# RAJEEV INSTITUTE OF TECHNOLOGY

## HASSAN-573201


# INTERNATIONAL HUMAN RESOURCE MANAGEMENT

# 20MBAHR403

As per VTU S2020 Syllabus/scheme for 4th Semester

# VISION & MISSION OF THE INSTITUTE

## Vision:

❖ To be an academic institution in vibrant social & economic environment, striving continuously for excellence in education, research and technological service to the society

**Mission:**

1. To achieve academic excellence in engineering and management through dedication to duty, offering state of the art education and faith in human values

2. To create and endure a community of learning among students, develop outstanding professionals with high ethical standards
3. To provide academic ambience conducive to the development, needs and growth of society and the industry

## VISION & MISSION OF THE DEPARTMENT

## VISION

To become a center of excellence for providing quality and value based management education to nurture business managers with a global outlook and contribute for the growth of society and nation

## MISSION

- To impart professional skills through transformational learning of theoretical concepts for real world applicability
- To Facilitate acquaintance of the corporate world through interaction with Industry experts.
- To develop globally acceptable competent professionals with Moral, Ethical and Professional standards to serve society and nation.

**PROGRAM SPECIFIC OUTCOMES (PSO's)**

**PSO1:**Comprehend the contemporary features and characteristics of Business Management Science and its administration

**PSO2:** Analyse and interpret the dynamic situations for making Business Management strategies and decisions at the national and global level

**PSO3:** Handle responsibility with the ethical values for all actions undertaken by them.

**PSO4:** Adapt and focus on achieving the organisational goal and objectives with complete zeal and commitment.

**PROGRAM EDUCATIONAL OBJECTIVES (PEOS)**

**PEO1:** MBA is a two-year full-time programme, aimed at nurturing and training young minds with contemporary skills of management, adept in handling diverse sectors of the economy.

**PEO2:** The programme intends to inculcate leadership qualities in individuals to strategically position themselves in all emerging platforms of idea generation, creation of pragmatic knowledge, skills and competency development.

**PEO3:** The diverse course curriculum enables a high degree of academic flexibility for fostering innovation and creativity. It instills resilience and adaptability in students for facing the challenges of the contemporary business world.

**PROGRAM OUTCOMES**

**PO1:** Apply knowledge of management theories and practices to solve business problems.

**PO2:**Foster analytical and critical thinking abilities for data based decision making.

**PO3:**Ability to develop value-based leadership.

**PO4:**Ability to understand, analyse and communicate global, economic, legal and ethical aspects of business.

**PO5:**Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment.

| INTERNATIONAL HUMAN RESOURCES MANAGEMENT | | | |
|---|---|---|---|
| Course Code | 20MBAHR403 | CIE Marks | 40 |
| Teaching Hours/Week (L:T:P) | 3:0:0 | SEE Marks | 60 |
| Credits | 03 | Exam Hours | 03 |

**Course Objectives**

1. The student will be able to describe and Identify the application of IHRM in managing and developing an Organisation
2. The student will be able to describe and explain in her/his own words, the relevance and importance of IHRM in managing and developing an Organisation
3. The student will be able to apply and solve the workplace problems involving International issues
4. The student will be able to classify and categorise different Laws related to IHRM
5. The student will be able to create and reconstruct HRM System to be adopted in the Organisation related to International employees
6. The student will be able to appraise and judge the practical applicability of various strategy and approaches in managing International Organisation

**Module-1 Introduction** **7 hours**

Meaning and Definition IHRM: Evolution, Challenges, Objectives, IHRM Versus Single Nation-centric HRM IHRM: Approaches Emergence of Global HR Manager IHRM;Culture and Cross-Cultural Management-Introduction, Studies on culture in management Positivist views: 'Culture and values' Interpretive views: 'Culture and meanings' Critical views: 'Culture and power"; Comparative Human Resource Management - Globalisation and HRM, The importance of context, Differences in HRM practice; Approaches to International Human Resource Management - Review of IHRM approaches, The concept of HRM, Are IHRM models applicable to other contexts? What factors affect HRM approaches internationally? What are the implications of change for IHRM approaches?

**Module -2 IHRM Policies and Practices - Part A** **7 hours**

Managing Knowledge in Multinational Firms: Introduction, Different types of knowledge, Factors influencing knowledge sharing How to stimulate knowledge sharing Gaining access to external knowledge, Knowledge retention From the management of knowledge to innovation

Training and Development: Developing Global Leaders and Expatriates

Training and Development: Domestic Versus International Organisations International Training Management: Basic Concepts and Models Leadership Training and Development in International Organisations Technology in International Training Management.

**Module -3 IHRM Policies and Practices - Part B** **7 hours**

Global Performance Management

Introduction, Key components of PMSs Factors affecting PMSs Culture and PMSs, PMSs in six leading economies: China, India, Japan, South Korea, UK and USA, PMS for expatriates
Total Rewards in the International Context

Recap: differentiating between PCNs, TCNs and HCNs Introduction: the current state of total rewards Complexities faced by IHR managers, International total rewards objectives for the MNC Newer forms of international assignments, Key components of global total rewards programs. Approaches to international compensation Repatriation issues, International trends in global total rewards.

**Module -4 International Assignments And Employment Practices** **5 hours**

Introduction Staffing policies, Motives for international transfers, Alternative forms of international assignments. The international assignment process Dimensions of international assignment success

Multinational Companies and the Host Country Environment Introduction, Varieties of host country environments, Sustainability of divergent, employment arrangements Understanding how MNCs act in diverse host country, environments Host country effects on IHRM practices of MNC subsidiaries

**Module -5 Employment Practices** **7 hours**

Regulation and Multinational Corporations: The Changing Context of Global Employment Relations

Importance of regulation and political context, Political agendas to de-regulate, Political and institutional drivers of de-regulation, Problems with de-regulation in a global context. Human Resource Management in Cross-Border Mergers and Acquisitions. Cultural differences and cross-border M&A performance, Managing cross-border integration: the HRM implications.

**Module – 6 Diversity Management and CSR** **7 hours**

Equal opportunities, Diversity Management, Work–life balance: practices and discourses; International Culture Management: Model Organisational Culture and Innovation, Models of Culture, Hofstede's Four, Cultural Dimensions, Trompenaar's Seven Cultural Dimensions, Globe's Nine Cultural Dimensions, Edgar Schein's Model of Culture Deal and Kennedy's Culture Model, Schneider's Culture Model, Cameron and Quinn's Model of Culture Charles Handy's Model of Culture Denison's Model of Culture, Profile of Organisational Culture in International Organizations Managing International Culture. Corporate Social Responsibility and Sustainability through Ethical HRM practices. Ethics and corporate social responsibility International labour standards.

**Course Outcomes:**

1. Gain conceptual knowledge and practical experience in understanding the HR concepts globally.
2. Comprehend and correlate the strategic approaches to HR aspects amongst PCN's, TCN's and HCN's.
3. Develop knowledge and apply the concepts of HR in global perspective
4. Have a better insight of HR concepts, policies and practices by critically analysing the impact of contemporary issues globally.

**Practical Components:**

- A visit to Organisation and interact with HR Manager and list out the roles played by HR manager.
- Meet Recruitment Manager and ask- 10 questions one asks during Interview.
- Meet Training and Development Manager and list out various training given to employees; basis of training program; Need analysis.
- Visit any Service Organisation and observe HR functions; List them.

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|---|---|---|---|---|---|
| | PO1 | PO2 | PO3 | PO4 | PO5 |
| CO1 | X | | X | | X |
| CO2 | X | | X | | X |
| CO3 | X | X | X | | |
| CO4 | X | | X | X | X |

**CO-PO MAPPING**

**Question paper pattern:**

The SEE question paper will be set for 100 marks and the marks scored will be proportionately reduced to 60.

- The question paper will have 8 full questions carrying equal marks.
- Each full question is for 20 marks.
- Each full question will have sub question covering all the topics under a Module.
- The students will have to answer five full questions; selecting four full question from question number one to seven and question number eight is compulsory.
- 100 percent theory in the SEE.

**Textbooks**

| Sl No | Title of the book | Name of the Author/s | Publisher Name | Edition and year |
|---|---|---|---|---|
| 1 | International Human Resource Management | Srinivas R. Kandula | Sage Publication India Pvt. Ltd. | 2018 |
| 2 | International Human Resource Management | Anne-Wil Harzing, Ashly H. Pinnington | Sage Publication India Pvt. Ltd. | 4/e, 2015 |

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|---|---|---|---|---|
| 3 | Diversity at Work | Arthur P Brief | Cambridge University Press | 2008 |

## CONTENTS

**Module-1 Introduction 7 hours**

Meaning and Definition IHRM: Evolution, Challenges, Objectives, IHRM Versus Single Nation-centric HRM IHRM: Approaches Emergence of Global HR Manager IHRM;Culture and Cross-Cultural Management- Introduction, Studies on culture in management Positivist views: 'Culture and values' Interpretive views: 'Culture and meanings' Critical views: 'Culture and power"; Comparative Human Resource Management - Globalisation and HRM, The importance of context, Differences in HRM practice; Approaches to International Human Resource Management - Review of IHRM approaches, The concept of HRM, Are IHRM models applicable to other contexts? What factors affect HRM approaches internationally? What are the implications of change for IHRM approaches?

**Meaning & Definition of IHRM**

**International Human Resource Management (IHRM)**

International human resource management is the process of employing, training and developing and compensating the employees in international and global organizations. An international company is one which has subsidiaries outside the home-county which rely on the business expertise or manufacturing capabilities of the parent company. Generally, an MNC is considered to have a number of businesses in different countries but managed as a whole from the headquarters, located in one country.

According to Pigors and Myers, "International or domestic human resource management is a method of developing the potentialities of employees, so that they get maximum out of their work and give best efforts to the business organization".

In the words of Edwin B. Flippo, "International or domestic HRM involves the planning, organizing, directing and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and social goals."

Another definition of IHRM is that "it is the systematic planning and co-ordination of the fundamental organizational processes of job and work design, staffing, training and development, appraising, rewarding, and protecting and -representing the human resources in the foreign operations of an organization".

Boxall, P. (1992) defined International Human Resource Management (IHRM) as 'concerned with the human resource problems of multinational firms in foreign subsidiaries (such as expatriate management) or more broadly, with the unfolding HRM issues that are associated with the various stages of the internationalisation process. (Boxhall, P. 1992).

Mark Mendenhall (2000) sought to be more specific by outlining a number of **criteria relevant to a definition of IHRM**:

IHRM is concerned with HRM issues that cross national boundaries or are conducted in locations other than the home country headquarters.

1. IHRM is concerned with the relationships between the HRM activities of organisations and the foreign environments in which the organisations operate.
2. IHRM includes comparative HRM studies; e.g. differences in how companies in Japan, Thailand, Austria and Switzerland plan for upgrading of employee skills and so on.

**Evolution of IHRM**

- For over 30 years the question has been asked: To what extent and in what ways are MNCs and their managers becoming truly "international"?
- For over 20 years, much of the literature on IHRM has focused on the issue of expatriation.
- Expatriates are sent out around the world like corporate missionaries to provide technical and managerial expertise, to control operations, and to further develop these managers as well as their companies.
- Problems of expatriation adjustment have also been the key concern. Now issues of repatriation have taken the foreground.
- Indeed, the traditional career paths pursued by expatriates have evolved over time. In its place, the concept of boundary-less careers has emerged.
- Research conducted in Europe, by Geert Hofstede in the 1960s and 1970s, challenged the extent to which American theories could be applied abroad.
- Different models of HRM have been identified : the American model that tends to be more transactional and the European model which is more social and more constrained by the institutional context.
- The success of Japanese companies in the early 1980s shook up the complacency of North American managers and researchers and spurred an interest in the "Japanese

model" of HRM practice (Hatvany & Puckik, 1982; Tung, 1984).

- The debate then centered upon issues of transferability of management practice and particularly HRM practice.
- Could Japanese management practices, for example quality circles, work in the U.S.A.? Why did practices developed by Deming (an American) work better in

Japan than in the U.S.? Was it because of some unique aspects of "Japanese" culture?

- Peters and Waterman (1984) entered the debate by arguing that "good management" principles and practices are universal, and as such, these could also be found in excellent U.S. companies.

- The secret to success was apparently a strong corporate culture. This influences “best practices.” Since then, the debate has focused on best practices versus cultural contingencies.
- IHRM studies varies from understanding management of expatriates, importance of the changing nature of expatriates, the role of HR function in managing expatriates, reasons for few women managers in the international field, importance of retaining expatriates and the problems associated with it.

**Challenges of international human resource management**

**HR function structures for international businesses**

Digital is disrupting the primary areas where HR plays a part domestically and globally. Discover how this disruption is impacting people departments around the world. As a result, many multinational companies have restructured their people departments. We included results from a study by Mercer indicating the most common structure chosen by global industries.

**Encouraging feedback as an international HR manager**

The cost of expat failure makes managing a mobile workforce a key deliverable for many global HR departments. An essential part of expat success is clear and regular communication with people departments so issues can be flagged early and resolved quickly. We look at ways your people department can proactively communicate with the expats you manage to help them achieve their assignment goals.

**Solving communication problems between HR and expats**

If you feel your HR department struggles with expat communication, we look at the reasons why including the impact of cultural diversity and physical distance. Most importantly we look at ways your business can solve these issues using tools like training and development, active listening, and empathy to help your global workforce know their needs matter.

**Diversity in the workplace**

Building a diverse workforce is key to international success. In this post we look at the many benefits workplace diversity provides particularly for doing business abroad. Having a more diverse workforce is likely to improve innovation and attract a wider range of talent, both essential elements in the modern workplace. Discover more of the benefits of encouraging diversity of all sorts in your business.

**Dispel the gender ambition gap myth**

Is closing the gender gap a goal for your business? Wondering if the 'gender ambition gap' may prove problematic for this? We look at this commonly held belief in more detail and the research that shows it does not actually exist. Women are not unequally represented in the workplace due to lack of ambition. Research shows there are a myriad of other reasons why we are not as likely to see women at the boardroom table. We delve into this in more detail and what businesses of all sizes can do to bridge the gender gap.

**Objectives of IHRM**

Within present business scenario, there are larger number of organisations conduct business beyond national boundaries. The differences in organisational environment across nations have encouraged to determine and develop international HR staffing and practices. At global scenario, it is needful to study about HR hiring, staffing developing, compensating and appraising HR for better utilisation of people.

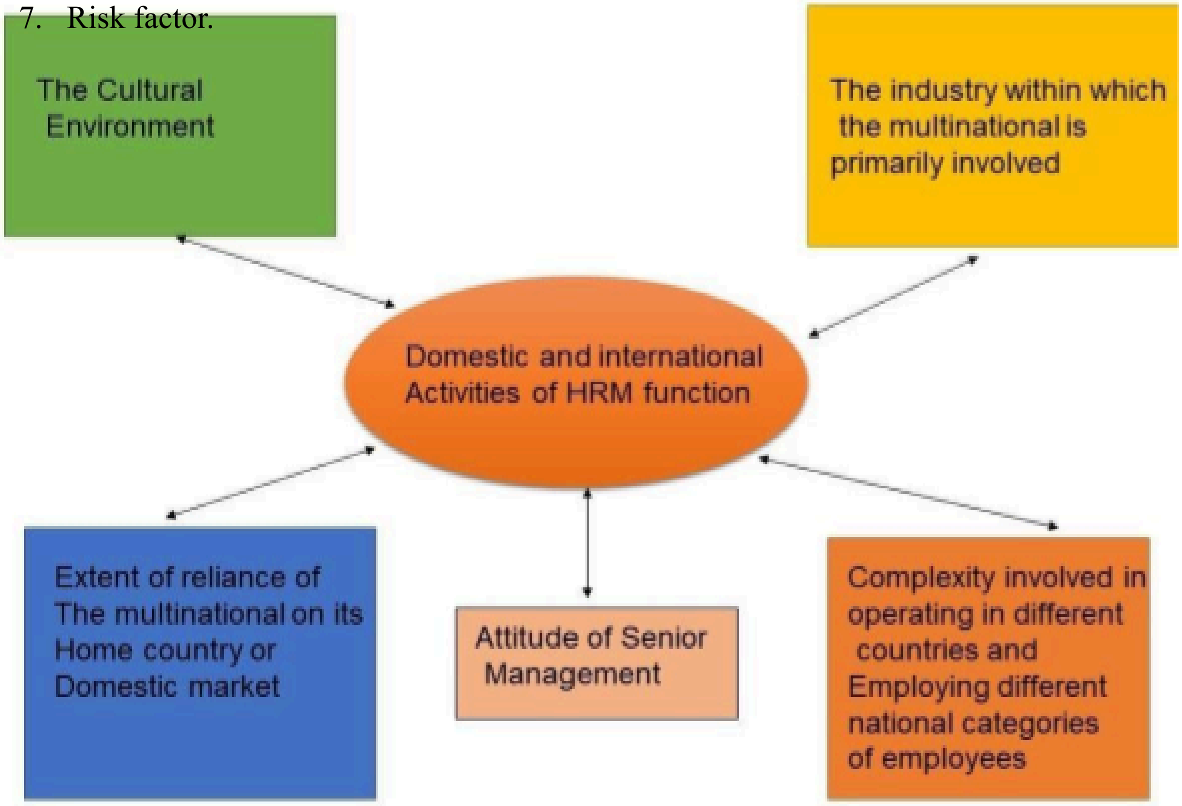
International Human Resource Management is the process of managing people in international ventures and involves activities in at least two nations.

It is fact that the success of business and trades are depends on the skills and quality of human resources and how effectively these resources are managed and utilised at international level.

1. It enhances to develop managerial skills, organisational knowledge and technical abilities of HR managers and employees;
2. To develop more and better handle of global business operations;
3. To manage and secure the performance, compensation and career path of employees;
4. To manage and organise cross cultural counselling and language training programme;
5. To develop more feasible understanding of work practices at global levels;
6. To raise and develop better and new performance management of human resources;
7. To get more and more opportunities within global HR scenario;
8. To develop better and competitive HR strategies in global competitive scenario;
9. To reduce the cultural differences as amicable for cultural environment.

**IHRM Versus Single Nation-centric HRM**

1. Profile of workforce.
2. Administrative overload.
3. Macro perspective.
4. HR framework.
5. External influence.
6. Geo perspective.
7. Risk factor.




There are two major factors therefore which differentiate domestic HRM from IHRM. First, the complexities of operating in different countries (and therefore in different cultures) and secondly, employing different national categories of workers. This suggests that international HRM is concerned with identifying and understanding how MNCs manage their geographically dispersed workforces in order to leverage their HR resources for both local and global competitive advantage.

Globalization has brought new challenges and increased complexity such as the challenge of managing newer forms of network organization. In recognition of such developments, new IHRM is to play a key role in achieving a balance between the need for control and coordination of foreign subsidiaries, and the need to adapt to local environments.

International HRM differs from domestic HRM in a number of ways. One difference is that IHRM has to manage the complexities of operating in, and employing people from, different countries and cultures. A major reason for the failure of an international venture is the lack of understanding of the differences between managing employees in the domestic environment and in a foreign one. A management style successful in the domestic environment often fails if applied to a foreign environment without the appropriate modifications.]

There are some commonalities in IHRM and domestic HRM practices, particularly in areas like; HR planning and staffing, recruitment and selection, appraisal and development, rewards, etc the main distinctions, however, lies in the fact that while domestic HRM is involved with employees within only one national boundary, IHRM deals with three national or country categories, i.e.,

the parent country where the firm is actually originated and

headquartered; the host country where the subsidiary is located;

and other countries from where the organization may source the labour, finance or research and development. This is because there are three types of employees in an international organization, i.e.

**Parent country nationals (PCNs);**

A parent-country national is a person working in a country other than their country of origin. Such a person is also referred to as an expatriate. Long periods of assignment (perhaps 4 –5 years or more) may run the risk of “de facto” employee status in the host country, so that labor laws or the host country apply.

A U.S. parent-country national residing abroad still owes U.S. taxes each year on his or her worldwide income. The US has income tax treaties with over 35 other countries. The IRS and the foreign taxing authorities can exchange information on their citizens living in the other country. Qualifying U.S. citizens and residents working outside the United States are permitted to elect to exclude a portion of their foreign earned income under the Internal Revenue Code (IRC). This section provides a general exclusion limited to a specified amount, another exclusion measured by foreign housing costs, and, for self-employed persons, a foreign housing cost deduction.

To qualify for the foreign earned income and housing cost exclusions, the individual must have foreign earned income, his or her tax home must be in a foreign country, and he or she must meet either of two tests:

The bona fide residence test, which requires the taxpayer to be a bona fide resident of a foreign country or countries for an uninterrupted period that includes a full tax year, or The physical presence test, which requires the individual to be present in a foreign country or countries at least 330 full days during a period of 12 consecutive months. A U.S. citizen may qualify under either the bona fide residence or physical presence test. A U.S. resident alien working abroad can qualify under the physical presence test, and in certain limited cases, tax treaty nondiscrimination rules may permit qualification under the bona fide residence rule.

**Host country nationals (HCNs); and**

They are those employees of an organization who are the citizens of the country in which the foreign subsidiary is located.

