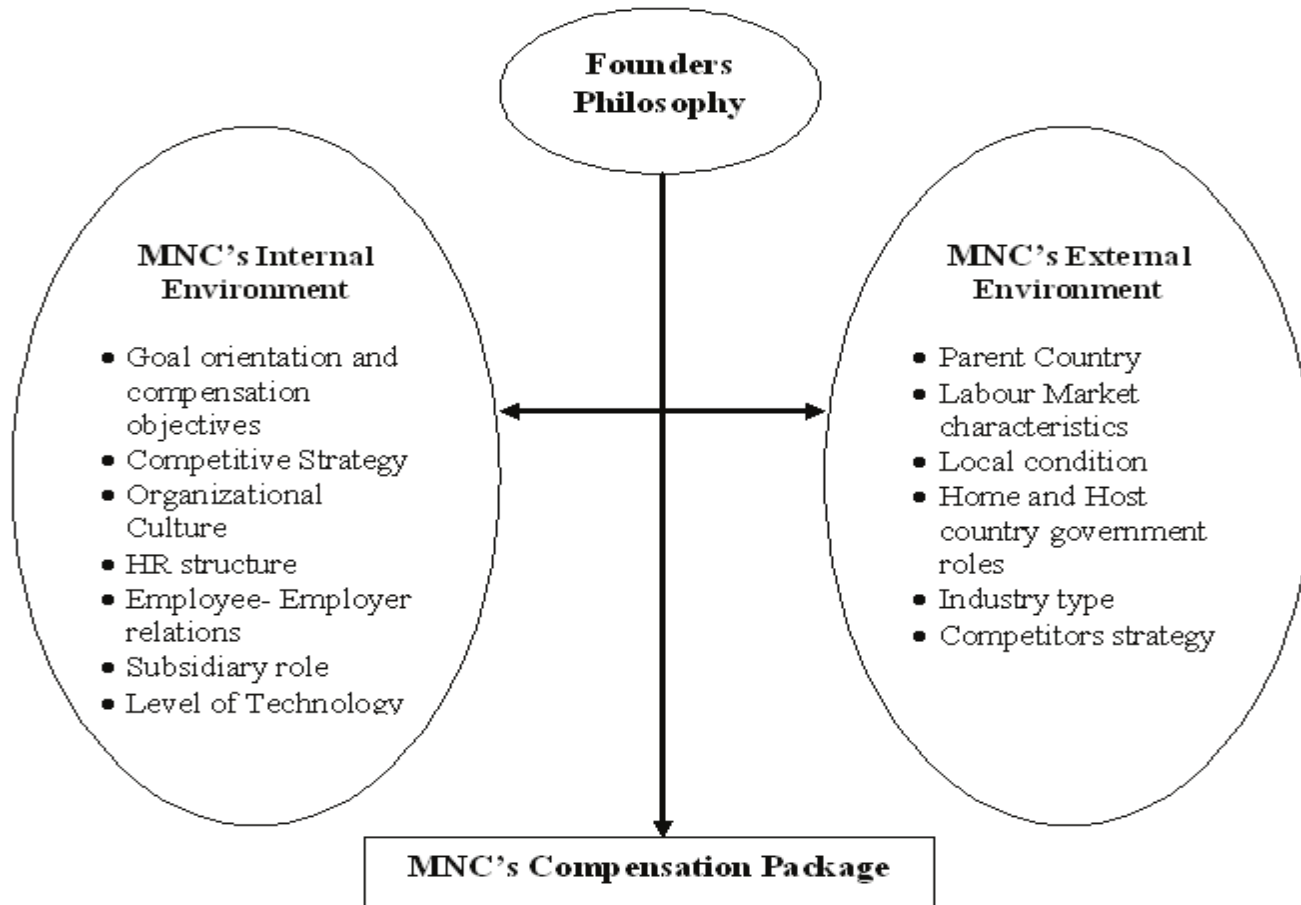
# IMPORTANCE OF INTERNATIONAL COMPENSATION

- ▶ Attracting and retaining personnel
- ▶ Optimizing cost of compensation
- ▶ Consistency in compensation
- ▶ Motivating personnel