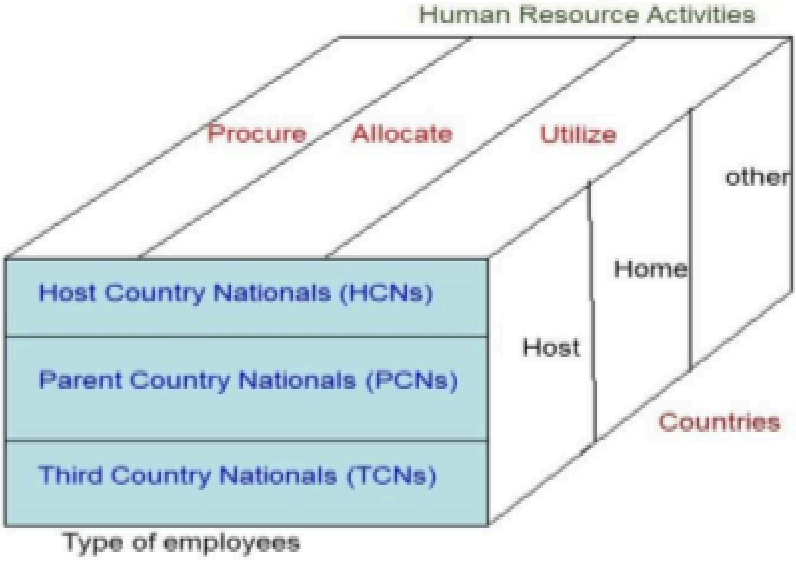
**Third country nationals (TCNs).**

**Third Country National (TCN)** describes and individuals of other nationalities hired by a government or government sanctioned contractor who represent neither the contracting government nor the host country or area of operations. This is most often those performing on government contracts in the role of a private military contractor.

**Third Country Nationals**

These are the citizens of a country other than the country where the organization is headquartered and the country that is hosting the subsidiary.

**A Model of IHRM – IHRM is the interplay among these three dimensions- human resource activities, types of employees and countries of operation**



The reasons that IHRM is more complex than domestic HRM are described below.

1. International HRM addresses a broader range of activities than domestic HRM. These include international taxation, coordinating foreign currencies and exchange rates, international relocation, international orientation for the employee posted abroad, etc.

2. Human resource managers working in an international environment face the problem of addressing HR issues of employees belonging to more than one nationality. Hence, these HR managers need to set up different HRM systems for different locations. Human resource managers in a domestic environment administer HR programmes to employees belonging to a single nationality.

3. International HRM requires greater involvement in the personal life of employees. The HR manager of an MNC must ensure that an executive posted to a foreign country understands all aspects of the compensation package provided in the foreign assignment, such as cost of living, taxes, etc. The HR manager needs to assess the readiness of the employee's family to relocate, support the family in adjusting to a foreign culture through cross-cultural training, and to help in admitting the children in schools. The HR department may also need to take responsibility for children left behind in boarding schools in the home country by the employees on foreign postings. In the domestic environment, the involvement of the HR manager or department with an employee's family is limited to providing family insurance programmes or providing transport facilities in case of a domestic transfer.

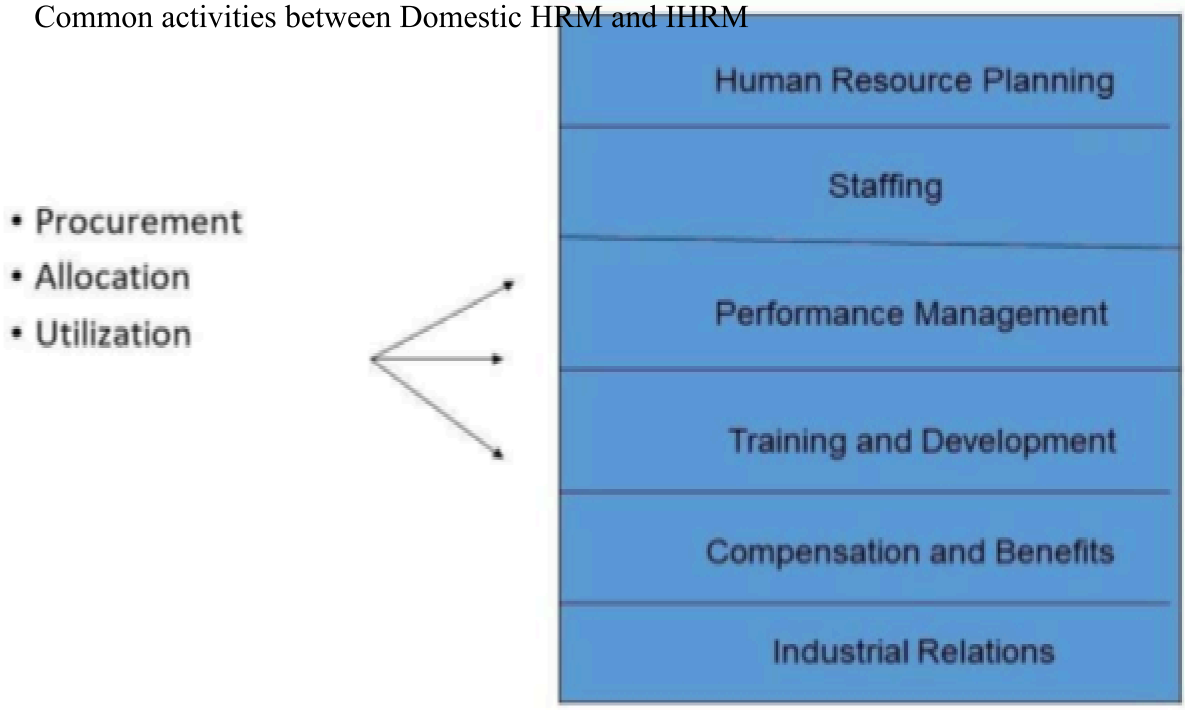
4. There is heightened exposure to risks in international assignments. These risks include the health and safety of the employee and family. A major aspect of risk relevant to IHRM today is possible terrorism. Several MNCs must now consider this factor when deciding on international assignments for their employees. Moreover, human and financial consequences of mistakes in IHRM are much more severe than in domestic business. For example, if an executive posted abroad returns prematurely, it results in high direct costs as well as indirect costs.

5. International HRM has to deal with more external factors than domestic HRM. For example, government regulations about staffing practices in foreign locations, local codes of conduct, influence of local religious groups, etc. If an American organization is sanctioned license by the Indian government to set up its subsidiary in India, the American company is under legal obligations to provide employment to local residents.

6. International HRM Addresses a broad range of HRM activities. Whereas domestic HRM deals with issues related to employees belonging to single nationality.

7. Greater exposure to risks in international assignments; human and financial consequences of mistakes in IHRM are very severe.

Common activities between Domestic HRM and IHRM




**Emergence of Global HR Manager IHRM**

1. Global mindset.
2. Knowledge of International business.
3. Knowledge of labour markets.
4. Knowledge of labour regulations.
5. Knowledge of macro societal changes.
6. Cultural perspective.

**CULTURE: AN INTRODUCTION**

The English word ‘Culture’ is derived from the Latin term ‘cult or cultus’ meaning tilling, or cultivating or refining and worship. In sum it means cultivating and refining a thing to such an extent that its end product evokes our admiration and respect. This is practically the same as ‘Sanskriti’ of the Sanskrit language. The term ‘Sanskriti’ has been derived from the root ‘Kri (to do) of Sanskrit language. Three words came from this root ‘Kri; prakriti’ (basic matter or condition), ‘Sanskriti’ (refined matter or condition) and ‘vikriti’ (modified or decayed matter or condition) when ‘prakriti’ or a raw material is refined it becomes ‘Sanskriti’ and when broken or damaged it becomes ‘vikriti’.

literature, architecture, sculpture, philosophy, religion and science can be seen as aspects of culture. However, culture also includes the customs, traditions, festivals, ways of living and one’s outlook on various issues of life. Culture thus refers to a human-made environment which includes all the material and nonmaterial products of group life that are transmitted from one generation to the next. There is a general agreement among social scientists that culture consists of explicit and implicit patterns of behaviour acquired by human beings. These may be transmitted through symbols, constituting the distinctive achievements of human groups, including their embodiment as artefacts. The essential core of culture thus lies in those finer ideas which are transmitted within a group-both historically derived as well as selected with their attached value. More recently, culture denotes historically transmitted patterns of meanings embodied in symbols, by means of which people communicate, perpetuate and develop their knowledge about and express their attitudes toward life. is the expression of our nature in our modes of living and thinking. It may be seen in our literature, in religious practices, in recreation and enjoyment. Culture has two distinctive components, namely, material and non-material. Material culture consists of objects that are related to the material aspect of our life such as our dress, food, and household goods. Non- material culture refers to ideas, ideals, thoughts and belief. Culture varies from place to place and country to country. Its development is based on the historical process operating in a local, regional or national context. For example, we differ in our ways of greeting others, our clothing, food habits, social and religious customs and practices from the West. In other words, the people of any country are characterised by their distinctive cultural traditions.

**CONCEPT OF CULTURE**

Culture is a way of life. The food you eat, the clothes you wear, the language you speak in and the God you worship all are aspects of culture. In very simple terms, we can say that culture is the embodiment of the way in which we think and do things. It is also the things that we have inherited as members of society. All the achievements of human beings as members of social groups can be called culture. Art, music,

**Culture and Cross-Cultural Management**

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from the West. In other words, the people of any country are characterised by their distinctive cultural traditions.

**What is the role of culture in international human resource management?**

The former influence comes from the fact that national culture exerts a powerful influence on the system of values, attitudes and behaviour of people in a particular country and, among the other things, on the preferences for policies and procedures in the field of human resources management.

**What is cross cultural management in Ihrm?**

Cross-cultural management describes organizational behavior within countries and cultures; compares organizational behavior across countries and cultures; and seeks to understand how to improve the interaction of co–workers, managers, executives, clients, suppliers, and alliance partners from around the world.

**How to Manage a Cross-Cultural Team?**

1. Get to Know Each Team Member. ...
2. Adopt Flexibility. ...
3. Promote Open Communication. ...
4. Encourage Team Building Activities. ...

5. Listen Actively. ...
6. Create a Structure for Success. ...
7. Address Conflict Immediately. ... 11

8. Create a Cross-Cultural Awareness Program.

**What are the cross-cultural issues in HR?**

Tasks are performed without any interest, dedication or pride. Worse, there is **indiscipline, nagging suspicion of fellow workers, basic mistrust of authority, and poor man-management relationships**. Thirdly, time dimension, which influences HRM, has its roots in culture.

**Cross Cultural Issues In HRM**

Culture refers to the complex whole which includes knowledge, belief, art, morals, laws, customs and other capabilities and habits acquired by an individual as a member of a society.

Firstly, culture creates the type of people who become members of an organization. Culture trains people along particular lines, tending to put a personality stamp on them. It is also not necessary that all people are alike in a particular culture. There are sub-cultures within a culture. For, people have their own idiosyncracies and are influenced by heredity, cultural experiences, sub-cultural experiences, family experiences and unique personal experiences.

When people with different cultural backgrounds promote, own and manage organizations, they themselves tend to acquire distinct cultures. Thus, the culture of the Tata group of companies is different from that of the enterprises owned and managed by the Birlas.

Secondly, the attitude of workers towards work is the result of their cultural background. Our workers are known to have a deep-seated apathy towards work. Work is dissociated from results in the belief that results are pre-ordained. Tasks are performed without any interest, dedication or pride. Worse, there is indiscipline, nagging suspicion of fellow workers, basic mistrust of authority, and poor man-management relationships.

Thirdly, time dimension, which influences HRM, has its roots in culture. Time orientation refers to people's orientation – past, present or future. In some societies, people are oriented towards the past. In others, they tend to be more focussed on the present. HRM people in societies that focus on the present, care more for employees on their rolls. Employees are hired and maintained as long as they are useful to the organization and dispensed with once they cease to be so. Japan is an example of a futuristic society. When Japanese firms hire employees, they are retained for a long time, even for life. The firm will spend a great deal of money to train them, and there is a strong, mutual commitment on both sides. Societies oriented towards the past tend to preserve the acquired heritage. Concepts and actions of the past continue to guide current plans & strategies.

Finally, work ethics, achievement needs and effort-reward expectations, which are significant inputs determining individual behaviour, are the results of culture. The word ethics is associated with moral principles. In the context of an organization, ethics implies hard work and commitment to work. A strong work ethics ensures motivated employees whereas the opposite is true when work ethics is weak. Achievement needs, too, have a behavioural implication. A person with a high need to achieve tends to seek a high degree of personal responsibility, sets realistic goals, takes moderate risks and uses personal performance feedback in satisfying his or her need to achieve.

In HRD, conflict arises because of the following dualities:

· Personal goals vs Organizational goals

· Personal ethics vs Organizational ethics

· Rights vs Duties

· Obedience vs Self-respect

· Discipline vs Autonomy

· Self-confidence vs Arrogance

· Authority vs Accountability

· Leadership vs Followership

· Delegation vs Abdication

· Participation vs Anarchy

· Feedback vs Abuse · Grooming vs Pampering

· Change vs Stability

· Short-term vs Long-term

These conflicts occur daily in organizations, HR departments are expected to develop and enforce policies in these areas.

Communication

Miscommunication across cultural lines is usually the most important cause of cross-cultural problems in multinational companies. Miscommunication can have several sources, including:

Differences in body language or gestures. The same gesture can have different meanings in different parts of the world. For example, Bulgarians shake their heads up and down to mean no. In addition, the way people count on their fingers is not universal: The Chinese count from one to ten on one hand, and eight is displayed by extending the thumb and the finger next to it. The same gesture is interpreted as meaning two in France and as pointing a gun in North America.

Different meanings for the same word. Like gestures, words can have different meanings or connotations in different parts of the world. The French word "char" means Army tank in

France and car in Quebec. The word "exciting" has different connotations in British English and in North American English. While North American executives talk about "exciting challenges" repeatedly, British executives use this word to describe only children's activities (children do exciting things in England, not executives).

Different assumptions made in the same situation. The same event can be interpreted many different ways depending on where one comes from. For example, although the sight of a black cat is considered a lucky event in Britain, it is considered unlucky in many other countries. Dragons are viewed positively in China, but negatively in Europe and North America.

These examples illustrate dissimilarities between cultures that are both large and simple in the sense that they focus on a single cultural aspect that keeps the same meaning regardless of context. As a result, such variations in communication will often be identified on the spot. By contrast, subtle or complex differences are often identified much later in the communication process, when corrective action requires considerable effort and money. Sometimes, this realization takes place so late that there is not enough time to address it, resulting in a missed deadline.

MANAGING CROSS CULTURAL ISSUES

1 Clarify: When in doubt, ask; if not, ask anyway. It's important to ensure that your foreign colleagues have understood everything you meant to say and nothing else. Ask them to feed you back what you have told them in their own words. This will help you discover and address any major misunderstandings.

2 Get into the details: Although it's often tempting to agree on general principles and leave details to further discussions for brevity's sake, this can create major problems at later stages. Indeed, an agreement on general principles may turn out to be empty, if it is not tested through negotiation on the finer details.

3 Summarize: The time taken to summarize the decisions made during a meeting and to issue minutes to all participants is often a good investment. It helps to prevent future challenges of decisions reached at meetings and to ensure that action items agreed to at meetings are actually implemented.

4 Simplify: Use simple words that are easily understood and be consistent. Using synonyms can confuse your non-Canadian counterparts unnecessarily, particularly if they are not native English speakers. For similar reasons, technical jargon should be avoided where possible and explained clearly when it must be used.

5 Cross-cultural training organizations can also shorten the learning curve by delivering training to companies in a timely and targeted fashion. The necessary cross-cultural information should be shared with all employees involved in international ventures, rather than being limited to those who have already had experience with them. Cross-cultural

training organizations are experts in the area of cross-cultural relationships and can provide training on many topics.

6 Other techniques

· Building a Shared Culture

· Consensus Agreement on Important Matters

· Building an Understanding Climate

· Identify / Use the Rich points of each culture

· Concentrate on the things you know

· Understanding various religious practices

· Understanding various food practices

· Understanding various dress practices

· Showing patience always

· Showing good manners always

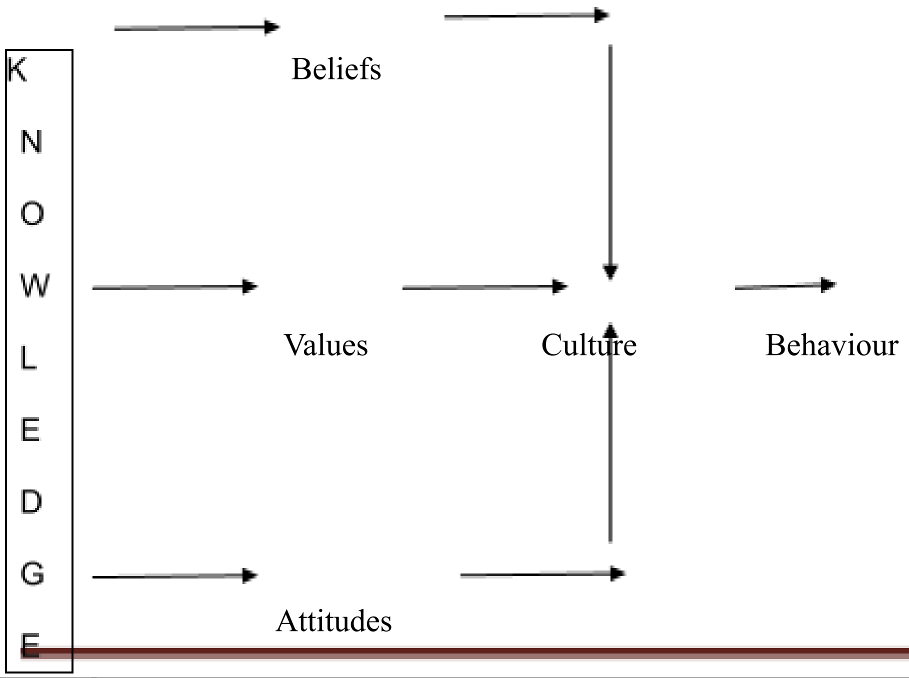
· Showing a sense of humor always

· Showing tolerance always

· Showing respect always

**CROSS-CULTURAL THEORY**

The term "cross-cultural" emerged in the social sciences in the 1930s, largely as a result of the Cross-cultural Survey. Cross-cultural may refer to -



Influence of Cultural Factors on Formation of Culture

Cross-cultural studies which is essentially a comparative tendency in various fields of cultural analysis

Any of various forms of interactivity between members of disparate cultural groups. This refers to cross-cultural communication, interculturalism, etc.

The discourse concerning cultural interactivity. It is also referred to as cross- culturalism and includes multiculturalism, cultural diversity etc.

The most important part of the cross-cultural studies is cross-cultural communication, as it gives rise to another important process like cross-cultural.

**Studies on culture in management Positivist views:**

**Studies on culture in management**

Studies on culture and management are as prolific as diverse. It is a challenging task to gain a clear overview since one needs to take multiple research streams into consideration. On the basis of previous reviews in organisational culture studies (Alvesson, 2002a), comparative management (Child, 2000; Redding, 1994), cross-cultural management (e.g., Kirkman et al., 2006; Leung et al., 2005; Lowe et al., 2007; Søderberg and Holden, 2002; Tsui et al., 2007), international management (e.g., Boyacigiller et al. 2004; Sackmann and Phillips, 2004) and cross-cultural psychology of organisational behaviour (e.g., Gelfand et al., 2007), we may identify contributions to the investigation of culture and management, and examine their conceptualisation of culture. Studies on culture and management can be classified according to how they address culture, either as a main effect or as a moderator (Kirkman et al., 2006; Leung et al.,2005), and further whether culture is seen as a variable or a root metaphor (Alvesson,2002a). Søderberg and Holden (2002) separate the studies according to views of culture: a barrier or a resource, essentialist or relational. Redding (1994) organises them along the themes they address such as leadership or motivation across countries. Others classify culture by the methodology used in the investigation (Barley and Singh, 1995) or debates raised (Adler et al., 1986). Often, reviews employ several kinds of classification, providing a detailed if not complicated picture. In order to go beyond this very complex depiction, I choose to move up to the higher level of scientific paradigms, or scientific views of culture. The first two views of culture presented in this chapter, the 'positivist' and the 'interpretive' ones, have been established for a longer period of time; they are illustrated in the distinction between culture and Kultur, itself echoing the distinction between etic and emic studies.

**The distinction between culture and Kultur**

Probably the most striking distinction between studies of culture and management is whether culture is viewed according to the concept of 'culture', or as 'Kultur For centuries, a well-accepted explanation of the differences encountered between human populations was that they were at distinct stages of social and cultural evolution (see Herodotus' four stages of

evolution, already expressed in the civilisation of Ancient Greece). More recently, the Enlightenment philosophers from the seventeenth century onwards claimed that there is a common human psyche, and interpreted human diversity as a hindrance created by environmental or societal conditions acting against the free unfolding of human reason' (Jahoda and Krewer,1997:9). Humanity it was assumed is universal (e.g., all humans have similar cognitive structures), and it is their culture that differentiates them. This concept of culture is the one most commonly adopted in management studies.

The Universalist approach of the Enlightenment stands in contrast to other beliefs in the uniqueness of peoples and their specific 'Kultur'. Herder's 'Volkgeist' proposes that history is the result of interaction between culturally contrasting entities, each of them being composed of a distinct community and people, often with their own language. Dumont (1991) explains that in the nineteenth century, in the German-speaking area of Europe, the values of 'Gemeinschaft' (community) and 'Volk' (people and/or nation) are associated in a way that makes a German feel German first of all and a human only through being German' (Gingrich, 1998: 568). Von Humboldt (1830) holds that people who share a language develop a similar subjectivity ('Weltanschauung'), that is, a similar way of perceiving and understanding the world. This foreshadows the 'Sapir Worf hypothesis'

The Sapir- Worf Work hypothesis seems intuitive enough and his enthused many researchers. It posite that man perceive and understand the world principally Through language. A famous example is the one of the Inuit too referred to as alimos who know approximately 20 words for the semantic category that the Indo European languages represent by the single word sow Do the Inuit perceived more varieties of snow than speakers of Indo European languages? Similarly, do Hopi speakers (among Native American) have a very different perception of time since they are said to have no word or grammatical constructions to refer to at present future? Do differences in language lead to behavioural differences? Evidence supporting the Sapir Worf hypothesis can be found, and although it is not extensive the debate continues amongst researchers for a discussion, see, for example Berry et al., 1992).

This distinction between culture and Kultur' for Volkgeist) is central to understanding the different conceptualisations of culture because it reflects a fundamental ontological opposition and therefore a fundamental difference in the ways that researchers understand reality. On the one hand culture is approached as something universal to humankind, and therefore something that can be investigated with similar constructs across countries. This view is the one most commonly adopted by positivist researchers. On the other hand, culture is seen as local emergent, specific and even unique to a particular environment or language. This view is adopted by interpretive researchers.

The fundamental ontological opposition between positivist and interpretive perspectives lies at the core of the etic/emic debate which is discussed below. This dichotomy is useful for understanding the distinct conceptualisations of culture expressed in the management literature,

**Etic and emic**

Originally used in linguistics, the concepts etic and emic gradually reached anthropological and organisation studies. It developed a slightly different meaning in each discipline (see

Headland et al. 1990 and Peterson and Pike, 2002 for a discussion). Etic and emic are used to distinguish primarily between the perceived nature of scientific) knowledge and consequently the different epistemologies (the appropriate ways to reach this scientific knowledge).

From an etic position on reality, there is an external significance that is consistent and meaningful across various contexts. The etic approach is viewed as general and it focuses often on previously developed constructs or concepts that are then investigated, for example, in a number of different countries. For instance, cultural dimension constructs such as 'Individualism Collectivism are argued to be etic and the concept is understood to be valid and coherent across countries. This means that the influence of this dimension on IHRM practices can be compared across countries.

From an emic position, meaning exists within the context of its experience. The emic approach is seen as situated and focused on the particular meanings given by a specific group of individuals, thus implying that there are implicit aspects to knowledge and understanding. For example, the idea of statistical theory that was applied to product quality control in the United States in the 1920s was further made sense of in a comprehensive way in post Second World War Japan. Quality was not interpreted as the feature of a finalised product, but rather as the outcome of a process. The focus expanded from quality of products to quality of numerous other aspects of organisations, leading to what became later internationally known as Total Quality Management. Similarly, the same IHRM tool can lead to distinct practices in the various (cultural) environments where it is implemented, since the local interpretations and the local views will vary. Emic studies are reflected in an interpretive approach to science that emphasises the interpretations of individuals and the significance of the local context in the developmentof these meanings.

The next three sections of this chapter briefly explain and discuss the positivist and then the interpretive and critical viewpoints on culture and IHRM.

**Positivist views**

Positivist views on science and knowledge are the ones traditionally associated with the natural sciences, they are dominant in management research and inspire the search for models and general theories. A more thorough presentation of the views can be found in Burrell and Morgan (1979) Chalmers (1990) Danakon Guba and Lincoln (2005). Management research adopting a positivist view has built on the foundation of previous research on culture, including psychological anthropology and functionalism. These approaches are succinctly presented below and have influenced the current way positivist researchers think about and investigate culture in IHRM

**Psychological anthropology**

In North American anthropology the concept of culture was developed something carried around in people's heads Erickson 1998 Pschological anthepology leg. Benedict, 1934/1980 Mead. 1928:19901 internet the investigation of the relationship between culture and individuals with its open Today this is expressed through the concept of a model personality that apie a relative frequency of certain personality types within any country. The model personality type is investigated mostly in cross-cultural psychology ( see Church 1998 for a review)

**Functionalist anthropology (and sociology)**

After the Second World War, Clyde Kluckhohn and Alfred Kroeber (both influential anthropologists in North America) argued in favour of a mentalistic conception of culture (Kuper, 1999). In their opinion and consistent with the work of leading sociologist Parsons (e.g., 1951), values are claimed to be the core elements of culture and taken as the theoretical focus of cultural investigations. Subsequent studies investigated the importance of value orientations for making comparisons between different cultures, such as in empirical interview research on five communities in the Southwest of the United States (two American Indian, a Spanish American, a Mormon and a farming village community) by Florence Kluckhohn and Fred Strodtbeck (1961).

They adopt a functionalist argument: cultures are fulfilling functions, they provide answers to basic human needs. These basic human needs are the same across societies, and therefore can be seen as human universals. Human universals offer a conceptual framework for the comparison of cultures cultures can be compared for how they fulfil these universal needs.

The influence of the North American functionalist approach to the study of culture is the most visible in cross-country comparative studies using cultural dimensions or similar etic constructs. It presents culture as composed of universal constructs that can be measured through, for example, individual values.

**'Culture and values'**

In the functionalist approach, culture is seen as providing answers to the basic needs that human beings have to fulfil and this is the foundation for what are known as cultural dimensions (Hofstede, 1980). The idea is that there are distinct ways in which culture can fulfil these human needs, thus creating variations in the cultural dimen sions. These variations are linked to different values. For instance, human societies are compelled to deal with their environment (see Kluckhohn and Strodtbeck, 1961) and the different ways in which they can do this are claimed to be variations (eg. harmony, mastery or subjugation) within the cultural dimension Relation to broad environment' (see, for example, Maznevski et al., 2002, Trompenaars, 1993) Each variation is embedded in a set of values, that people carry around in their heads thus giving to positivist and functionalist researchers the possibility of investigating culture through values.

The functionalist approach to culture is recognisable in research on cross national management such as the seminal contributions by Hofstede (see Hofstede, 2001 and by Schwartz (see below), the works by Maznevski et al. (2002), as well as by the GLOBE (Global Leadership and Organisational Behaviour Effectiveness) project (House et al., 2004). Likewise the legitimacy of searching for social axioms (bellen endorsed and used by people to guide their behaviour in different work situations is also based on the functionalist argument they are important for human survival and functioning (see Leung et al. 2002 288). It is a similar foundation that supports the investigation of sources of guidance' (see Smith et al., 2002). In sum, culture is said to fulfil the function of meeting human needs. Since they are universal human needs, they are universal (etic) aspects to culture (the cultural dimensions) and to human behaviour. These dimensions can be investigated through the study

of people's orientation to values.
An impressive amount of studies have used these dimensions to test the relationship between culture and various aspects of management, such as motivation, reward allo- cation, hierarchy

preferred forms of training, and leadership (see a review by Kirkman et al. 2006 on the studies using Hofstede's cultural framework). For example, in a cultural environment with high Power Distance, organisations are likely to have centralised decision-making structures, tall hierarchies, a large proportion of supervisory personnel, privileges and status symbols for managers that are both expected and accepted, and a wide salary range between employees at the top and the bottom of the organisation pyramid (Hofstede, 2001: 107-8)
In the GLOBE project (House et al., 2004), additional cultural dimensions are developed and existing dimensions are further refined. For example, GLOBE considers the dimension 'Humane Orientation that encourages and rewards individuals for being fair altruistic, generous, caring and kind to others (Kabasakal and Bodur 2004). In an environment scoring low on Humane Orientation, there will tend to be greater control of organisations exerted through IHRM practices, than in an environment scoring high on Humane Orientation, where 'organisations are relatively autonomous in their employee relations' (Kabasakal and Bodur, 2004: 584).
Cross-cultural management research largely adopts a mainstream psychological approach (see Smith and Bond, 1998), that tends to define culture as an independent variable influencing human cognition or behaviour Values, and consequently the study of values across countries, are a fundamental part of cross-cultural com- parison studies. The Rokeach Value Survey (Rokeach, 1973) is the point of depar- ture for the seven value-types (similar to cultural dimensions) devised by Schwartz and colleagues (see Schwartz and Bilsky, 1987). He distinguishes the same seven types of values in each country (see Smith and Schwartz, 1997 Schwartz, 2004) and assesses their implications for management For example, role overload and role con flicts are more likely to be reported by managers working in a cultural environment where values of Mastery and 'Hierarchy' are praised, and where values linked to 'Harmony have a low priority (Sagiv and Schwartz, 2000: 427). In environments where values of Embeddedness' are important for individuals, it is less likely that managers will choose pay levels exclusively based on their employees work productivity. They tend to also take employees' family situation into account (Sagiv and Schwartz, 2000: 432)
Another important contribution made by psychologists to cross-cultural management research is the work of Triandis (e.g., 1995) on Individualism and Collectivism This dimension has been investigated regarding its direct or moderating impact on,

Table 3.2 Characteristics of the positivist views on selected items

| Items | Positivist views 'Culture and values' |
|---|---|
| Basic goal | Identify law-like relations of the influence of culture on management. Explanation; prediction and control |
| Perceived reality | Real (in the sense of realism) and apprehendable |
| Perceived role of the researcher | 'Disinterested' scientist: inform decision makers |
| Approach to culture | Culture is approached with constructs replicable and valid across countries (e.g., cultural dimensions) |
| Example of methodology | Large-scale studies, questionnaires and database analysis, etic constructs |
| Problems addressed | Inefficiency, disorder |
| Example of achieved knowledge | Models showing cultural factors' influence on management. Measurement of cultural differences between countries or organisations |
| Organisational benefits | Control, expertise |
| Example of influential research | Hofstede (1980); House et al. (2004); Schwartz (1994) |

*Source*: inspired by similar tables made by Deetz (1996: 199) and Guba and Lincoln (2005: 193ff.).

for example, motivation, job attitudes and group processes (see reviews by Earley and Gibson, 1998 Gelfand et al. 2004). In sum, the positivist viewpoint on culture with its predilection for values and their influence on attitudes and behaviour is the basis of a large body of research that describes how culture influences management. Culture in summary is seen as an external variable that has an impact on both people and organisations

**Interpretive views**

Interpretive views, in contrast to the positivist ones, pay a stronger attention to the way individuals make sense of their reality. For interpretive researchers, 'behaviour cannot be 'observed", rather it has to be understood and experienced from within, and interpreted' (Chapman 1997: 5). Briefly stated, the interpretive approach emphasises symbols and meanings, and is often associated with the work of Weber and Schutz (see Burrell and Morgan, 1979, Guba and Lincoln, 2005; Schwandt, 1994 2000). For example, Weber (e.g. 1911/1978) argues for a distinct approach to social sciences, where verstehen understanding) is central, contrasting with the positivist approach where the aim is begreifen' (grasping) Meaning for actors is essential to understanding their actions. In interpretive studies, the researcher's attention is focused on local, specific and perhaps unique meanings. The interpretive view used in research on culture and management is highly influenced by the disciplines of cultural anthropology and interpretive sociology, which are very briefly introduced and explained below

**Cultural anthropology**

In anthropology the emphasis placed on meanings, and the symbols that support meanings becomes predominant with Geertz Geertz (1973/1993) developed a semantic conceptualisation of culture as webs of significance spun by individuals. He asserts that the analysis of these webs is not an experimental science but an interpretive activity in search of meanings. Interpretive anthropologists abandon claims of explanation and comparison in order to focus on the frameworks of interpretations used by individuals from distinct groups. A culture is not described as a set of dimensions, with high or low scores, but rather as a system of sense-making. For example, Geertz 11973/1993) explains a range of socio-cultural interactions between Balinese people using a metaphor of a specific ſemic) kind Balinese cockfights.

**Interpretive sociology**

Sociological works, too, have influenced the conceptualisation of culture in management. In simplified terms, traditional Western sociology has explored culture through two principal traditions. In Durkheim's view, culture is engraved in society and within its structures. As culture is seen as pervasive, it does not however receive particular attention. In contrast, through the Weberian tradition culture is studied through investigation of the forces influencing individuals. For instance, Weber's work on the Protestant Ethic and the Spirit of Capitalism (1904/1996) provides an analysis of socio-economic transformations with a focus on material and ideational forces. Material forces are for example, technological innovations (in communication and transport) or the development of capitalist modes of production. The ideational forces are seen as the religious beliefs (such as those which hold ascetic behaviour to be desirable) or more broadly speaking, the meaning that people give to social institutions. Together, these forces shape socio-economic development along different paths, which contributes to explain differences between countries.

**'Culture and meanings'**

The influence of Geertz on research on culture and management is particularly noticeable in organisational culture and comparative management studies.In studies of organisational culture, shared interpretations are frequently seen as the expression of a common (sub)culture in the organisation (Czarniawska-Joerges,1992, Ybema, 1997). In these studies, meanings and especially shared meanings are at the core of the understanding and investigation of culture. For example, subgroups of employees of an organisation may have developed the same meanings linked to certain organisational practices, such as how the corporate code of conduct should be interpreted, but their subculture and views may differ from the one promulgated by the headquarters. Other interpretive contributions, inspired by anthropologists such as Goodenough, are adopted in the study of employees' cognition or collectivemental frameworks (Shrivastava and Schneider, 1984 Sims and Gioia, 1986) or symbols and meanings (Czarniawska, 1986; Gagliardi 1990; Pondy et al., 1983). In sum, interpretive studies of organisational culture(s) often tend to regard cultural groupings as composed of people sharing the same interpretations In comparative management, Gannon (2004, 2009) proposes 'cultural metaphors' to help understand the culture of a nation. When positivist studies offer scores on dimensions, Gannon sketches the cultural profile of a

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country by comparing it with one of its local features. For example, Nielsen et al. (2009) use the metaphor of the Fado' la popular form of song) to describe the Portuguese culture. Using the rich metaphor of a social institution in a given country, cultural metaphors explain the complexity of a local culture in an intuitive way. Similarly, fine wine serves as a metaphor for French culture American Football for the US culture and the summer cottage of the stuga helps people to understand the Swedish culture (see Gannon, 2004). Cultural metaphors can contribute to the preparation of employees for expatriation, as well as assist with making sense of the cultural differences between two partners The attention given to struct in a merger.

The attention given to structures of meanings is also applied in comparative studies of management across countries, for instance in the works of d'Iribarne (1989, 2009). This approach interprets the ways that local structures of meanings (culture) are mobilised to make sense of a situation. For example a French multinational had repeatedly tried to implement Total Quality Management (TQM) in its Moroccan subsidiary without success, and then it suddenly worked. The origin of the success was attributed to a combination of elements that enabled employees to make sense of TQM, and thus to implement it. The new CEO adopted an exemplary leadership attitude, combining it with a new form of TQM training that articulated parallels between the key principles of TQM and verses of the Qur'an. This ability to relate the values of TQM in a culturally meaningfully way meant that employees could make sense of the implementation of TOM with the emic concept of the Zaouia They drew a semantic parallel between the community of the Zaouia, with its exemplary leader and its religious connotations, and their own organisation, now including an exemplary leader a community of employees, and TQM principles associated with moral guidance (see d Iribarne, 2002). Resistances, failures or difficulties in the transfer of HRM practices have been linked to disparate understandings and cultural practices occurring between for example the headquarters and foreign subsidiaries. Henry (2007) investigates the resistance of a French consulting firm to the implementation of detailed job descriptions in the Société d' Electricité du Cameroun, when these job descriptions were in fact explicitly requested and thus were part of the consultants brief. After the analysis of the cultural meanings associated with job descriptions by the French consultants (eg lack of freedom, disempowerment) and the Cameroonian employees leg. protection against arbitrary and pervasive use of power clarification and delimitation of tasks) both interlocutors were then able to come to an agreement and move forwards with the specification of acceptable job descriptions Interpretive views on culture are not solely linked to investigating shared meanings in organisations, they also include the study of meanings developed by institutions and their implications for organisations practices. Child (2000: 40f.) shows the relationship between Weber's view and institutional theory. He explains that management and business have distinctive institutional foundations in different societies. These institutions (eg. state, legal system, etc.) and the role they play shape different national business systems' (Redding, 2005, Whitley, 1992a, b). Local systems of ideas (political religious etc.) influence the ideology structure and culture of institutions, which themselves influence organisations, organisational behaviour and HRM. Budhwar and Sparrow (2002) report how different contextual variables (such as industrial relations, labour markets, business systems) in India and the United

Kingdom shape different logics of actions for managers, even when they are aiming to achieve the same goal of improving integration between HRM and business strategy Institutional influences are presented in this book (see Chapter 2) to explain differences across countries regarding HRM practices (see also Ferner et al., 2001).

Table 3.3 Characteristics of the interpretive views on selected items

| Items | Interpretive views 'Culture and meanings' |
|---|---|
| Basic goal | Reveals shared meanings on how people make sense of their reality (e.g., the organisation/department they work in). Understanding ('verstehen') |
| Perceived reality | Local and specific realities |
| Perceived role of the researcher | Participant, facilitator |
| Approach to culture | Culture is approached as a combination of local components that make sense in their specific context (sense making) |
| Example of methodology | Qualitative interviews, ethnographic studies, emic constructs |
| Problems addressed | Meaninglessness, illegitimacy |
| Example of achieved knowledge | Sense-making processes and how culture (meanings, institutions, etc.) influences how people make sense of their environment |
| Organisational benefits | Commitment, quality of work life |
| Example of influential research | Frost et al. (1985, 1992), Geertz (1973/1993), Whitley (1992a, b) |

Source: inspired by similar tables made by Deetz (1996: 199) and Guba and Lincoln (2005: 193ff.).

**Critical views**

in contrast to the interpretive and positivist views, the critical views aim to reveal how our reality is influenced by social and historical forces that are in tension with each other. What I call here the critical views on culture and IHRM aim to show these tensions, power struggles, social constructions and extent of closure Brienly stated, critical researchers contend that social situations are the temporary outcome of struggles between various views defended and perpetuated by actors engaged in power relationships. A situation can be seen as the status quo imposed by people occupying a powerful position, who have silenced the voice of others.

Critical researchers investigate for example how the power of the dominant party in the relationship is exerted pervasively by influencing norms, habits, rules and discourses that is ways of talking about people and the content of the messages) Revealing these mechanisms may improve a situation, thus, critical studies can be constructive (see Carr, 2006) Critical views are pluralist in nature and a more thorough presentation of them are found in Alvesson and Deetz (2000) and Guba and Lincoln (2005) in research on culture and management several streams of thought have been influential and I present just two of them below: critical and postcolonial anthropology.

**Critical anthropology**

Due to the influence of predominantly French writers on structuralism (eg. Levi- Strauss Barthes), semiotics (eg, Pierce, de Saussure) and later post-structuralismleg.. Dertida, Baudrillard), the considerations of discourses, texts, power and science have become more central. The activity of writing about culture for comple, is carefully examined in terms of power relations and its use of language. For example, Geertz (1988) advises that anthropologists' monographs are not neutral reports since they are constructed for particular purposes (eg., gaining credibility within the aca- demic discipline or satisfying an influential stakeholder or sponsor) and on closer inspection reveal the problematic relations existing between the ethnographer, reader and subject matter. In addition, the account being produced arises from a particu- lar viewpoint: most often that of the white, middle class, educated Euro-American male, whose country of origin often politically or militarily dominates or previously dominated the one studied (Erickson 1998: 135ff.). In critical anthropology, language and literary analysis become the centre of anthropological research endeavour (see Clifford and Marcus, 1986, and for example, Mutman, 2006). It is no longer the 'foreign' or 'exotic' culture itself that needs to be elucidated, but rather the anthropologist's explanation of that culture in order to understand from which standpoint the description is made). In anthropology as a discipline, issues of power relationships and cultural hegemony animate research debates and are a major influence on the literature D Andrade, 2000; Harris, 1999) Post-colonial perspectives The very notion of culture is challenged by post-colonial studies (see Bhabha, 1994, Said, 1978, Spivak, 1987). They denounce the idea that talking about culture' implies one is addressing and dealing with simplifications, exclusions and power relationships. For example referring to the 'Hungarian culture' implies sameness, homogenisation and also positions certain features as representing 'Hungary' (and thus excludes or silences - others). Those journalists, ethnologists or researchers using cultural dimensions, 'decide what the Hungarian culture is, and from their relative position of power impose their views on others. Guided by Foucault's ideas on power/knowledge, Said (1978) outlines that knowledge and political, military, or economic interests are connected. By making statements ('scientific' or not) about others, one gains a superior position, since one has a voice and is free to talk in the name of other Western academia, for example, with its way of talking about culture (definitions, measurements, ethnographies, etc.) creates a discourse that otherises and classifies non-Western peoples so that they often appear as very different (other) and even inferior (since they are not as 'individualist' or 'assertive' as the implicit Euro-American norm). Post-colonial views can help us to question the fact that cultural differences are presented as real when they are also social constructions of

researchers or politicians and serving various agendas such as increasing managerial influence on employees or justifying colonisation. Additional aspects on post-colonial perspectives in research can be found for example, in Young (2001), and in Özkazanç-Pan (2008) and Westwood (2006) regarding management.

**Culture and power**

The linguistic turn has been influential on many subject disciplines including management and organisation studies (Alvesson, 2002). Since the 1980s there has been a greater focus on language itself, the study of metaphors being a notable example see Morgan, 1980, 1986 or Alvesson, 2000a for the concept of organisational culture and its associated metaphors) Critical thinking influences the study of organisational culture through its rejection of what is argued is the illusion of achieving comprehensive knowledge with broad theories and meta-narratives Kunda, 1992: Parker, 2000; Willmott, 1993). It searches for poly vocality and thus several voices, for instance, the voices of managers together with the voices of blue collar workers. Critical thinking can help to reveal the multiplicity of cultures across and within organisations in regard to functions tenure hierarchy and gender, etc. Respecting cultural diversity for HR managers goes beyond the consideration of traditional forms of diversity (such as gender, age people with a disability to include for example, religious belonging, professional training and sexual preferences IBM and Volvo group for example, are actively managing this multi-faced diversity of their international workforce through programmes such as Diversity and inclusive leadership Critical perspectives can contribute to diversity management for HR managers by encouraging more questioning on their views on diversity Zanoni and Janssens(2004) assert that HR managers discourse on diversity may reflect dominant views and reaffirm management practices and underlying inequalities Critical perspectives can thus help HR managers to realise that they may involuntarily be reproducing the inequalities they intend to address Organisational or national culture differences are shown for example by Riad (2005) or Vaara (2002) as a narrative construction (in other words a story) to explain the success or the failure of mergers and acquisitions. Discourses on cultural differences between organisations present suitable narratives for explaining incompatibility between organisations and legitimising partial actions, or making sense of failures. They appear for example in conversations company case studies, press releases or corporate internal communication Using for example, cultural incompatibility to explain a merger's failure can be a convenient way to silence other analyses, for example a poorly prepared merger, lack of managerial commitment hostile attitude from one organisation and its consequence on workers motivation strategic misfit underestimated costs, and structural incompatibility in operations. Other studies show that discourses on culture are constructed and mobilised during power struggles. Ybema and Byun (2009) reveal that when Dutch and Japanese employees collaborate at work in Japan or in The Netherlands, the cultural differences they report depict a negative picture of the other culture, and especially so whenever its representatives are in a superior position. For example, they show that Dutch interviewees, annoyed at being excluded by their Japanese bosses tend to emphasise their Dutch' values of egalitarianism This is done in opposition to the Japanese regime. They claim that Japanese management tries to preserve the status quo by emphasizing Japanese values of hierarchy and consensus However interviewed Japanese employees working in The

Netherlands mention that they are being encouraged by their approachable Dutdi superiors to be more assertive! Yet, when they talk about the Dutch way of decision making they refer to it as being "top-down rather than egalitarian (Ybema and Byun, 2009: 350). The authors reveal how employees use culture' to discursively erect symbolic boundaries between them and their co-nationals) and others belonging to a foreign culture. In other words, the cultural differences are talked about in a way that creates two different groups: the Japanese and the Dutch who are essentialised as different especially when they are connected to different hierarchical levels. These boundaries serve the reproduction of power and status inequalities in their organisations.