## Components Of Global Compensation Package

Base Salary and Incentive Pay	Allowances	Taxes	Retirement Benefits
<ul style="list-style-type: none"><li>• Pay/Base salary</li><li>• Bonus</li><li>• Stock-Option</li></ul>	<ul style="list-style-type: none"><li>• Cost of Living</li><li>• Housing Allowance</li><li>• Educational Allowance</li><li>• Medical Allowance</li><li>• Insurance Allowance</li><li>• Relocation Allowance</li><li>• Hardship Premium</li></ul>	<ul style="list-style-type: none"><li>• Exchange Rate Protection</li><li>• Tax Equalization</li><li>• International Market</li><li>• Tax Protection</li></ul>	<ul style="list-style-type: none"><li>• Gratuity</li><li>• Pension</li><li>• Social Security Measures</li></ul>





## APPROACHES OF IC

- ◀ Growing Rate Approach
- ◀ Balance Sheet Approach
- ◀ International Citizen's Approach
- ◀ Lum Sum Approach



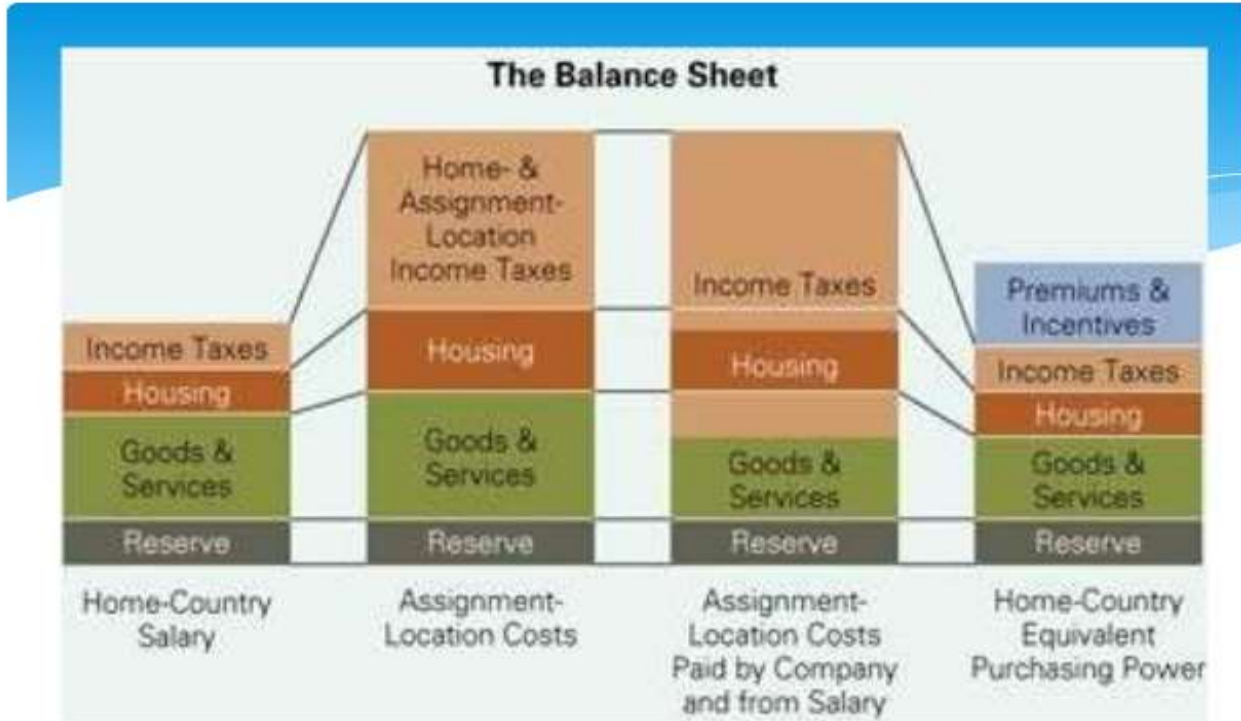
## GOING RATE APPROACH

- ◀ This approach is the blending elements from both the home-country and host country approaches





# BALANCE SHEET APPROACH





## OTHER APPROACHES

- ◀ Region Based Approach : Expatriates are paid working in their local region
- ◀ Hybrid Approach : Blending elements from both the home-country and host-country..
- ◀ Citizen's Approach: International basket of goods is used for all expatriates regardless to country of origin.
- ◀ Lump sum Approach: Giving the expatriate a predetermined salary and letting the individual decide about how to spend it.



# PROBLEMS IN INTERNATIONAL COMPENSATION

## ISSUES /PROBLEMS IN INTERNATIONAL COMPENSATION

**Impact of Human Resources  
Demand-Supply Equation**

Use of Surveys

**Use of Global Compensation and  
Benefits Consultants**

Outsourcing Compensation



**RECAP**

**QUESTIONS???**

**THANK YOU**