Table 3.2 Characteristics of the positivist views on selected items

| Items | Positivist views 'Culture and Values' |
|---|---|
| Basic goal | Identify law-like relations of the influence of culture on management. Explanation; prediction and control |
| Perceived reality | Real (in the sense of realism) and apprehendable |
| Perceived role of the researcher | 'Disinterested' scientist: inform decision makers |
| Approach to culture | Culture is approached with constructs replicable and valid across countries (e.g., cultural dimensions) |
| Example of methodology | Large-scale studies, questionnaires and database analysis, etic constructs |
| Problems addressed | Inefficiency, disorder |
| Example of achieved knowledge | Models showing cultural factors' influence on management. Measurement of cultural differences between countries or organisations |
| Organisational benefits | Control, expertise |
| Example of influential research | Hofstede (1980); House et al. (2004); Schwartz (1994) |

*Source*: inspired by similar tables made by Deetz (1996: 199) and Guba and Lincoln (2005: 193ff.).

Critical views address the discourse about the other and about concepts of difference. They contribute to cross-cultural management knowledge that is used for expatriation training leg. Dahlén. 1997 Lowe 2001, 2002). Pre-expatriation training may implicitly reproduce stereotypes about non Western cultures, thereby justifying the transfer of HRM practices from the headquarters to subsidiaries in developing countries. For example the use of discourse essentialising others and presenting them as culturally determined and backward' (Fougère, 2006: Fougère and Moulettes,2007 Kwek 2003) may lead to IHRM policies and practices in favour of bureaucratic control mechanisms rather than cultural ones based on training - since the assumption is that they are not going to change or that any change will be difficult Further contributions from critical views to IHRM are presented in Peltonen (2006).

**Comparative Human Resource Management**

The meaning and impact of comparative human resource management. Many scholars of HRM have to focus on a narrow definition of the topic that fits the liberal market agenda widespread in some countries but fails to capture the reality of any country – a problem brought into stark relief by comparative studies of HRM. On the basis of that analysis, it will be argued that multiple stakeholder perspectives focused on the long-term benefits to organizations. Employees and the wider community is a more powerful analytic tool.

As an increasing number of organizations seek to operate in foreign markets. It is vital that management practitioners develop a better understanding of, and sensitivity to, the impact of different national settings on the management task. In the field of cross-cultural management/organization, scholars have sought to assist practitioners in achieving. This by conducting research that has generally guiding by two key questions: (1) what is general and universal in the management of organizations, and (2) what is peculiar or specific to one nation or culture?

**Difference between international and comparative HRM**

International Human Resource Management has defined as HRM issues, functions. Policies and practices that result from the strategic activities of MNEs. International Human Resource Management deals principally with issues and problems associated with the globalization of capitalism. It involves the same elements as domestic HRM but is more complex to manage. In terms of the diversity of national contexts and types of workers. The emphasis is on the MNCs' ability to attract, develop and deploy talented employees in a multinational setting and to get them to work effectively despite differences in culture, language, and locations. International HRM tends to mitigate the impact of national culture and national employment practice against corporate culture and practices.

Comparative Human Resource Management, on the other hand, is a systematic method of investigation. That seeks to explain the patterns and variations encountered in cross-national HRM rather than simply describe HRM institutions and practices in different societies. Different national business systems arise from differences in specific historical, cultural and institutional heritage in certain countries. Comparative differences occur due to decisive historical events such as the process of industrialization or due to the legacy of pre-modern forms of social organization. Hofstede adopted the 'culturalist' perspective where he argued that national business styles emerge due to ingrained cultural attitudes and mental schemas. He described culture under five dimensions which are power distance, individualism, masculinity, uncertainty avoidance and long-term orientation.

Human Resource Management policies and practices are becoming universal and that country-of-origin effects are no longer relevant. The pressure to build standardize operations internationally is strongest in sectors. Where competition is highly internationalizing, and where firms compete on the basis of a similar product or service across countries. Such as in cars and fast foods. They have put forward several reasons to explain this trend.

**Firstly,** all MNCs operate in one global market and therefore have to respond to the same environmental pressures such as globalization and technology. The growth in international trade and the move towards an internationally-integrated financial system.

**Secondly,** the widespread practice of benchmarking ‘best practice’ in terms of cost. Quality and productivity may also have contributed to the convergence of international HRM models for e.g. Japanese style ‘lean-production’ system in the 1980s and 1990s. Moreover, these pressures towards convergence stem in part from the influence of MNCs themselves through. Their ability to transfer practices across borders and erode country-of-origin effects.

**Finally,** the formation and development of like-minded international cadres mostly from American or European business schools. May have contributed to homogenize international HRM policies and practices.

Since the early 1990s, the international HRM literature has dominated by models and typologies aim at identifying how international HR fits with organizational strategy. The main issue for all multinational companies is the need to trade-off the advantages global efficiency namely. The coordination of its operations to achieve economies of scale and scope as opposing to the need to differentiate its products and services to meet the local demands. They also identify a third pressure, namely worldwide innovation and learning. Whereby firms are encouraging to support innovation and learning across. Their network of subsidiaries rather than simply relying on research and development at the headquarters. MNEs then follow the appropriate HRM policies and practices according to the structure of the organization. The competitive strategy is chosen or stage of corporate evolution reach.

## GLOBALISATION & HRM

### Introduction to Globalization

**Background to Globalization:** International Business evolved from the age of World War I (1919) & World War II(1939 ) . The economies of several counties were down. Exports & imports were restricted due to unhealthy relations. Then the world war countries found the need of international cooperation in global trade. This lead to the formation of IMF( International Monetary Fund) & World Bank. The attempt of these advanced countries ended with the GATT( general Agreement of Trade & Tariffs) & gradually GATT was replaced by WTO(World Trade Organisation) in 1995.

Hence the efforts of IMF, World Bank & WTO lead to the globalization of business during 1990s.

**Phase 1** – From export-import to International Marketing: Earlier organisations used to only export or import their products across nations. Later these organisations began their promotion in the countries where their products were in demand thus starting international marketing.

**Phase 2** – From International Marketing to International Business: Since the demand of the products started increasing in the neighboring countries, it was becoming difficult for the producers to export at a larger rate hence they decided to manufacture their products in the countries where there is high demand. Eg: Uni lever established its subsidiary in India i.e HUL/HLL. Now HUL produces its product in India and markets them not only in India but to Bangladesh, Sri Lanka, Nepal etc. Thus began the International Business

**Globalization:**

- Doing business in more than one country
- Operating and expanding the business throughout the world
- Establishing manufacturing and distribution facilities in any part of the world
- Global organizational structures, organizational culture & strategies

**Advantages & Disadvantages of Globalization**

**Advantages:**

- Cheaper Products for Consumer: Mass production leads to availability of products at low price.
- Consumers get the product they want at more competitive prices.
- Consumers to get much wider variety of products to choose from.
- Globalization leads to Outsourcing in some cases which can increase of job in other countries. Eg: Moving call centers to India.
- The international barrier gets reduced between counties which fosters the relation among nations.
- Better qualities of products are available due to standard norms set for production across the globe.
- Helps prevent market saturation in a specific market i.e it reduces too much competition in one place. For e.g too much call centers were existing in UK market which moved to India

- Standardization of product: The same products can be seen in some many places – e.g coke and McDonalds
- Companies get access to much wider markets which give a scope of further development of organisations

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- Increased Standard of living due to the availability of goods & services across the globe
- Increased flow of skill and non skilled jobs and workers which enables better employment conditions across the countries. Eg: Large numbers of Indian citizens work in the Middle East country which helps both the countries.

**Disadvantages of globalization:**

- Companies face much greater competition. This can put smaller companies, at a disadvantage as they do not have resources to compete at global scale.
- It can increase spread of communicable diseases.
- Economic depression in one country can trigger adverse reaction across the globe.
- Widening of Gap between rich and poor countries
- Exploitation of workers: Paying the workers in less economic developed countries a fraction of what would be paid to the parent citizen workers

**Impact of Globalization in India:**

- Indian consumers are availing cheaper products due to globalization. There was one stage where only Ambassador Cars were available at high prices but now plenty of automobile companies are existing supply at low prices.

- Indian consumers have more choices to choose from. In consumer durable industries at one point , only Videocon, Onida & BPL ruled the market, but now these companies are no more capturing a big market share. Consumer has plenty to choose from variety of companies such as Samsung, Sony, HP etc.

- Indian consumers have an access to better quality of products due to global standardization. MNC's such as Mc Donald's, Coke etc maintain the same standard in India which is maintained throughout the world.

- Indian consumers now have a better standard of living due to the easy access of products across the globe. Online marketing, E Business & Mobile banking has helped Indian Consumers to establish a global living standard.

- Due to globalization the concept of outsourcing is made possible. The employment in India has improved to a great extent due to the emergence of call centers, BPO's & KPO's.
- Any Indian company can dream now to become a Indian MNC due to globalization. In finger tips the world market is available to them. Companies get access to much wider markets which give a scope of further development of organisations
- Increased flow of skill and non skilled jobs and workers which enables better employment conditions across the countries. Eg: Large numbers of Indian citizens work in the Middle East country which helps both the countries.

**Global Mind Set:**

The process of globalization forces companies and individuals to develop global mindset.

A Mindset is the way we, whether an individual or an organisation observes, accepts and makes sense of the world around us.

A global mindset will comprise of the following aspects:

**Intellectual global mindset:**

- Understanding of how to build and manage global alliances, partnerships and value networks
- Ability to manage the tension between corporate requirements and local challenge
- Ability to handle complex cross-culture issue
- Understanding of global business and industry
- Understanding cultural similarities
- Understanding other cultures and histories

**Psychological global mindset:**

- Respect for cultural differences
- Willingness to adapt, learn and cope with other cultures
- Willingness to accept good ideas no matter where they come from
- Acknowledgement of validity of different views
- Openness to cultural diversity
- Ability to suspend judgment about those from other cultures
- Positive attitude toward those from other cultures and regions
- Ability to adjust behaviour in a different cultural and regions
- Willingness to work across time and distance
- Desire to learn about other cultures and other parts of the world

**Social global mindset:**

- Ability to generate positive energy in people from a different part of the world
- Ability to excite people from a different part of the world
- Abilty to connect with people from other parts of the world
- Collaborative

**Human Resource Management:**

HRM is a management function that helps a manager to plan the required manpower, recruit, select, train, motivate, engage and develop employees for the Organisation.

In other words, it is an organizational function that is related to the employee concerns such as recruitment, employee motivation & development, training, wellness, compensation, benefits and administration

**Importance of Human Resource Management:**

- It helps an Organisation to supply the required manpower to accomplish the organizational goals.

- It trains the employees to gain specific skills and knowledge required to work.
- It facilitates and provides opportunities for employee development.
- It engages the employees to their work & to the organization.
- It provides an employee their wages, benefits, recognition, motivation, social security & status.

**Functions of Human Resource Management:**

| | |
|---|---|
| Manpower Planning | Performance Management |
| Recruitment | Employee Engagement |
| Selection | Compensation and benefits |
| Training & Development | Employee Exit |

**Impact of Globalization on HRM**

Globalization symbolizes free flow of technology and human resources across national boundaries presenting an ever-changing and competitive business environment. Globalization is a process that is drawing people together from all nations of the world into a single community linked by the vast network of communication technologies. This aspect of globalization has also affected the HRM in the business world of today. HR managers today not need to rely in a small limited market to find the right employees needed to meet the global challenge, but today they can recruit the employees from around the world. The future success of any organizations relies on the ability to manage a diverse body of talent that can bring innovative ideas, perspectives and views to their work. Thus, a HR manager needs to be mindful and may employ a 'Think Global, Act Local' approach in most circumstances. Many local HR managers have to undergo cultural-based Human Resource Management training to further their abilities to motivate a group of professional that are highly qualified but culturally diverse. . Furthermore, the HR professional must assure the local professionals that these foreign talents are not a threat to their career advancement. In many ways, the effectiveness of workplace diversity management is dependent on the skilful balancing act of the HR manager.

Global HRM refers to Human Resource Management practices that deal with managing a diversity of workforce from all around the world.

**The impact of globalization on HRM is as follows:**

- **Managing Cultural Diversity**: Managing different employees from different cultures in the same organisation is a complex activity. Employees from each country think differently, perceptions are different towards work culture, the languages change, vocabulary differs and even non verbal communications are quite different from each region. This makes the task of the human resource department challenging due to globalization.

- **Managing Expatriates**: Preparing the home country employees to work in a different country is a herculean task. The beliefs, value system, culture, attitude are diverse in nature. Recruiting, retaining and motivating expatriates have a major impact on the business. Understanding expatriate's need is a prime concern for the human resource team.
- **Difference in the Employment Laws**: The employment laws or the labour laws differ from one country to another. The understanding of not only the monetary benefits becomes essential but also the non monetary benefits such as leaves, flexi timings are important to be included in the human resource policy.
- **Managing Outsourcing of employees**: Outsourced employees to manage business are the big impact of globalization. Managing the BPO, KPO employees working with a different culture, different language, working in completely opposite shifts is a new shift in the area of human resources. Managing the expectation of these employees is a challenge for today's HR and this challenge is a result of globalization.
- **Managing virtual employees**: Majority of the information technology based organisations have employees working "on-site" at a client's location which is completely new to them. The virtual employees have to be managed, retained and motivated in a different way unlike the "off-shore" employees. This practice of managing the virtual employees is a result of organisations going global.
- **Corporate Social Responsibility**: Corporate houses actively participating in the practice of doing for the betterment of the society has emerged from the western countries. It is one of the ways make the presence felt in the host countries. Employees are encouraged to participate in such activities which help to reduce stress working with MNC's.
- **Coping with flexible working hours**: The practice of flexible working hours has emerged as one of the retention initiative of workforce specially women employees who can maintain the work life balance. This practice of flexible working hours is result of working beyond normal time zones. Organisations which have a global presence need the attention of employees at various time zones which is not possible for all employees doing a continuous shift. Hence this practice emerged from globalization and has a positive impact on the HRM practice.
- **Evolution of more part-time and temporary work (especially among women, the elderly and students):** The concept of part time employment, contract jobs have emerged from the practice of MNC's since hundred percent of workforce on permanent payroll is quite a expensive matter to these organisations. Majority of large MNC's in the information technology sector has their employees under contract employment.
- **Coping up with emerging technologies & quality measures:** Every employee in today's leading organisation is being trained with the latest technologies especially with the ERP concept like SAP or Peoplesoft. This step has been taken by MNC's to equip the employees with latest technology enabling the employees to cope up with the changing technology.

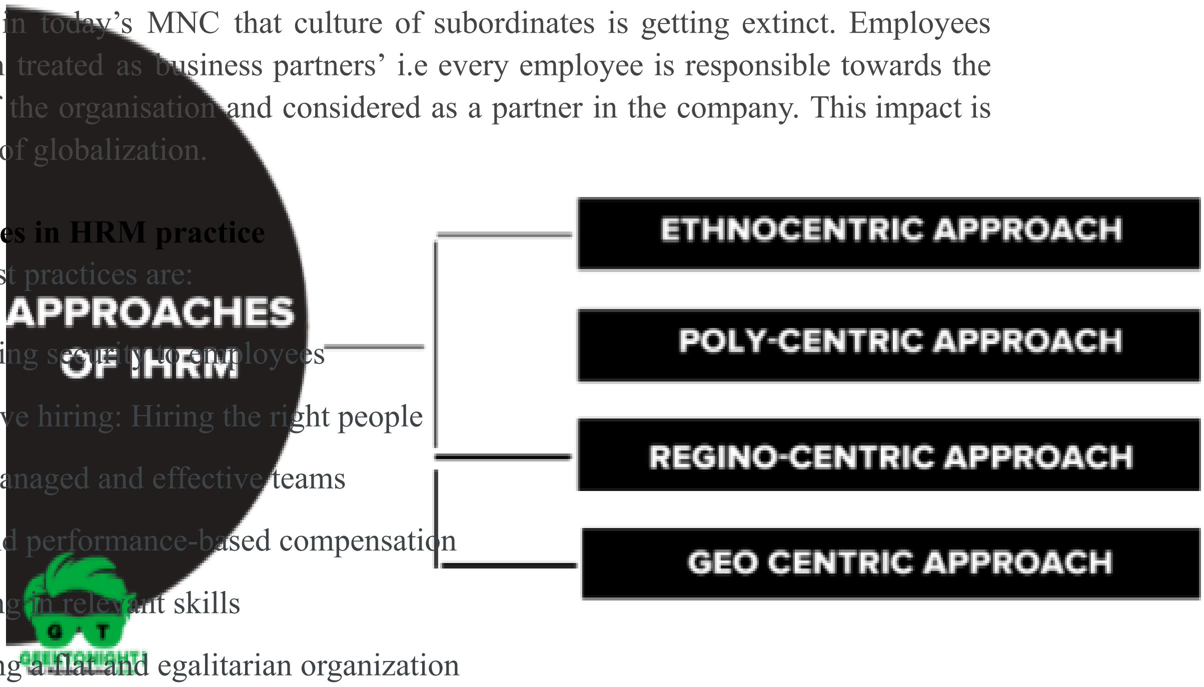
Certifications like Six Sigma are availed to employees to manage the business on an international platform.

- **Changing perspective from subordinates to business partners**: The shift has been observed in today's MNC that culture of subordinates is getting extinct. Employees have been treated as business partners' i.e every employee is responsible towards the growth of the organisation and considered as a partner in the company. This impact is the result of globalization.

**Differences in HRM practice**

These best practices are:

1. Providing security to employees
2. Selective hiring: Hiring the right people
3. Self-managed and effective teams
4. Fair and performance-based compensation
5. Training in relevant skills
6. Creating a flat and egalitarian organization
7. Making information easily accessible to those who need it




**Approaches of IHRM**

**Approaches to International Human Resource Management**

**Cross-cultural Management:** One approach stresses on cross-cultural management. It examines human behavior within organizations from an international perspective. Culture which varies from country to country at least on a few dimensions like family, work ethics, business practices etc. It makes all the difference.

**Comparative Industrial Relations:** The second approach, which was developed from comparative industrial relations describes, compares and analyses HRM systems in various countries. It is a study of countries, their work patterns and managerial practices.

**Management of Multinational Firms:** The third approach focuses on aspects of HRM in multinational firms. In this the focus is on the management of multinational firms having operations in different countries and finding universal principles that apply to the operations of the multinationals across the world.

**Fundamentally there have been different approaches to International Human Resource Management**.

**Approaches of IHRM are:**

1. **Ethnocentric Approach**
2. **Poly-centric Approach**
3. **Regiono- centric Approach**
4. **Geo-Centric Approach**

**Ethnocentric Approach**

In **Ethnocentric approach**, management believes that the approach of the parent company in managing things is the tried and tested practice and it should be followed in all units of the organization in different countries. This leads to the adoption of all systems, procedures, policies of the parent company from the parent country in all other centres of activities.

This may lead to conflicts in certain circumstances. When a company operates in different countries, the expectations and norms may vary from country to country.

Industrial unrest due to this mismatch of expectations and believes is quite common. In India agitations in Maruti, Honda etc in the recent past were examples of this approach.

In ethnocentric approach, most of the major decision making is centralised with the parent company. This is more in the case of management of Human Resources. The top management in host countries is also posted from the parent company so that the culture of the unit remains in line with the parent country.

The approach and practices of the parent country are not necessarily considered the best. There has to be a fit between the management approach and the culture of the host country. Therefore feelings, attitudes, norms, beliefs and societal acceptance of right and wrong of the host country should have an influence on the practices of parent country.

This led to gradual modification in Ethnocentric approach. At present time Ethnocentric organisations are very few and are gradually moving towards **Poly-centric** or **Geo- Centric** approach of management.

**Poly-centric Approach**

In **Poly-centric approach** or philosophy, MNCs realize the importance of the host country and its governing laws. Further, they are aware that the National culture plays an important role in all aspects of management. Hence it is prudent to follow the market needs of the host country and frame a strategy which can give the best results.

To implement such a strategy they need local knowledge and indepth understanding of the way of working in that country. They have to align their management style to suit the local culture and aspirations of the people in that country.

In this approach, organisations have local people are recruited at senior positions. There are very few Parent country nationals. The decision making is highly decentralised and local management takes all decisions. Apart from broad policies which are framed by the corporate at Parent country, all operational policies are decided at a local level.

In case of Management of Human Resources as well, the policies including compensation are decided locally. The guiding principles of culture like Values are driven from the corporate office in the Parent country, generally, all other policies are framed locally keeping in view the practices in that country.

Since in this approach there are very few ex-pacts in local unit or subsidiary, the cost of operation is limited. Such companies are able to compete on cost basis with the local companies as well. Otherwise, most of the companies create their market through a Differentiation strategy rather than cost focussed strategy.

Further these units become highly localised and empowered hence their connect with the corporate becomes loose over the years. At time they come out of the parent company and become purely locally owned subsidiary.

**Regino-Centric Approach**

In **Regino-Centric approach**, MNCs believe that though there is a difference in various aspects of culture from country to country yet there are similarities in a particular region.

For example, there may be differences in the cultures of India, Sri Lanka, Japan yet there are lot of similarities hence it may be appropriate that one Region is managed by one regional office. Thus MNCs set up regional offices to manage entire region consisting of all countries in this region.

They may classify Regions according to their business and presence in particular regions. Some companies may have Asia as a region while some other MNC may have the Asia

Pacific as one region. There are various MNCs who now prefer to have a Regional Office of the Asia Pacific region or Asia region in India.

Such organisations are strong in innovation and creativity due to diversity in their workforce. Simultaneously such MNCs are able to channelise innovative practices across the globe in a significant manner. Inter region transfers and managing expatriate becomes the quite critical activity of Human Resource Management.

**Geo Centric Approach**

**Geocentric approach** of management believes in using the best strength wherever it is available within the organization without any consideration of geographical region or country.

Such organisations are very matured in their management structure, processes and systems. These organisations create a culture that has right proportion of flexibility as well as defining culture and boundaries which make them unique and highly effective.

The decision making processes in such organisations give weightage to local issues and concerns without deviating from the core value system of the organisation. Managing such an organisation need quick decision making and continuous monitoring of all functions across the globe. The IT-enabled integrated systems like ERPs have made it possible to achieve the above-stated objectives in a very smooth manner.

In these companies mobility of talent is frequent. Top positions are manned by people from any country. Professionalism is the diving force and equal opportunity irrespective of race, cast, religion, nationality, gender etc is one of their strong core values.

Geocentric approach is highly professional hence need very competent leaders at the top. Their training and coaching is given high importance by such companies. Generally, such companies believe and follow 'homegrown talent strategy. They spend huge efforts in developing talent which is Culture fit.

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**HRM Concepts**

**Clarifying the**

**concepts**

In order to understand what teacher management involves, it is important to consider it in the broader field of HRM. HRM seeks the best possible adaptation of human resources to the needs of an organisation, both quantitatively and qualitatively. Since the 1980's, the designation 'personnel management' has shifted toward 'human resource management' in many Ministries of Education.

This change reflects the awareness of a mismatch between human resources and the needs of organisations. Indeed, the concepts within public sector organisations in terms of personnel have changed significantly over the past decades in order to deal with the growing requirements for effective management.

In fact, this change was initiated in the private sector. However, in this module we shall focus more particularly on human resource management in the public sector since this concerns teachers directly. Definitions of the concepts of "Personnel Management" and "Human Resource Management" are given below. To date, these definitions have not yet been recorded in a unique reference system. Other definitions can be consulted in the literature specialised in this field.

**Evolution from personnel management to human resource management**

About twenty years ago, what was known as personnel management existed in many organisations. The changes brought about by the emergence of human resource management

reside in two aspects: on the one hand, the fact that this management is strategic and mobilises personnel and, on the other hand, the way in which employees are considered as a resource contributing substantially to the success of the organisation. The organisation, whether private or public, is seen in a new light in that it is now considered as a group of human beings who coordinate their activities to reach specific goals. In other words, the organisational system no longer depends on a single person, the one in charge, but on all the staff and their will, motivation and comprehension of the goals to be reached. Consequently, to achieve its goals effectively, an organisation must clearly define its human resource management policy and the required means at different levels of responsibility within the organisation. An organisation's social network depends on it.

**HRM seeks to create a match between the needs and personnel resources:**

- The "needs" in human resources corresponds to the different jobs that must be filled appropriately to enable the structure to accomplish its missions.

- Human "resources" corresponds to the employees who are actually going to fill the different jobs. The best possible match between an organisation's needs and human resources will be sought:

(i) on the one hand, quantitatively, i.e. in terms of the workforce, by striving to reduce the number of situations of over or understaffing;

(ii) on the other hand, qualitatively, i.e. in terms of skills and motivations, by striving to reduce the number of situations of under or over qualification and by ensuring that the motivations of employees are not at odds with those required by the different jobs.

**Are IHRM models applicable to other contexts?**

Nowadays, internationalization is key for the survival of firms. Internationalization of a firm involves an internationalization of all the functional areas of the firm, of which international human resource management (IHRM) is one of the most relevant. In an international context, managers should make decisions about what human resource practices are best suited to the firm's international operations. Being aware of the differences between domestic and international human resource management will help readers and managers to establish operational mechanisms to deal with country differences in terms of industrial labor, culture, and firm practices. Therefore, after reading this chapter, readers should be able to deal with aspects like adaptation or standardization of HR practices, international staffing, and relevant issues around expatriation and repatriation.

**Factors Affecting Approaches to International Human Resource Management (IHRM)**

Factors affecting approaches to international human resource management (IHRM) are discussed below:

While these attitudes have been a useful way of demonstrating the various approaches to staffing foreign operations, it should be stressed that the above categories refer to managerial

attitudes that reflect the socio-cultural environment in which the internationalising firm is embedded. A number of factors influence the **IHRM** approach taken by an MNC. These include the level of international experience of the firm, the method by which worldwide subsidiaries are founded, the technology and the nature of the product or products of the MNC, etc.

**Factors**

1. The nature of IHRM may be restricted by government policies and legal regulations in the host country.

This is especially felt in developing countries, where management and technical training within the host country's educational system is rudimentary and the local government views the presence of MNCs as a means of developing local expertise.

2. Culture, particularly national culture at the headquarters, plays a role in determining IHRM practices. Culture may affect HQ decisions in two ways:

(a) Some cultures are simply more comfortable than others in taking an ethnocentric approach to management.

(b) The mix of cultures in the subsidiaries of an MNC and the level of cultural difference among the subsidiaries of an MNC will restrict the IHRM approach taken.

3. MNCs with extensive international experience have had the opportunity to develop more diverse methods of maintaining coordination and control over their foreign operations.

4. The method used to establish operations in foreign locations may also affect HR policies. For example, HR practises in the acquired/ merged operation will reduce the wholesale exportation of home-country HR systems into the subsidiary.

5. An MNC opening subsidiaries in developed countries face a much different I HRM challenge than one opening subsidiaries in developing countries. Developed countries have well educated staff having technical and management experience.

Therefore, there is the opportunity to develop polycentric or geocentric IHRM strategies. Whereas in developing countries a more centralised IHRM strategy is necessary.

For technologically sophisticated products, or services, the need to maintain specific production standards and quality controls necessitates a greater degree of centralisation of IHRM functions at the MNCs headquarters. Whereas in some products like food items, the host-country tastes have to be looked into to succeed in the local market.

**What are the implications of change for IHRM approaches?**

**Recruitment and Selection**

A global company has the following alternative approaches to recruitment and selection of employees.

1. Ethnocentric-all key positions, in headquarters as well as subsidiaries, are staffed by parent- country nationals.
2. Polycentric-key positions in subsidiaries staffed by host-country nationals and those in

headquarters staffed by parent-country nationals.

3. Regiocentric-key positions staffed by host-country nationals within particular geographical regions (such as continent-wise).
4. Geocentric-key positions in headquarters as well as subsidiaries staffed by people based on merit, irrespective of their nationality.

Different MNCs adopt different approaches for recruitment. For example, a survey of recruitment practices adopted by MNCs reveals that 50 per cent MNCs believe in geocentric approach while 35 per cent MNCs believe in ethnocentric approach and key functionaries from parent country national are put on foreign assignments for two-three years. While selecting personnel, MNCs generally place emphasis on technical skills. Not much emphasis is placed on skills for cultural adaptability. With the result, expatriate failure rate is high. In order to overcome this problem, many MNCs have adopted the practice of recruiting fresh graduates from host countries and providing training in parent country.

***Performance Management***

Performance management, that is, assessment of employee performance, discussing its results with employees, and suggesting and working out way for improvement in performance, is based on the practices adopted by MNCs in this respect for parent-country nationals. However, this has posed a serious limitation in the American MNCs which adopt, generally, management by objectives (MBO). MBO works in an environment which is open and provides platform for discussion between superior and subordinate on equal footing. In countries where people are highly oriented towards authority, any open discussion with superior by subordinate is treated as insubordination, and MBO system does not work. Therefore, the alternatives suggested are recognizing and formally incorporating the difficulty level of operating in different countries, relying the foreign on-site manager to consult the home-site manager before finalizing assessment, and involving the expatriate in deciding on performance criteria and making them more appropriate to the expatriate's position and circumstances.

***Training and Development***

MNCs provide pre-departure training to expatriates. However, in many cases, such a training is superficial without really addressing the issues uppermost in the minds of expatriates and their families. The depth and breadth of training can vary from a simple information-giving

approach (films/books) to effective approach (culture and language training) and impression approach (field experience) depending on the length of stay and nature of the position. Regarding training and development, it is suggested that MNCs develop a global pool of international managers and rotate them across foreign locations to facilitate transfer of best HRM practices and mentoring of future global managers. Emphasis should be placed on making managers sensitive to cultural differences and adept at managing them.

***Compensation Management***

There are two commonly used approaches in international compensation systems — going- rate approach in which compensation is tied to host-country norms and the balance- sheet approach in which compensation is tied to home-country norms. In both approaches, additional expenses in the form of housing and additional taxes are reimbursed. Both the approaches have their own merits and limitations.

***Industrial Relations***

Industrial relations depend on the history, legal framework, power relations, and ideologies of management and trade unions in each country. Therefore, MNCs have to adopt specific industrial relations strategies to suit local conditions. However, MNCs face pressure for standardization in terms of productivity at least within a region if not internationally. Therefore, they have to strike a balance between industrial relations strategies to suit local conditions and standardization. Some MNCs lobby with local governments to have better industrial relations.

**Module -2 IHRM Policies and Practices - Part A 7 hours**

Managing Knowledge in Multinational Firms: Introduction, Different types of knowledge, Factors influencing knowledge sharing How to stimulate knowledge sharing Gaining access to external knowledge, Knowledge retention From the management of knowledge to innovation

Training and Development: Developing Global Leaders and Expatriates

Training and Development: Domestic Versus International Organisations International Training Management: Basic Concepts and Models Leadership Training and Development in International Organisations Technology in International Training Management.

# MANAGING KNOWLEDGE IN MULTINATIONAL FIRMS

## 1. Introduction

- A primary rationale for the existence of MNCs is their ability to transfer knowledge more effectively and efficiently than through market mechanisms.
  - The competitive advantage of MNCs stems in part from its ability to replicate operating routines that have proved effective elsewhere in the corporation, and in part from its ability to access and recombine new knowledge.

- Within MNCs, knowledge sharing is facilitated by cross-unit social capital, organisational values of collaboration and sharing, and global mindsets among employees.

- Knowledge acquisition requires investment in external scanning on a global scale; the development of partnerships with customers, research labs and other organisations; and an ability to use the open market to identify complementary knowledge.

## 2. Different types of knowledge

- Knowledge are beliefs that organisational members hold about what constitutes effective organisational actions and practices. A distinction between explicit and tacit knowledge was first advanced by Polanyi (1967) and developed by Nonaka (1994).
  - *Explicit*: knowledge that individuals and organisations know they have (objective, formal, systematic and relatively easy to pass on to others at a low marginal cost). Knowledge stored in IT-based databases is explicit.
    - ❖ Shared through databases, manuals and blueprints.
  - *Tacit*: personal, context specific, hard to formalise and communicate. Individuals may not even be conscious of tacit knowledge they possess. Underlies complex skills and is fundamental to the intuitive feel acquired through experience.

❖ Sharing requires connections or networks.

- Development of advanced IT-based systems fuelled interest in knowledge managementduring the 1990s.
  - Accenture invested in the development of a global knowledge management system with thousands of databases where consultants would enter knowledge about projects into the system for other members to access it.
  - Most organisational members bad at entering useful knowledge into databases and not all tacit knowledge can be made explicit. Even though some knowledgeis codified, there is a need to combine with the sharing of tacit knowledge through interactions between people from different parts of the MNC (Harzing, 2009).

- Knowledge varies according to its strategic importance for the enterprise. Lepak & Snell (1999) developed a framework that emphasizes the need for a differentiated approach to knowledge management and HRM depending on the strategic value and firm specificity.
  - Core: unique to firm and high in strategic value, such as Toyota's manufacturing expertise. Implies a focus on retaining and developing the talent of people in whom this core know-how resides.

    Compulsory: available. Essential for an opportunity to compete but offering no distinctive competitive advantage. Likely to be managed through close attentionto performance management.
  - Idiosyncratic knowledge: know-how unique to the firm but does not have clear strategic value in present, though it may represent core knowledge of the future.
  - Ancillary: low strategic value and uniqueness may be outsourced or automated.
- We highlight the issues concerning knowledge sharing, which refers to the process ofexchange of existing knowledge among individuals, teams and units.
  - Capability of firm to develop, retain and exploit core knowledge through internal sharing across dispersed units is an important source of competitiveness.
  - Shift from a focus on the home country to the ability to generate and transfer knowledge from local units to the parent and other parts of the corporation.

## 3. Factors influencing knowledge sharing

- For an MNC, the diversity of knowledge throughout the organisation can be a great asset if it can be shared effectively across these boundaries to improve existing capabilities, while combining local knowledge from different environments may lead to innovation: enhancing the company's competitive edge.
- There are costs associated with sharing (Szulanski, 1996), creating particular difficulties if it is tacit ambiguous knowledge (Simonin, 1999).Attention to a range of technological, organisational and people-related issues.

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Sender unit's ability and willingness

- Disseminative capacity refers to the ability and willingness of organisational members toshare knowledge (Minbaeva and Michailova, 2004).
    - For sharing explicit knowledge, this pedagogical ability is evidenced by source unit's proficiency in codifying knowledge in manuals, reports and systems avail. to other parts of the corporation.
    - Sharing tacit knowledge is more difficult, requiring skills in interpersonal and face-to-face interaction (good language and communication skills and understanding of cross-cultural factors).
    - For knowledge sharing to take place, the source of the knowledge must be willing to share it (Szulanski, 1996): 'why help others in an organisation with something that is a key competitive advantage for one's own career?

- Social status and reputation play important roles in shaping the context for knowledge sharing: people gain status when considered as knowledgeable and sharing knowledge with others is a good way for them to enhance their reputation.
    - Knowledge sharing requires social networks within the MNC where reputations are built and where people learn not only what the useful sources of knowledge are, but also who is willing to engage in joint problem solving.

Receiver unit's ability and willingness

- Absorptive capacity (Cohen and Levinthal, 1990) is commonly used to describe the ability of the receiving unit to evaluate, assimilate and exploit new knowledge from outside the organisation (Zahra and Georg, 2002). Critical and not enough emphasis placed on this.
    - Since knowledge changes when it is introduced in or absorbed by a new context, the ability to absorb new know-how requires a knowledge base and experience with its transfer.
- The term relative absorptive capacity (Lane and Lubatkin, 1998) has been coined to refer to the unit-specific ability to absorb knowledge from another party.
    - When two units are similar, it is easier for them to understand/absorb knowledge from the other. However, similar units have less to learn from each other: more knowledge overlaps, less to be gained from investment in knowledge sharing.

- Absorptive capacity is more than just the ability of a unit to recognise the value of new information, to assimilate and apply it to commercial ends (Zahra and Georg, 2002). It also includes the capacity to unlearn, to challenge existing ways of doing things.
    - Lack of motivation to learn from other units is documented: natural tendency to inflate the perceived quality of one's own knowledge while deflating that of others.
        - Unwillingness of units in mature markets to learn from

subsidiaries in emerging economies as the flow of knowledge was historically one-way.

- ‘Halo effect’: in the absence of reliable information about the quality of the other units’ knowledge, people rely more on the knowledge in well performing subsidiaries, ignoring the potential value of low performers (Gupta et al., 2008).
- Tendency to prefer to learn from similar units, those that follow a similar strategy and share common organisational characteristics.

### Relationship between the sending and receiving units

- Internal MNC knowledge transfer possible only when close relationships are established between senders and receivers. Empirical studies on internal MNC knowledge transfer:
  - Szulanski (1996) claimed that ‘intrafirm exchanges of knowledge are embedded in an organisational context and the transfer of knowledge (especially with a tacit component) therefore requires numerous individual exchanges’.
  - Hansen (1999) concluded that absence of relations and communication among people from different departments inhibits knowledge transfer, while strong inter-unit relations facilitate it. He also found that units more involved in their respective knowledge networks were able to acquire more knowledge from other divisions in the network (Hansen, 2002).

## 4. How to stimulate knowledge sharing

MNCs can make knowledge sharing effective, efficient and fast by:

- <u>Disseminating information about superior performance and knowledge</u>
  - It is important to identify superior practices by measuring relevant dimensions of unit performance. By making performance data widely available, the units can themselves uncover examples of unique and valuable knowledge.
    - Alfa Laval Agri from Sweden held quarterly meetings for all its subsidiary managers where they were required to present performance data along multiple dimensions, which helped to reduce the bias present in internal assessments of capabilities and stimulated knowledge sharing among the units (Monteiro et al., 2008).

- <u>Employing HRM practices that influence the ability and motivation of employees to absorb knowledge</u>
  - Research shows that successful implementation of traditional HR practices can enhance a unit’s absorptive capacity (Minbaeva et al., 2003) e.g. by recruiting people with required skills/knowledge or investing in training and development. Performance management systems give employees direction for enhancing their competencies to meet the organisation’s knowledge needs.

- Rewards for knowledge sharing in performance-based compensation reduces uncertainty with issues of goal prioritisation but can also lead to obstacles to knowledge sharing: when pecuniary rewards are introduced, an incentive for the individual to withhold knowledge for future gains is also added (Bock et al., 2005). When individuals perceive that they are rewarded for their performance and expertise, sharing knowledge with others may be seen contrary to their interest.

- As Osterloh and Frey (2000) suggest, intrinsic motivation is more effective than the motivation of extrinsic rewards when tacit knowledge is involved. In certain circumstances, the use of rewards may be counter-productive, which implies that we cannot simply pay for a knowledge-sharing behaviour: such collaborative behaviour must be encouraged and facilitated (Bock et al., 2005).
    - ❖ At Schlumberger, knowledge sharing is part of the formal performance reviews for managers and engineers. Schlumberger field engineers have objectives relating to best practices, lessons learned and other aspects of knowledge sharing. An incentive system encouraging collaboration and knowledge sharing is more likely to produce these outcomes than a performance evaluation system.

- <u>Selecting expatriates with knowledge sharing in mind</u>
    - Cross-border transfers of personnel is one of the most important levels of knowledge sharing that MNCs have at their disposal. The close interactions of experienced expatriates with employees in their local units offer opportunities for sharing tacit knowledge (Lazarova and Tarique, 2005).

    - Hocking (2007) studied how expatriates contribute to the strategic objectives of MNCs and found that the impact of expatriate knowledge results from frequent knowledge access as well as communication with corporate HQs and other units of the firm, while expatriates derive experiential learning from frequent access to local knowledge. Characteristics looked for in expatriates include:
        - ❖ Professional and technical competence; relationship and communication abilities; cultural sensitivity and flexibility.

    - However, expatriation has its limitations.
        - ❖ Toyota's global strategy has been focused on gaining market share by building manufacturing plants in markets all over the world. Employees from these new locations were taught the Toyota Way (production and manufacturing philosophy of continuous improvement), tacit knowledge transferred through extensive of expatriates.
- Toyota expanded and did not have enough expatriates. To speed up the learning process and to reinforce the knowledge transfer mechanism, Toyota created a

Global Production Center in Toyota City with the goal of accelerating development of local employees with deep knowledge of the Toyota production system (TPS).Designing appropriate structural mechanisms

- Various lateral structural mechanisms are used in part or primarily to stimulate knowledge sharing. E.g., product development committees with members that represent different geographic units and functional areas are established with the aim of tapping into the different perspectives and pools of experience that the members bring to the committee.
    - ❖ The Knowledge Management Programme (KMP) at the world's largest steel manufacturer ArcelorMittal shows how MNCs create horizontal teams or committees to enhance inter-unit knowledge sharing. Members from different plants were assigned to groups depending on activities (manufacturing, finance, IT and legal) and would then meet frequently to benchmark these activities undertaken in the different units and discuss problems. ArcelorMittal abstained from appointing a best plant for others to emulate, believing that all units had something to teach others.
    - ❖ Working in project or so called 'split egg' roles where managers and professionals have vertical and horizontal responsibilities, is at theheart of BP's focus on global knowledge management in its oil exploration and production business (Hansen, 2001). 'The model is an open market for ideas, people develop a sense of where the real expertise lies'.

- The knowledge management groups at ArcelorMittal and BP have many of the features associated with open communities of practice. These are characterised by some form of collaboration around a common set of interests.

● Building a conductive social architecture: social capital, social norms and global mindsets

- The social relationship between the source and the receiver is another strong determinant of knowledge sharing within MNCs (Hansen et al., 2005). Taken asa whole, these relationships constitute the social capital of the firm.
- Social capital increases the organisation's ability to acquire and transfer new knowledge (Gooderham et al., 2011). According to Nahapiet (1998), social capital comprises 3 interrelated dimensions which are very important: relational,cognitive and structural.
    - ❖ A range of HR practices have the growth of social capital as aims: from corporate training programmes with participants from different parts of the MNC, induction programmes for recruits to transfers of personnel.

- Knowledge sharing is also influenced by people's state of mind, and the term global mindset has gained prominence in IHRM literature. This dimension is concerned with why some people are better in sharing and receiving knowledgeacross cultures.

- ❖ Global mindset: ability to accept and work with cultural diversity, reflected in research that tries map the skill or competency sets associated with diversity management. Cultural self-awareness and the openness to and understanding of other cultures are core elements of the psychological or 'cultural perspective' on global mindset (Levy et al., 2007).

## 5. Gaining access to external knowledge

- Academics agree that the successful MNCs are increasingly those better at exploiting the possibilities offered by their worldwide networks to gain access to new knowledge and ideas from foreign locations.
  - Objective of the Connect + Develop model championed by Procter & Gamble (P&G), the aim of which was to find external ideas that could be further developed within the corporation, often in collaboration with external partners.

- The meta-analysis conducted by van Wijk (2008) found that both external and internal knowledge sharing/transfers were largely influenced by the same mechanisms. However, firms may use additional approaches to access knowledge from the outside:
  - Scanning or tapping into local knowledge base; partnering or merging with other firms; and playing the virtual market.

### Scanning global learning opportunities

- Scanning involves gaining access to external knowledge from what people read, hear or experience. Although new insights typically come as a by-product of ongoing operations, specific investments in scanning may enhance the external acquisition of

  new knowledge especially when innovation and development are encouraged in the organisation.

- From an HRM perspective, there are pros and cons associated with establishing a unit in locations such as Silicon Valley.
  - There is an ample supply of people with relevant experience and the opportunity for social contacts can be invaluable. Social networks not only help a firm tap into external knowledge but also serve as a conduit for its proprietary knowledge.

- Accessing and assimilating complex tacit knowledge requires considerable investment in time and resources.
  - After attempting an unsuccessful joint venture with a French company, Shiseido (Japan) formed a wholly owned subsidiary to develop and product fragrances. Italso established a high-end beauty parlour in Paris and bought two functioning beauty salons. After long success, Shiseido learnt to let host country people with long-term industry experience take charge of its operations in France.
  - Shiseido acquired competences in product development, manufacturing

and marketing that the company was able to transfer back to Japan, through close observation/interaction between Japanese expatriates and French employees.

Partnering or merging

- A significant proportion of knowledge acquisition comes about through partnering, deep relationships with other organisations. Some alliances and JVs are established with the explicit objective of co-creating new knowledge.
  - One challenge in learning alliances and JVs is that they may involve firms with competing interests, where parties strive to learn from each other to improve their individual position (Pucik, 1988).
    - In the joint venture between Toyota and GM, GM's aim was to learn about lean manufacturing from Toyota and Toyota wanted to learn about the US market to gain experience in establishing a local production unit. It has been argued that Toyota was more successful in that 'race to learn' because its HRM strategy and learning objectives were fully aligned.

- The use of outsourcing has become widespread in all industries but there are significantchallenges in developing appropriate structures for such projects and attention should be paid to developing the social relationships needed for the collaboration to run smoothly.
  - A major challenge for firms is to capture the individual learning of the key people involved in such partnerships, translating it into organisational know-how.

Playing the virtual market

- One of the effects of the digital revolution described by Friedman (2005) in *The World is Flat* is the use of new technologies to link individuals and organisations in all parts of the world.
  - P&G has paid considerable attention to how best to use the market for knowledge acquisition. Together with other large corporations, P&G has helped create firms specialising in connecting companies with tech problems with other companies, universities, labs and individuals who may be able to provide solutions. These market brokers help write technology briefs and facilitate the interaction between the corporation with the problem and organisation or individual with the potential solution (Huston and Sakkab, 2006).
- Challenges involved in the use of virtual cross-border teams and international alliances are amplified when playing the virtual market.

## 6. Knowledge retention

- *Stimulate knowledge sharing among individuals and units*, so that the company is less dependent on a smaller number of people. An illustration is when people with unique knowledge are approaching retirement.

- *Reduce employee turnover*, reducing the leaking of proprietary knowledge to competitors. This means trying to make sure that employees believe that they have good development opportunities in the firm and paying attention to the individual interests of the person (Evans et al., 2011).

- *Invest in making tacit knowledge explicit.* The Japanese knowledge management scholar Ikujiro Nonaka (1994) calls this 'externalisation'. He suggests that metaphors can help individuals to explain tacit concepts that are otherwise difficult to articulate by conveying intuitive images that people can understand. The explicit knowledge can thenbe codified and saved in databases where they can be accessed after the people with the embedded knowledge have left the firm.

- The example of how to manage repatriates illustrates all three strategies. Successful retention management is part of a successful approach to repatriate knowledge sharing.
    - The organisation to make sure that repatriates have opportunities to share their knowledge by assigning them to projects and committees (Oddou, 2009). In some cases, reports/presentations can be tools for capturing and sharing insights gained during overseas assignments (Lazarova and Tarique, 2005).

## 7. From knowledge management to innovation

- The biggest problem may not be that MNCs do not know how to be innovative – it is that the properties needed to be innovative are different from those needed to be successful in exploiting what they are doing well today.

- Effective knowledge management is important to exploit existing capabilities on a global scale and explore new ideas that can be developed into new product/service offerings. While both are needed, finding balance between the two is challenging (March, 1991).

- The management of knowledge and innovation on a global scale is clearly a challenge, with numerous HRM implications, although nothing that confers sustainable competitiveadvantage comes easily.
    - Performance management systems/compensation schemes have to encourageboth exploration and exploitation.
    - MNCs need to recruit and select employees bearing in mind the acquisition of valuable external knowledge, but they also need to socialise new employees to make sure that this knowledge is shared across units.
    - A key decision-making criterion for staffing decisions should increasingly be theinnovative ability of the firm.

### CASE STUDY: Spurring innovation through global KM at P&G

- An important reason behind P&G's growth and success has been its ability to create innovations. However, while the company continued to develop innovative new products

  in the 1990s, by 2000 profits were lacklustre, the stock was underperforming, and P&G was facing creasing returns on its investments in R&D.

- While the company knew that many of its best innovations came when combining ideas from different parts of the corporation, the inflow of knowledge from the overseas unit was limited as was lateral knowledge transfer among the foreign subsidiaries. While P&G had some positive experiences acquiring new products from outside the firm, these innovations and their connections were too infrequent.

- In 2000 the new CEO set out to change radically how the company went about innovation. He set a challenging strategic goal that 50% of new products should stem from idea acquired from outside the company.

- Enhancing how P&G captured and shared knowledge across borders would not be an easy undertaking: functional barriers between R&D, manufacturing, marketing research, etc would have to be eliminated, as well as reducing those between the different business units. There was a need to improve the linkage between problem identification, external knowledge acquisition, internal knowledge sharing and global exploitation of innovations.

- New model P&G called 'Connect + Develop': goal was to tap into knowledge and ideas outside the company, from small to medium-sized companies, university labs, individual researchers, its business partners and even from its competitors. An additional aim was to improve the sharing of knowledge and ideas within the company.
    - Appointed 70 senior tech entrepreneurs to work in 6 regional hubs, focusing on finding products and technologies that were specialties within their regions.
    - Established 21 global communities of practice, networks of experts working inthe different business areas.
    - Helped create several firms that operated open networks (connecting scientists,companies, universities and government labs).

P&G's innovation success rate has more than doubled since 2000. The number of new products originating from outside the firm has risen by 35% and R&D spending has been reduced from 4.5% of sales in the late 1990s to 2.8

## Training and Development:

IHRM and training and development Training and development increases in complexity as MNEs move abroad. Types of training and development depend on a number of factors: The degree to which management is centralized. The types of workers employed in subsidiaries or joint ventures. The importance of branding, and the extent to which employees are expected to reflect the brand. The cultural expectations of training. In a global company, the training may well be centralised so that suppliers, employees and distributors are aware of the brand image that needs to be communicated. E.g. in Ford training programmes are set up centrally, and then translated and delivered to all main suppliers, subsidiaries and distributors. If, however, a more polycentric approach is taken, then the training may well be far more local, and more in line with the local culture.

## Developing Global Leaders and Expatriates

Shaffer, M.A., Kraimer, M.L., Chen, Y.-P. and Bolino, M.C. (2012) 'Choices, challenges, and career consequences of global work experiences: A review and future agenda', *Journal of Management*, *38*(4): 1282–1327.

Over the past 20 years, there has been increased interest in global forms of employment. Researchers have identified and investigated a number of global work experiences, including corporate and self-initiated expatriates as well as more novel forms of corporate global employees (flexpatriates, short-term assignees, and international business travellers). In this article, the authors review the empirical research that has investigated individual choices, challenges, and career consequences associated with the various types of global work. They summarise and synthesise this growing body of literature and then develop a taxonomy of global work experiences.

Chang, W. (2005) 'Expatriate training in international nongovernmental organisations: a model for research', *Human Resource Development Review*, *4*(4): 440–461.

In light of the massive tsunami relief efforts that were still being carried out by humanitarian organisations around the world when this article went to press, this article points out a lack of human resources development research in international nongovernmental organisations (INGOs)
and proposes a conceptual model for future empirical research. This article reviews the three related research areas of NGO history, volunteer training, and expatriate development; discusses the possibility of integrating the theory from these three areas; and finally builds a model for further empirical studies for expatriate training in INGOs.

## Managing expatriates

Expatriates can be diffi cult to manage because of the problems associated with adapting to and working in unfamiliar environments, concerns about their development and careers, difficulties encountered when they re-enter their parent company after an overseas assignment, and how they should be remunerated. Special policies for them are required, covering:

- Recruitment and selection;
- Assimilation and review;
- Training;
- Career management;
- Re-entry;
- Pay and allowances (home-based or Host-based pay).

### Developing global leaders

Companies must cultivate leaders for global markets. Dispelling five common myths

about globalization is a good place to start.
as firms reach across borders, global-leadership capacity is surfacing more and more often as a binding constraint. According to one survey of senior executives, 76 percent believe their organizations need to develop global-leadership capabilities, but only 7 percent think they are currently doing so very effectively.[1] And some 30 percent of US companies admit that they have failed to exploit fully their international business opportunities because of insufficient internationally competent personnel.
Most of the prevailing ideas in business and academia about global leadership reflect efforts by leadership experts to adapt the insights of their field to the global arena. I come at this topic from the opposite perspective, having focused for nearly two decades on studying globalization and thinking through its implications for business and public policy.

At the core of my work lies the reality that, while globalization is indeed a powerful force, the extent of international integration varies widely across countries and companies and generally remains more limited than is commonly supposed. To be sure, rapid growth in emerging markets, combined with a long-term outlook of lower growth in most developed economies, is pushing companies to globalize faster. But metrics on the globalization of markets indicate that only 10 to 25 percent of trade, capital, information, and people flows actually cross national borders. And international flows are generally dampened significantly by geographic distance as well as cross-country differences. US trade with Chile, for example, is only 6 percent of its likely extent if Chile were as close to the United States as Canada is. Furthermore, if two countries don't share a common language, that alone slashes the trade volume between them by 30 percent.

An appreciation of how distances and differences influence international ties helps explain some of the organizational and other stresses that established multinationals are encountering as they accelerate their expansion to emerging markets (for more, see "Parsing the growth advantage of emerging-market companies"). Emerging Asia is farther away—and more different, along multiple dimensions—than more familiar markets in Europe and North America. Japanese multinationals face a distinctive set of cultural, political, and economic issues that complicate their efforts to expand abroad.

Exaggerated notions of what globalization means—what I call "globaloney"—are also apparent in prevailing ideas about global leadership. Some training centers aim to develop "transcultural" leaders who can manage effectively anywhere in the world as soon as they step off the plane. Yet scholars of cross-cultural management suggest that objectives like this are unrealistic.

While global leadership is still a nascent field, common conceptions of it already incorporate myths or half-truths that rest on misconceptions about globalization. Correcting these myths should help the efforts of companies to increase their global-leadership capacity.

## Myth #1: My company, at least, is global.

When I present data on the limited extent of international interactions to executives in large multinational corporations, a typical reaction is that even if markets are not that integrated, their firm certainly is. Such claims, however, seldom hold up to scrutiny. Less than 2 percent of firms on *Fortune*'s Global 500 list of the world's largest companies, for example, derive more than 20 percent of their revenues from three distinct regions.[3] Most firms also remain quite domestically rooted in other aspects of their business, such as where they do their production or R&D or where their shareholders live. BMW, for instance, derived 51 percent of its sales revenue from outside of Europe in 2011, but still maintained roughly 64 percent of its production and 73 percent of its workforce in Germany.[4]

An accurate read on the extent of globalization in one's firm and industry is certainly a crucial requirement for global leadership. Also invaluable is an appreciation of the extent to which the people within your company are far from completely globalized. Consider just a few pertinent facts. Trust, which some have called the currency of leadership, declines sharply with distance. Research conducted in Western Europe suggests that people trust citizens of their own country twice as much as they trust people from neighboring countries and that they place even less trust in people farther away. Turning to information flows—also central to leadership—people get as much as 95 percent of their news from domestic sources,[5] which devote most of their coverage to domestic stories. Similarly, 98 percent of telephone-calling minutes and 85 percent of Facebook friends are domestic.

The persistent rootedness of both firms and employees has the surprising implication that global leaders should not seek to sever or hide their own roots to become global citizens. Rather, they should embrace "rooted cosmopolitanism" by nurturing their own roots and branching out beyond them to connect with counterparts elsewhere who, like themselves, are deeply rooted in distinct places and cultures. Indeed, studies of expatriate performance confirm that expats who identify strongly with both their home and host cultures perform better than those who identify only with one or with neither.[6]

This rooted-cosmopolitan approach also accords better with research showing that people can become "biculturals," with a truly deep understanding of two cultures,[7] but probably can't entirely internalize three, which implies that four is out of the question. Facing such limitations, attempts to become global by breaking free from one's roots seem more likely to lead to symmetric detachment—a lack of meaningful ties to any place—than to symmetric attachment everywhere.

## Myth #2: Global leadership is developed through experience.

Leadership scholars have argued that experience contributes some 80 percent to learning about global leadership.[8] My own investigations of senior executives' perceptions of globalization, however, indicate that experience, while required, is not sufficient for the development of an accurate global mind-set.

To illustrate, in a survey I asked readers of *Harvard Business Review* to estimate a set of basic values about the internationalization of product, capital, information, and people flows. The respondents overestimated these values, on average, by a factor of three. And, more interesting from the standpoint of leadership development, the magnitude of the readers' errors increased with their years of experience and the seniority of their titles. The CEOs in the sample overestimated the values by a factor of four!

Why might experience correlate with less rather than more accurate perceptions about globalization? One possibility is *projection bias*. Senior executives and CEOs tend to lead far more global lives than most of the world's population, often touching several continents in any given month. Ninety percent of the people on this planet will never venture beyond the borders of the countries where they were born.

If experience alone is insufficient to develop accurate perspectives about globalization, what do executives need to learn off the job? A starting point is an accurate read on the magnitude and patterns of international interactions within their industries and companies. Rooted maps, described in my 2011 *McKinsey Quarterly* article,[9] can help executives to visualize and interpret these patterns.

Global leaders also need to understand the factors that shape international interactions in their businesses, by undertaking a structured examination of cross-country differences and their effects. That is what a survey of academic thought leaders recently concluded should be the focus of the globalization of business school curricula.[10]

Conceptual learning of this sort is a complement to—one might even say a precondition of, though certainly not a substitute for —experiential learning. When executives can fit their personal experiences into an accurate global perspective defined by conceptual frameworks[11] and hard data, they can gain more from their typically limited time abroad and avoid costly mistakes.

## Myth #3: Development is all about building standard global-leadership competencies.

Many lists of global-leadership competencies have been developed in business and in academia, but these provide only a starting point for thinking through the right competency model to apply within a particular company. Customization and focus are essential. In part, that's because even though literally hundreds of competencies have been proposed, a lot of these lists have important gaps or fail to go far enough toward incorporating unique requirements for global leadership. That isn't surprising, since the lists often grow out of research on domestic leadership.

One large review of the literature summarizes it in three core competencies (self-awareness, engagement in personal transformation, and inquisitiveness), seven mental characteristics (optimism, self-regulation, social-judgment skills, empathy, motivation to work in an international environment, cognitive skills, and acceptance of complexity and its contradictions), and three behavioral competencies (social skills, networking skills, and knowledge).[12] To my mind, most of these would also be useful for domestic leadership. Only the motivational point seems distinctively international, although one or two more (such as acceptance of complexity and its contradictions) clearly seem more important in the international domain than domestically.

Typical competency lists also tend to focus on cultural differences, missing other components critical to global leadership. Economic differences (such as the challenges of fast versus slow-growth markets) and administrative and political differences (including the extent of state intervention) are among the other factors that can cause leaders to stumble in unfamiliar contexts.

Perhaps most important, standard lists of global-leadership competencies reinforce a one-size-fits-all view of global leadership that is inconsistent with the reality of globalization and the mix of work global leaders do. A company may find it useful to recruit for and develop a small set of key competencies across all of its global leaders.

Yet the diversity of roles that fall under the broad category of global leadership argues for substantial customization around that common base. At the corporate level, this implies developing a portfolio of competencies rather than an interchangeable set of global leaders who have all met a single set of requirements.

Operationally, an ideal training program would therefore include a geographic dimension and prepare people for dealing with particular origin–destination pairs. For example, a Japanese executive going to work in the United States would probably benefit from preparing for the higher level of individualism there. One preparing for China would in all likelihood benefit more from understanding that "uncertainty avoidance" is less pronounced there, so executives must be ready for faster-paced change and greater levels of experimentation.

Customizing training-and-development efforts at the level of individual country pairs is likely to run up quickly against resource constraints. However, the fact that 50 to 60 percent of trade, foreign direct investment, telephone calls, and migration are intraregional suggests that, in many cases, customizing at the regional level is sufficient. Firms will need a mix of regional and global leaders. Regional leadership is presumably less difficult and costly to develop than global leadership.

At a more granular level, competencies can also be customized to the requirements of specific executives' roles. The dimensions to consider include depth in particular markets versus breadth across markets, the frequency and duration of physical presence abroad, and a focus on internal versus external interactions.[13]

## Myth #4: Localization is the key.

Some firms, rather than trying to fulfill the requirements of one-size-fits-all lists of global-leadership competencies, have embraced the opposite extreme of localization. Significant localization has taken place in the management teams of foreign subsidiaries. According to one study, the proportion of expatriates in senior-management roles in multinationals in the BRIC countries (Brazil, Russia, India, and China) and in the Middle East declined from 56 percent to 12 percent from the late 1990s to the late 2000s.[14]

Within this broad trend, some firms still rely too much on expatriates and need to localize more, but localization can be—and, in some instances, clearly has been—taken too far. Giving up on expatriation implies giving up on building the diverse bench of global leaders that CEOs say they require. Persistent distance effects, particularly those associated with information flows, do confirm the general wisdom: global leaders need experience working for extended periods in foreign locations because living abroad creates permanent knowledge and ties that bind. Extreme localization leaves no room for the development of leaders of this sort.

Executives report that "it takes at least three months to become immersed in a geographical location and appreciate how the culture, politics, and history of a region affect business there."[15] This judgment accords with the finding that living abroad expands your mental horizons and increases your creativity. However, merely traveling abroad doesn’t produce these benefits.[16]

Long stays abroad are costly: traditional expatriation typically costs three times an employee's salary at home. Nonetheless, firms that really wish to prioritize global-leadership development will need to allocate the required resources. Better metrics to track the returns on such investments may help. One survey indicates that just 14 percent of companies have any mechanisms in place to track returns on international assignments. Most of these companies use metrics tracking only business generated from an assignment.[17]

Better career management could help capture and measure returns on investments in developing global leaders. Evidence indicates that in European and US multinationals, expatriates still take longer, on average, to ascend the corporate ladder than managers who continue to work within their home countries. That indicates a deficiency in this area, as well as an incentive problem.[18]

Rather than pure localization, firms should embrace the practice of rotation, which provides the foreign work experience—not just travel—essential to the development of global leaders. And don't make the mistake of viewing expatriation as being solely about sending people from headquarters to emerging markets. The same requirement for immersion outside of one's home market also applies to the cultivation of global leaders recruited in emerging markets. For these executives, time spent in more established markets can, on the return home, reinforce both local- and global-leadership capacity.[19]

## Myth #5: We can attract the best talent.

Nationals from key growth markets are underrepresented in the leadership ranks of many Western companies, so hiring future global leaders from these areas is critical. Yet recruiting top talent there is becoming increasingly difficult, as described in "How multinationals can attract the talent they need." I recall from my own youth in India how foreign multinationals used to be unequivocally the preferred employers, prized for their superior professionalism, brands, technologies, scale, and so on. Now I see that Indian companies have raised their game, putting pressure on multinationals in local talent markets.

The implications for global-leadership development are threefold. First, shifting to the rooted-cosmopolitan ideal described here is critical to attracting and developing executives from emerging markets. This approach makes it clear that ambitious young Indians, for example, proud of their country, don't have to refashion themselves as Westerners to succeed in Western multinationals.

Second, escalating competition for talent in growth markets implies that it is even more urgent for multinationals to diversify their leadership teams quickly. One of the main advantages of local firms is the fact that young recruits often can see, in the faces of the current leadership, that if they excel they have a clear shot at rising to the top. In many multinationals, such promises will require a leap of faith until diversity is significantly expanded. And the local competitors' ongoing international expansion gradually diminishes another advantage of foreign multinationals: the ability to offer a wide range of global opportunities.

Third, incorporating more local talent will require a greater emphasis on developing people. Tight talent markets and overstretched education systems imply, frankly, that

firms hire some people who are not up to the standards they would prefer to uphold. Among the great strengths of India's IT firms is their ability to convert such not quite fully prepared talent into effective performers on a large scale.

It is indeed in today's large emerging markets that the war for talent, identified by McKinsey back in 1997, has become most acute.

Addressing the global-leadership gap must be an urgent priority for companies expanding their geographic reach. Predictable biases rooted in widespread misperceptions about globalization are hampering their efforts to develop capable global leaders.

## Expatriate Training & Development in IHRM

Many companies are relocating their employees and sending them on assignment to work in their overseas operations as expatriates. International assignments are often more complex than domestic assignments since they involve going to another country and work in a different culture. This is where training is helpful to best ensure the success of such assignments.

## Features of Training and Development in International Businesses

Training develops expatriate‘s learning orientation and helps them to understand the culture of overseas destinations (Porter and Tansky, 1999). Even of its importance, many studies show that companies either do not provide or give very limited cross- cultural training to expatriates and families because of time constraints and of its high cost.

Effective training can prevent and minimise the impact of others. A study that surveyed 75 organisations in UK, Holland, Belgium and Germany showed that some of the biggest issues against expatriates are personal shortcomings in areas such as politeness, punctuality, tactfulness, orderliness, sensitivity, reliability, tolerance and empathy. Effective training programmes can minimise these personal behavioural issues. These issues arise primarily due to differences in Culture.

Training can also improve the overall management style. Research shows that many host country nationals would like to see changes in some of the styles of expatriates, including their leadership styles, decision making, communication and group working.

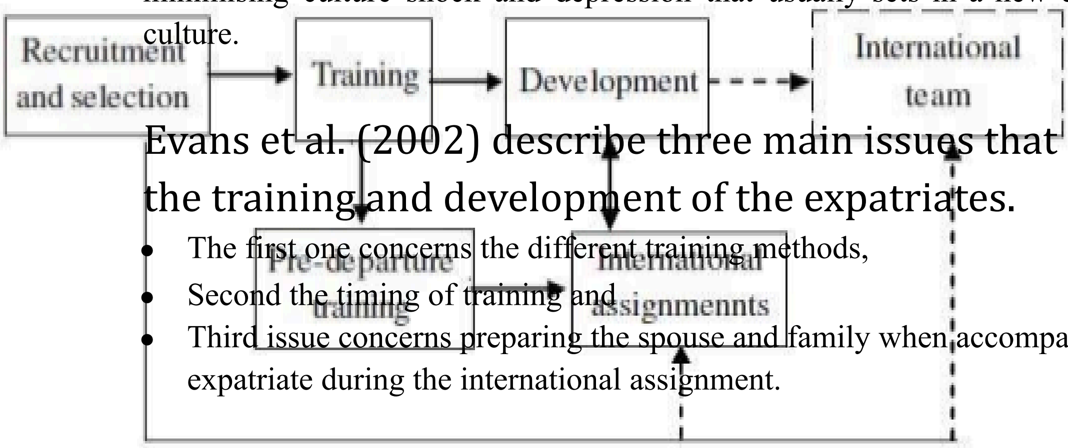
Proper training can address some of these demands. Training and development is a subset of Organizational Development (OD), culture change and knowledge management.

New employees after their selection and old employees on their career move, receive regular training and development inputs. However, before an international assignment, it is customary to send the candidate for post-departure training before he or she assumes full responsibility as a member of the international team.

Candidates are also given pre-departure training which emphasises on cultural awareness and business customs of the country of posting to help cope with unexpected events in a new country. This pre-departure training helps in minimising culture shock and depression that usually sets in a new country and culture.

### Evans et al. (2002) describe three main issues that concern the training and development of the expatriates.

- The first one concerns the different training methods,
- Second the timing of training and
- Third issue concerns preparing the spouse and family when accompanying the expatriate during the international assignment.




Process of Training and Development in International Human Management

## Developing an International Mindset

Developing a global mindset and leading with cultural intelligence are two phrases that are used quite often by management teams, and that can be defined as making oneself understood where cultural differences are at play.

Training employees and giving them the tools needed to develop the global mindset needed to succeed prior to engaging in international endeavours is by far the most effective way to conduct international business and retain employees.

International teams and leaders need to change their frame of reference from a local or national orientation to a truly international perspective. This involves understanding political and cultural influences, trends, practices and international economics. Team leaders, in particular, need to understand and develop competitive strategies, plans and tactics that are external to the confines of domestic marketplace orientation.

International managers need not only to recognise the cultural differences but also to manage them effectively. If the team is to succeed, they need to develop processes for coaching, mentoring and assessing performance across a variety of attitudes, beliefs and standards.Here are a few components of a training regiment that highlights the basic needed modifications for international success:

1. Develop Relationship Skills
2. Learn the Language
3. Understand the Culture and the Market
4. Know the Simple Differences
5. Be prepared for the Marketplace
6. Find a Mentor or Trusted Partner
7. Have Patience

## Develop Relationship Skills

Employees must master these soft skills to be excellent team players, communicators and problem solvers.

## Learn the Language

Language Proficiency can play a role in refining relationship skills. One should seek opportunities to learn the language through specialised training programs or coursework that will help to adjust effectively in the host country.

## Understand the Culture and the Market

From a cultural perspective, expatriates should learn what is held sacred and what is viewed negatively. Blending into the market as opposed to creating friction or embarrassment is necessary to help forge global partnerships.

## Know the Simple Differences

It is also necessary to learn the basics of the market that one is working with. From time zones to measuring systems, these basics can prepare the expatriates for a smoother transition. Much of this research can be done on the internet through reliable sites before trip, call or email to show your knowledge of their practices.

## Be prepared for the Marketplace

Understanding the essential elements of the international marketplace is fundamental knowledge required while working in the global domain. Having a high level of knowledge of international trade and monetary systems is part of the repository of knowledge essential to stay competitive.

## Find a Mentor or Trusted Partner

Utilising the knowledge of someone with experience in the chosen market can be instrumental in helping one adjust and succeed.

## Have Patience

The global market can offer unique obstacles one may not have been expecting, but the opportunity to shine on a larger scale should be valued. Time should be taken to work through challenges to appreciate the role one is in.

## Pedagogy of International Training

According to Dowling and Welch (2004), studies indicate that the essential components of pre-departure training programs that contribute to a smooth transition to a foreign location include Cross-Cultural Training (CCT), preliminary visits, language training and assistance with practical day-to-day matters.

## Cross-Cultural Training (CCT)

It is generally accepted that to be effective, the expatriate employee must adapt to and not feel isolated in the host country's cultural, economic, legal and political environment. Without an understanding of the host country's culture, the expatriate is likely to face difficulties during the international assignment.

Therefore, cultural awareness training remains the most common form of pre-departure training (Dowling & Welch, 2004). Stroh et al. (2004) refer to the three learning processes. They claim that the training should help expatriates to:

- Become aware that behaviours differ across cultures and the importance of observing these cultural differences carefully.
- Build cognitive cultural maps so that expatriates understand why the people of host country value certain behaviours, how these appear to be and how these can be appropriately reproduced.
- Practice the behaviours they will need to follow in order to be efficient in their international assignments.

The processes mentioned above reflect the importance for expatriates to be able to deal with cultural differences that he/she may confront. It builds the foundation of designing cross-cultural training for managers (Stroh et al., 2004).

## Preliminary Visit: Spousal and Family Preparation

Another training form that is useful in orienting international employees is to send them on a preliminary trip to the host country. A well-planned trip overseas for the candidate, spouse, and family provides a preview that allows them to assess their suitability for and interest in the assignment. Such a trip also serves to introduce expatriate candidates to the business context in the host location and helps encourage more informed pre- departure preparation (Dowling & Welch, 2004).

Participating in the visit before formalised training eliminates many of the basic logistical questions that frequently stress expatriates and their spouses and all for full focus and concentration in Cross-Cultural Training (CCT) learning (Bennett, 2000 pg 243).

## Language Skills

The result of lacking host language competence has strategic and operational implications as it limits the multinational's ability to monitor competitors and processes of important information. Having the ability to speak a foreign language can improve the expatriate's effectiveness and negotiating ability (Dowling & Welch, 2004).

Baliga and Baker (1985) point out, that it can improve manager's access to information regarding the host country's economy, government, and market. Disregarding the importance of foreign language skills may reflect a degree of ethnocentrism, which is when one believes that one's culture is superior over other cultures.

Knowledge of the host-country language can assist expatriates and family members gain access to new social support structures outside of work and the expatriate community (Dowling & Welch, 2004).

## Assistance with Practical Day-to-Day Matters

To provide information that assists relocation is another component of a pre-departure training program. Practical information makes sure the expatriate does not feel left behind during the adaptation process. Many multinational companies now take advantage of relocation specialists that help the expatriate with accommodation, suitable job and school for the spouse and children.

Language training is usually provided if the expatriate never got such training during the pre-departure training (Dowling & Welch, 2004). Another way of gaining this information is from the people that are already working as expatriates in the area and whom are willing to help the spouse and family of the new expatriate to adapt (Webb & Wright, 1996).

Usually the company will organise practical orientation programs for the expatriate, his/her spouse and family so that they get familiar with the place they are going to live in (Dowling & Welch, 2004).

Some of the emerging trends in the area of Expatriates Training and Development are mentioned below:

1. Over Reliance on Pre-departure Training
2. Tailored Expatriate Training
3. Use of Short Term Overseas Assignments
4. Real-time Training
5. Assessment and Development Centres
6. Self-training using Electronic Media

## Over Reliance on Pre-departure Training

As an aspect of broader cross-cultural training, pre-departure training programs tend to predominate. Schullion and Brewster (2001) draw attention to emerging European research which attacks the conventional wisdom behind expatriate training and development programmes.

This research questions the validity of the assumption that cross-cultural training should take place only before the international transfer. It appears that there is still much informality in training (Celeya and Swift, 2006) and it is suggested that HRD for future expatriate managers is more likely to involve frequent crossborder job swaps, and short assignments working in global multicultural teams (Forster,2000; Schullion,2001).

## Tailored Expatriate Training

After reviewing some of the American models of expatriate training and development, Schullion and Brewster (2001) propose that it may be worthwhile examining further some of the European models. In particular, they point to the nature of European frameworks which have tailored made programmes to suit the needs of the individual and the organization.

They contend that in the future, a more tailored made approach to expatriate training is likely to be the way forward particularly in light of the rapidly changing training needs of expatriates (Collings et al., 2007).

## Use of Short Term Overseas Assignments

It is observed that more and more large firms are increasingly relying on short-term overseas assignments instead of the traditional expatriate posting (Colings et al., 20007). These developments and initiatives suggest new ways of developing international assignees and expatriates.

Research evidence says that even the training which is provided to short term assignees is not so specific to the country and involves less extensive cross-cultural training than is offered to expatriates (Tahvanainem et al.,2005). But, it is argued that whether traditional expatriates or short term assignees all require cross-cultural training and awareness so as to reduce adjustment problems.

## Real-time Training

Mendenhall and Stahl (2000) direct attention away from the traditional topic of cross cultural training to discuss future training needs that organisations must focus on. They distinguish between two types of in-country training delivery methods: traditional and real time. Traditional is the formal classroom lecture where all the expatriates receive the same content.

Hence, it is inflexible and does not meet the needs of individual assignees. Real-time delivery on the other hand is tailored to the needs of the individual in the form of personal counselling or coaching by experts. Given the advantage of real-time training, organisations incorporate it into their cross cultural training and development programmes.

## Assessment and Development Centres

Another emerging issue in the development of expatriates is the use of assessment centres. Assessment centres are increasingly being used to equip expatriates with global management skills and cross cultural competency (Stahl, 2001).

These centres are designed to evaluate managers who are nominated for an international assignment on their cross cultural skills and provide feedback on their strengths and weaknesses for such assignments.

## Self-training using Electronic Media

This is another emerging area in HRD for expatriates for self-training based on electronic media such as software and the internet. In some cases, the electronic training media is highly suitable for expatriate's families and other dependents who may not be

participating in pre-departure training programmes offered by the employing organisations (Mendenhall and Stahl, 2000).

## International Job Rotation

International job rotation involves sending employees on a series of short-term assignments to different countries. These kinds of training are increasingly used by companies due to increasing globalisation and the need for cross-cultural skills which is making it more relevant for all employees involved in international work whether they are based in the home country or a subsidiary in a host country (Caligiuri et al., 2005; Harvey,1997).

## Personal Security

Finally, the issue of personal security particularly in relation to global terrorism, as an emerging issue in the area of expatriate training and development. Also, health-related problems linked to business travel are also of consideration in training and development of expatriates. Certain countries pose a threat for foreign nationals to stay and work there and hence companies need to deal with such personal issues.

## Domestic Versus International Organisations

Exporting and international business can be interesting, exciting and in some cases challenging. In all cases it should be profitable and help a business grow.

Doing business internationally is not the same as doing business at home. There are new skills to learn and new knowledge to acquire about the country you will be going into. You will need to learn about the different laws and regulations, the different customer buying habits, and change your marketing strategies and materials to appeal to the new country you are entering. It is important to remember that the way you operate your business will be determined by culture of the market you are entering, not yours.

It is important to understand the differences between domestic and international business but they should not inhibit your interest or drive for success internationally. Rather they should whet your appetite for success.

### Cultures

No two cultures are the same and understanding both the social and business culture in another country is the first key to success. Culture defines everything a society does, from its business practices, to its response to advertising and marketing, to negotiating sales. It is important to include research on the culture of the country(s) that you intend to sell to prior to entering their market. Understanding these, often sensitive, areas will mean that you are better prepared when first entering the market. Although the people that you will deal with will not expect you to be completely in tune with the culture, respect and politeness will go a long way.

### Level of Competition

The level of competition you will experience in foreign markets is likely to be more dynamic and complex than you experience in domestic markets.

A good strategic tool to use to determine if you are able to compete in a particular international market is the Porters 5 Forces analysis. This tool will assess your supplier power, buyer power, threat of competitor products and the threat of new entrants to the market.

### Market Intelligence

The key points to determine when gathering market intelligence on the market you intend to enter are:

- Understanding how the market works
- Who your direct competition is, and
- The best market entry strategy.

It may be difficult to find reliable information and data for some markets, particularly less-developed economies as their statistical agencies may not be as sophisticated as developed market economies. However it is important to gather as much information as you can to successful enter the market.

### Politics/Government/Legal Systems

No two countries have the same political and legal systems. Each government has its own policies relating to foreign firms and products. The key is to understand that once you are in a foreign market you must abide by the rules and laws of that country, not the ones in your own market. These laws and regulations can severely impact the potential long term success of your business and it is wise to consult with legal counsel, based in that country, to ensure you reduce the risk of these laws and regulations effect on your firm.

**International Law**

Countries determine their laws based on the needs of their citizens not the concerns of foreign companies. By and large, international law is a gentlemen's agreement which is honoured, but not always. For example in areas such as intellectual property, although there are many agreements in place, protecting intellectual property can be time consuming and costly.

**Technology**

The degree of technology can vary substantially in foreign markets. If your product or service requires a high degree of technology sophistication to use or implement, then markets with low levels of technology will not be suitable for your busines.

**Logistics**

Like technology, business infrastructure in foreign markets will be at different levels of development. This may well have an impact on your ability to get your products to that market. It is important to research your new target market and understand how goods are moved within the country before you commit to that market.

**Media**

Advertising your product and service will of course be an important component of your marketing strategy. It is important to be aware of the types of media available and the kind of media your target market uses to gain information about products and services they wish to buy. Not everyone is connected to the internet nor is every customer able to read and write. This does not mean those markets should be ignored. It does mean that how you advertise and market your products will require an examination of the most appropriate media for your target market.

## International Training Management : Basic Concepts

Introduction As a result of an increase in the number and influence of multinational enterprises (MNEs), since the early 1990s there has been a growing interest in international human resource management (IHRM), reflecting the growing recognition that the effective management of human resources internationally is a major determinant of success in international business (Dowling et al., 1994; Scullion, 1994; Edwards et al., 1996; Scullion and Starkey, 2000). In the international arena, the quality of management seems to be even more critical than in domestic operations (Tung, 1984). However, as Adler and Bartholomew (1992) have suggested, organizational strategy (the what) is becoming more international faster than the implementation (the how) and much faster than the development of international managers (the who). There is still relatively little empirical research, documenting the IHRM strategies and practices of multinationals. The shortage of international managers is a significant constraint on the successful implementation of global strategies (Hamill, 1989; Scullion, 1994, 1995) and many companies underestimate the complex nature of HRM problems involved in international operations (Dowling et al., 1999). Moreover, there is much less research into international training and management development of MNEs, and especially, into IHRM of MNEs originating from economies other than Western market ones (Siu and Darby, 1999; Shen and Darby, 2004). This study explores a selection of issues of international training and management development and their implementation in MNEs, e.g. what are effective international training and management development approaches? The methodology of this paper is to employ a literature review and discuss the author's own empirical research conducted in 2001 on Chinese MNEs. It starts with international training and then turns to international management development.

## Importance of international training and development

International training and management development are always closely associated in the management literature. Gregerson et al. (1998) proposed four strategies for developing global managers: international travel; the formation of diversified teams; international assignments and training. These four strategies relate to expatriation management, particularly integrating international training and management development. Training aims to improve current work skills and behaviour, whereas development aims to increase abilities in relation to some future position or job, usually a managerial one (Dowling et al., 1999, p. 155). A truly global manager needs a set of context-specific abilities, such as industry-specific knowledge, and a core of certain characteristics, such as cultural sensitivity, ability to handle responsibility, ability to develop subordinates and ability to exhibit and demonstrate (Baumgarten, 1992). These characteristics and skills are considered as important international competencies and all can be developed through effective international training and management development.

International training refers to training for international assignments. There are three broad types of international trainings in MNEs. They are: (1) Preparatory training for expatriates:

once a person has been appointed for an international assignment, pre-departure training is normally used to ensure the candidate has adequate skills and knowledge that are necessary for working abroad effectively. (2) Post-arrival training for expatriates: after an expatriate has gone abroad, further on-site training is often used to familiarize the expatriate with the local working environment and procedures. (3) Training for host-country nationals (HCNs) and third-country nationals (TCNs): Training should be provided to HCNs and TCNs to facilitate understanding of corporate strategy, corporate culture and socialization.

Preparatory training for expatriates has received most attention in the international literature as expatriate failure (i.e. the premature return of an expatriate manager before the period of assignment is completed) is always regarded as due to a lack of adequate training for expatriates and their spouses. The expatriate failure rate is an important indicator for measuring the effectiveness of expatriation management. The costs of expatriate failure are high and involve both direct and indirect elements. In the case of expatriate recalls, the direct costs include salary, training costs and travel and relocation expenses. Mendenhall and Oddou (1985) stated that the average cost per failure to the parent company ranges between US$55,000 and US$80,000, depending on currency exchange rates and location of assignment. Indirect costs may be considerable and unquantified, such as damaging relations with the host country government and other local organisations and customers, as well as loss of market share, damage to corporate reputation and lost business opportunities. The literature indicates that expatriate failure is a persistent and recurring problem and failure rates remain high. Much research has been conducted among US MNEs and it has revealed “alarmingly high failure rates” (Brewster, 1988). Some expatriate failure rates reported, for example, are shown in Table I (Shen and Edwards, 2004).

The complex and ever-changing global environment requires flexibility. The organization’s ability to devise strategic responses, however, may be constrained by a lack of suitably trained, internationally oriented personnel. Tung (1981, 1982) and Mendenhall et al. (1987, 1995) identified a negative correlation between the rigor of a company’s selection and training processes and its expatriate failure rate. The use of more rigorous training programmes could significantly improve the expatriate’s performance in an overseas environment, thus minimizing the incidence of failure. Earley (1987) has argued that cultural training enables individuals to adjust more rapidly to the new culture and be more effective in their new roles. There is an association between met expatriate’ expectation and provision of international training. “Highly relevant cross-cultural training created either accurate expectations or expectations of difficulty prior to the assignment” (Caligiuri et al., 2001). Table II indicates some reasons for expatriate failure in US and Japanese MNEs (Tung, 1982; Dowling et al., 1999).

## Leadership Models

### 1. Transformational

Integrity and vision are core qualities of transformational leaders. As a transformational leader, you will achieve your goals through open lines of communication with staff, demonstrating your integrity and the respect you hold for your staff's experience and knowledge. This mutual respect leads to gains in staff satisfaction and employee retention, both shown to improve overall patient care and safety.[11]

Once you present your vision for a project, you will need to motivate others to make it reality. However, you risk ignoring the needs of individual staff members in pursuit of fulfilling your grander mission.

### 2. Transactional

Transactional leadership is a straightforward rewards-based model. It works off the concept that an employee's personal interests (as opposed to company interests) are the principal factors motivating them to complete an assigned task or reach a performance level. If you're a transactional leader, you will set performance goals for staff, promise a reward, and provide that reward upon their successful completion of the goal—or impose a consequence if staff don't meet their goals. This method of leadership can be very effective for getting work done, but it fails to allow space for building relationships at work and inspiring staff to contribute new ideas.

The transactional model is one of the most prominently utilized in the medical industry. It can be a useful approach for establishing and meeting short-term objectives, such as completing specific tasks, achieving quantifiable patient satisfaction goals, and successfully following all safety protocols.[12]

### 3. Servant

As a servant leader, you will mix selflessness with a focus on the higher needs of others as staff work toward achieving your vision. Through self-reflection and awareness, you gain insight into your own purpose in life and work, the meaning of their leadership initiatives, and your personal character. By mentoring your staff, you are able to lift up others to greater success, improving morale and the business.

The interdisciplinary nature of healthcare requires a range of professionals to work as a team. This aligns with the servant leader's desire to work collaboratively and elevate team members, all in service of improving patient care.

### 4. Autocratic

Autocratic leaders do not consult with or consider the opinions of others when making decisions. You determine a course of action and relay your ideas with full expectation that staff will complete your assigned actions without question. This method of leadership works well in situations requiring quick decision making.

The ability for doctors, nurses, and other high-level healthcare professionals to make snap decisions in times of emergency is critical to saving lives. But the autocratic leader should also be mindful that employees and patients may be left feeling invisible, neglected, and potentially even abused if they are treated in ways that disregard their needs.

### 5. Democratic

The opposite of autocratic leadership is democratic leadership, also known as "participative leadership." As a democratic leader, you will seek out the input and perspectives of your staff, although the final decision belongs to you. Your use of collaboration and discussion can spark an increase in creativity and innovation. However, you may feel challenged in situations where you must juggle many diverse perspectives and ideas.

Some leadership decisions in healthcare require staff input and brainstorming to develop a creative solution to an ongoing challenge. The democratic leadership model helps greatly to encourage employee participation in thinking outside of the box.

### 6. Laissez-Faire

The phrase "laissez-faire" translates literally from the French as "allow to do."[13] It represents a political, economic, and leadership model that involves passivity. If you are a laissez-faire leader, you will provide the tools your employees need and then step back to allow the staff to work everything else out. This hands-off approach represents a deep level of trust.

By abdicating responsibility for the decision-making process, laissez-faire leaders risk the situation spiraling into chaos without proper organizational structures in place to guide the company's direction. In healthcare environments, laissez-faire is usually a poor approach, given the potential for negativity and discord brought on by the lack of structured leadership.

7. Bureaucratic

Following the rules is the secret to bureaucratic leadership success. In this most formulaic of leadership models, you have a defined job title, a set of responsibilities, and a pre-existing method for responding to urgent needs. Requiring such strict adherence to established rules and protocols can create a rigid and tense workplace for employees.

Bureaucratic leaders can be effective in some arenas, especially those involving finance and data security. In healthcare, a minor deviation from protocol in certain arenas can lead to serious repercussions from regulators or government oversight agencies, making the detail-oriented nature of bureaucratic leaders an asset.

8. Charismatic

Do you have the charm and vision to grow a company and turn your staff into your "disciples" to achieve the company goals you outline? Conviction and a magnetic personality can take you around the globe as a charismatic leader. Inspiring your team to share your passion for your vision takes skill, but it can bring rewards in the form of higher employee engagement and a better bottom line.

In medicine, charismatic leaders can have a positive impact, leading staff to participate more often in your initiatives. With such an intense focus on your goals, however, you may develop tunnel vision, forgetting the big picture or falling prey to self-absorption. Distracted focus can cause major issues in organizational efforts.

9. Pacesetting

Pacesetting leaders are driven to get results. You set the bar high and push your staff to achieve goal after goal. As a pacesetting leader, you can be quite effective in getting things done, but your constant hard-driving pace will wear down some employees. It's a difficult style to sustain successfully over an extended period.

A healthcare environment is probably not the best fit for pacesetting leadership, although there may be exceptions. Consider a medical research lab racing to create a COVID-19 vaccine. The drive and passion of a leader who has assembled a team of skilled professionals can manifest success. But, as in any industry, the pacesetting leader may burn themselves out—and take their team with them.[14]

10. Ethical

The concept of fairness is vital to ethical leaders. This model brings a balance of logic and a sense of justice, with deep reverence for the rights of everyone involved. By making ethics a top priority, you treat your staff with respect and honesty that is mutually returned, benefiting everyone.

Ethics are a key topic for healthcare organizations as they strive to deliver equitable patient care. To be an effective community resource, the institution must maintain a high level of trust and goodwill with patients and the public. Ethical leaders in areas of public relations can be impactful as they work to showcase the strengths of the organization.[15]

11. Affiliative

Affiliative leadership requires a “people first” mindset. It’s about creating collaborative relationships and becoming an emotional support system for your team. Connecting on a direct and personal level with your employees positions you to quickly resolve conflicts among staff.

Healthcare organizations can benefit from the affiliative leadership model. The baseline emotion for affiliative leaders is compassion, an essential quality when working with staff and patients.[16]

12. Coaching

Much like a sports coach, a coaching leader works with individual staff members to develop their strengths in an effort to improve the overall success of the organization. If you’re a coaching leader, you are goal oriented rather than focused on tasks. You look at the big picture and don’t get lost in the details.

The coaching leadership model applies well to the world of healthcare. You can provide tools and support for staff who want to strengthen their skills in order to improve performance, benefiting the company and patients.[17]

# Training and Development in International Organisations

## Meaning and Definition of Training & Development System

With the developmental emphasis accepted by the organization, it becomes imperative that organizations establish training system. There needs to be a systematic approach to manage training which has to answer a few basic queries like:

1) Will the training be done internally or externally? Does the organization have or intend to develop an in-house training centre?

2) How much and what kind of training will be done externally and is this also an essential part?

3) Who are the functionaries responsible for administering the training system?

It is a fact that a majority of the organizations today have some kind of in-house establishment which primarily caters to the operational knowledge and skill requirements specific to the organization. This implies that the need for certain advanced, specialized training is met sending people to other (external) institutions which offer training programmes. The most common among these are specialized institutes which impart training in management, finance, behavioral skills.

Whether the actual training is done internally or externally, organizations have to follow certain logical processes for enhancing knowledge, skills, and attitudes of their personnel. These are:

1) Identification of Training Needs,

2) Preparation of a training Plan,

3) Conducting Training Programme,

4) Managing training Programme,

5) Evaluation of the Training Programmes and the plan, and

6) Selection and Development of Trainers.

# Preparation of a Training Plan

The training need identification process provides the basic data for preparing the Annual Training plan. The primary focus at this stage is to prioritize the various issues thrown up by the data and seek an appropriate balance between the various trends. The training plan is expected to specify.

1) Number of training programmes to be conducted- Internal, external.

2) Level of employees- what will be the coverage of employees through the plan?

3) What will be the subject areas that will be highlighted and what will be left out of the plan for future?

4) What will be allocation of resources - what are the contingencies worked out?

5) What arrangements are made to accommodate something that emerges beyond the plan?

Organization employs a framework to facilitate the process of deciding priorities. Organizational policy and priorities is a vital factor. Without a favorable and committed policy for training and development the entire exercise of collecting data, analyzing and prioritizing it, will be waste of efforts.

Training plan should give answer to the following :

| | |
|---|---|
| Who? | 1) How many people.<br>2) Names.<br>3) Series and grades.<br>4) Organizational sections.<br>5) Geographical locations. |
| When? | 1) Training schedule.<br>2) Dates of training.<br>3) Length of training.<br>4) When skills needed or required.<br>5) Workload demands affecting trainee availability. |
| Where? | 1) Training source.<br>2) Internal.<br>3) External.<br>4) Combination of resources.<br>5) Geographical location of training. |
| How Much? | 1) Course tuition.<br>2) Travel and per diem.<br>3) Time lost from the job.<br>4) Other costs. |

Another related aspect is to decide whether training can be given on the job or in a formalclassroom set-up. There are situations where certain knowledge or skill based training can be given on the job. Apprenticeship programmes, Job instruction training, Understudy assignment (Mentor-prototype relationship), Programmed instruments (self-learning), job rotation are the commonly used on-the-job training methods. As may be observed, very often organizations use this channel to train employees the routine, procedural, operational aspects. It does have an advantage to the extent that the individuals is actually contributing to the events In the organization and secondly, the individual does see the relevance and gets the 'feel of things' of what is to be done. This has its own significance in the initial period of joining the organization. An individual is likely to be motivated as he is on the scene of the work and not in the classroom. Therefore, very often this forms the part of the induction training.

## Conducting Training Programme

To conduct a training programme is not an easy task. The following steps are essential for conducting a training programme in an organization:

1) **Preparation of the Learner** : The trainees should ensure that the trainees do not become nervous during the training period .The trainees should be educated about the importance of training and its relationship with the equipment, machinery, tools and other items with which he/she has to work. In sum, the trainees should be explained 'why' of each job and especially the job he is going to perform. The trainer should inculcate interest in the trainees to learn perfectly so that they perform effectively on their jobs.

2) **Identification of Training Needs** : Identification of training needs require organizational analysis, operational analysis, and man analysis. Organizational analysis is concerned with the determination of enterprise goals, allocation of resources, and establishing the framework within which training programme is to be carried out. Operations analysis is concerned with the job an employee is doing or is supposed to do. Man analysis deals with the review if knowledge, attitudes, and skills of the incumbent and decide the alterations in the job effectively. While discovering the training needs the following tasks are to be performed:

i) List the duties and responsibilities or tasks of the job under consideration (Job Description can be used here).

ii) List the standards of work performance on the job.

iii) Compare the actual performance against the standards.

iv) Determine the areas of the areas of the job where employees are struggling to perform effectively.

v) Determine what kind of training is to be given to the employee to overcome difficulties in performing the given task or job.

3) **Who is to be Trained?** The second important step in developing an effective training programme is to decide the employees who are to be trained. These include the supervisory staff, the newcomer, old employee, or all of these.

4) **Imparting Knowledge** : Disseminating information and imparting the methods of performing jobs is the core of training programme. The trainer should clearly tell, shows explain, illustrate and question in order to put over the new knowledge and operations concerning the job. The trainee should be told the sequence of performing a given task, and why each step in the performance of the job is necessary. The trainer should give the instruction to trains clearly, unambiguously, and completely. The trainer should ask questions to check whether the trainee understands what he taught and encourage the trainee understands what he taught and encourage the trainee to clear doubts, if any.

5) **Performance Try-Out** : To know the effectiveness of training all the trainees are tested. Testing is done by:

i) Conducting oral or written tests to the trainees to ascertain how far they have learnt the principles and techniques of performing the job.

ii) Conducting structured interviews about the job.

iii) Asking the trainees to do the job to ascertain their performance.

iv) Studying the profiles and charts of carrier development of the participating trainees and related assignment techniques.

v) Eliciting the opinion of the top management about the trainees' job performance.

6) **Follow–up** : A final step in the training programme is the follow-up. In the connection it is necessary to remember that "if the learner has not learnt, the teacher has not taught." The trainees should be informed about their performance so that they can improve upon it in future. Providing feedback encourages the trainees to perform better because they will be able to identify the crucial areas where they are lacking; to know their weak sports and their strong points in performing the given task. After knowing the limitations it becomes very easy for the trainees to remove them and become successful on their jobs.

## Managing Training Programme

1) **Lacking the dates** : Training implementation function begins with blocking appropriate dates once the design is ready. There are so many stakeholders involved in a training activity like the trainees, the trainers, the organization or sponsor, the service providers and even the customers who depend upon the services of the trainees. The other factors that influence the

training dates are climatic conditions and seasonal character of industry for on the job training. When to block Dates: Dates have to be blocked for any training programme at least 90-120 days in advance, particularly if the programme is heavily dependent upon outside resources, right from venue to the resource persons. Training managers should consult the major stakeholders like the organization, the trainers, the trainees (or their supervisors), the service providers like audio visual equipment's and hotel managers to ascertain the convenient dates. From the trainee perspective, the training should not be held during periods wherein lots of intervening holidays are going to come.

Trainers/ resource persons would be happy to participate if the programme is conducted on the days they are not engaged elsewhere. If trainers' date and your date don't match with each other no doubt the trainer will loose an assignment, but you as an organizer will also face serious problems if the said trainer happens to be person of exceptional skills/expertise, which cannot be found easily in many other trainers.

2) **Mobilizing the Resources/ Financial Resources** : Training resources of course, does involve financial resources but goes beyond by touching the human resources, material resources but goes beyond by touching the human resources. Material resources and infrastructure resources. The reason why a training manager has to focus seriously on resource mobilization is because money alone cannot obtain all the other training resources. For example, you may be willing to pay any amount for the right trainer but still not be able to locate him. Therefore, searching and bringing the needed resources for your programme is very important for its overall success.

3) **Analyzing course material and learner information** : is the first training delivery competency identified by the international board of standards for training, performance and instruction (IBSTPI) standards. By using this competency, you can ensure that an appropriate match exists between the training you deliver and the people who attend the training. You should usually demonstrate it before you deliver training. However, depending on the situation and time constraints, you may have to demonstrate this competency during training delivery.

4) **Logical Arrangements** : Logistics refer to the movement of people, materials, and equipment. Logical arrangements involve preparing the training site and ensuring that people are notified about it, that equipment is in place when and where it is needed, that food, other refreshments arrive as ordered, and that handout and other materials arrive on schedule. You must make all logistical arrangements well in advance, and then double- check them to ensure that everything runs smoothly.

Scheduling or other logistical problem may appear to pose minor inconveniences. But the impact on the effectiveness of the training and on the trainer's credibility can be tremendous- especially when scheduling is tight and learners are difficult to assemble.

5) **Arranging the physical Equipment** : An important implementation decision concerns

arranging the physical environment. Following things should be kept in mind.

• Distractions like noise and phone calls and other physical barriers should be avoided.

• In classroom training, proper seating arrangement should be done, comfortable seats should be provided.

• Training rooms should be well ventilated as extremes in room temperature can inhibit learning.

• Proper lighting, computers and other equipment's required for the training should be in good working condition and should be tested before the training starts.

• Interruptions can be avoided by setting aside certain times of the day or a special location for training that is free from distractions.

• Additional physical factors a trainer may want to consider include wall and floor coverings and colors (carpeted rooms are quieter), the type of chairs, the presence of glare, windows (a view may distract participants), acoustics, and the presence of electrical outlets to run necessary equipment.

6) **Managing the Learning Environment** : Managing the learning environment is a major training delivery competency. It is also the second competency that is typically exhibited during training delivery. Date Carnegie states that the key to all persuasive speaking is the ability to grab the attention and interest of the audience from the outset.

i) **Attention Getters**: You can use six techniques to hold audience attention at the opening of your session:

a) Providing examples,
b) Posing questions,
C) Stimulating curiosity,
d) Conveying benefits,
e) Using facts and statistics,
f) Incorporating props.

ii) **Icebreakers**: Are activities used to "break the ice" at the opening of a training programme. They are important for the simple reason that participants cannot work with you or with each other effectively in a training session if they remain strangers. Icebreakers are useful in building effective interaction and esprit de corps among participants.

7) **Managing Time** : The ability to manage time is an important skill. Most of the training programmes have limited time available and must be well- managed so that all learning objectives are met. If designed properly; training should follow a schedule that is usually

provided in the instructor or participant guide. This schedule lists activities and provides estimates of how long they should take.

8) **Executing, the Programme** : The excellence in execution occurs if all the above planned activities come live in action on all the training days. In other words, the confirmed trainees and trainers should turn up for the programme, the training hall and laboratory facilities should be available , the service providers should render the services on time without diluting th quality and the desired learning should occur as per the plan.

The training manager should once again remind all the concerned participants just a day prior to the commencement of training.He should rach the venue at least one hour in advance to the venue on the first daymorning to ensure that everything is happening as planned. Defaulters can be reminded again on the first day morning to join the programme. In spire of the plans and precautions it is common for a couple of lapses to occur, which should be taken care of by the contingency plan. At the end of each day the manager should take stock of the situation and remind the concerned parties for the next day events.

**Purchases and photocopies**: There may be involved small purchases and photocopying activities during the programme. The purchases could be stationery items and folders for the trainees as also for the trainers; bouquets and mementos for the trainers and any other necessary items that may be needed for the training. The printing or photocopying activities are needed for reference material to trainees, activity sheets during the session, evaluation sheets at the end and so on. If photocopying is not available at the centre, then a nearby centre should be identified in advance for the purpose.

**Time Management**: there is no dearth of trainers who can prolong the sessions to three hours against the allotted time of one hour. Prolonging one session can adversely affect all other sessions. Therefore the training manager as a coordinator of the programme should ensure that sessions are not prolonged beyond the allotted time. Never hesitate to inform the trainer in advance about the constraints of time. If any trainer continues the session beyond the allotted time, then it is also necessary to intervene by showing a red flag to him or by sending message on a piece of paper requesting him to stop.

**Catering Arrangements**: Make sure that proper catering arrangements are made. Proper arrangements means that lunch and tea are served as per the appointed time, they are delicious, fresh and hygienic, accommodations are made for the special needs of disadvantaged trainees, like those who want sugarless tea, dry bread or vegetarian dishes. Catering arrangements are very important and any negligence in this regard would upset the whole programme. Understand the sensitivities of vegetarians and non-vegetarians. For example, in India, non-vegetarians would not mind taking vegetarian food but vegetarians would not mind taking vegetarian food but vegetarians will not take non-vegetarian food.

9) **Concluding, the Programme** : Conclude the programme on a happy note.
Obtain the feedback from the trainees about the programme and answer if the trainees any

clarifications.

10) **Post-Programme Activates** : If any learning needs have not been met during the programme, make sure the information/material is sent immediately after the programme, through e-mail or courier. Settle the bills of service providers on the last day of the programme or on the next day. If any post-training activities have to be performed by the trainees, like submitting an assignment or completing a reading assignment, remind them of the same. Sometimes, instructions may have to be sent to the trainee's supervisor at workplace to provide any assistance needed or cooperate in the enhancement of trainee's learning, or to observe the post-training performance and submit a report on the improvements. In case of paid prgrammes, a couple of trainees may not have paid the course fees yet. Follow-up with such trainees may not have paid the course fees yet. Follow-up with such trainees or with their employers to pay the outstanding amount if, you have drawn advance amount from your finance department, please arrange to submit the bills and square off the entries in the books of accounts.

## Training Methods

When a person is working in a garden, some tools are more helpful in performing certain tasks than others. The same logic applies when considering various T&D methods. In some cases, place it is not feasible to learn while at the same time performing jobs. Although an increasing amount of training takes place on the job at the time the employee needs the training, many T&D programs occur away from the work setting. Training methods are usually classified by the location of instruction. On the job, training is provided when the workers are taught relevant knowledge, skills, and abilities at the actual workplace; off-the-job training, on the other hand, requires that trainees learn at a location other than real work spot.

## FUNCTIONS OF TRAINING METHODS

1) **Assist in creating an Appropriate Learning Environment**: The training methods facilitates learning in a relatively risk-free and non-threatening manner. It aims to reduce learning fatigue by making learning an interesting, meaningful and even enjoyable experience. Use of an appropriate training method stimulates the participants and sustains their interest in the training activity. It arouses their curiosity. Thus, it helps in creating and sustaining an appropriate learning environment for a particular module or topic.

2) **Enhance participation and Involvement of the Group**: A training method aims to enhance the process of learning by emerging and motivating the participants for greater contribution and involvement in the training process. This promotes two-way communication between the participants and the trainers. It keeps them in a state of action and agility. It is directed at bringing out the best in them. It also facilitates a meaningful and productive investment of their knowledge and experience in the learning process.

**Give Greater Control of the Learning process to the participants**: Modern learning theory emphasizes the desirability of giving learners a certain degree of ownership and control of the learning processes. Ownership of the programme raises the stakes of the participants, strengthening their commitment to the programme and its success.

3) **Promote Group Interaction and Cohesion**: Increased participation and involvement in training activities promotes interaction among the participants. Free and open sharing of experiences and ideas can assist in the development and nurturing of healthy and positive relationships within the group. Support mechanisms are strengthened and this leads to better cohesion in the group.

## TYPES OF TRAINING METHODS

A multitude of methods of training are used to train employees. The most commonly used methods are:

1) On-the-Job Methods
2) Off-the-Job Methods

## On-the-job Methods

On–the-job–methods of management development are very popular and are used widely by majority organizations. These methods are popular among trainees also. They are more effective and not boring as in case of classroom method. These methods are most suited to technical personnel's and scientists. These are low cost methods. The following is the brief resume of on-the-job methods of executive development.

**Training Methods**

**On-the-job method**

- Coaching
- Job Rotation
- Understudy
- Multiple Management
- Apprenticeship
- Job Instruction Training (JIT)

**Off-the-job method**

- Transactional Analysis
- Sensitivity Training
- Case Study
- Simulation Exercises
- Management Games
- Managerial Grid
- Role Playing
- Computer-aided Instruction
- Incident Method
- In Basket Method
- Conference
- Lectures
- Programmes by Academic Institution
- Audio-Visual Method
- Programmed Instruction

- Vestibule Training
- Brainstorming
- Field Trip
- Demonstration
- Questioning

1) **Coaching** : Coaching is an activity of guiding a manager by a senior one, A senior manager must play an active role in guiding and teaching skills. He tells him how to do a job and corrects the errors. A senior manager is referred to as a coach. So coach makes an analysis of trainee's work performance and tries to improve it with suitable guidance. He renders advice, criticizes, makes necessary suggestions and gives directions to the trainee executive for his growth and development. This is a method of learning by doing. A feedback is also taken by the coach. The coach must be a good teacher. The coach may divert the trainee executive from routine work and assign him to handle some complex problem and observe his performance.

This technique suffers from limitations that there is heavy dependence on the coach and there developed a tendency to make present executive styles as central. This will not give way to new and developed managerial styles and practices in the organization. The trainee executive acquires the skills and knowledge to perform a job and also acquire the teaching or coaching ability.

## Merits of Coaching

i) **To the Organization**: Organization benefits from several ways like reduced errors, improved quality, reduced wastage, better customer service and more cost savings.

ii) **To the Employee**: Employee benefits from coaching through reduced work stress, improved performance, brighter career prospects, enhanced pay, more job satisfaction and larger possibility of job retention.

iii) **To the Supervisor**: Supervisor can get the things done through subordinates easily. Can reach his targets in qualitative and quantitative terms and the resultant career and compensation prospects.

iv) **To the society**: Society benefits as the coaching process creates a wealth of learned manpower. Coaching builds a society of capable people.

v) **Feel of Actual Production Conditions**: The trainee learns on the actual equipment in use and in the real environment of his job. Therefore, he gets a feel of the actual production conditions and requirements and so is better prepared to take on the duties as soon as the training is over.

**Economical**: It is highly economical, as no additional personnel or facilities are required for training.

vi) **Less Time Required**: It is most appropriate for teaching the knowledge and skills which can be acquired in a relatively short period, say, in few days or weeks.

## Demerits of Coaching

i) Disorganized: Instruction could be highly disorganized and haphazard and not properly supervised, as there is no formal, tried and tested training programme with specified course structure. The evaluation will be only in the form of output of the employee. The outcome depends on the trainers' capability to explain the job content and motivate the employee to perform. If the trainer is unable to impart the skills to the trainee effectively, it can ruin the career of thee employee.

ii) Distractions: Learners are often subjected to low distractions of a noisy shop or office.

iii) Low Productivity: There is the disadvantage of low productivity, particularly in the initial period after the training, when the employee is unable to fully develop his skills. This can be construed by the management as a failure on the part of the employee. The employee suffers and the organization also suffers a setback, as a new recruit will have to b selected and put through the same routine of training. The time lost in this process can disturb the production schedules.

2) **Job Rotation** : The job rotation is a very good method of transforming a functional specialist into a generalist executive. The job rotation refers to transfer of managers from one job to another or from one department to another or from one section to another in a planned manner. The transferred executive to new job has to assume the full responsibility and duty. The object is to broaden the outlook and acquire the diverse skills and knowledge needed to perform the various jobs in the organization. The manager will learn new ideas and gain new information underlying various jobs. It will motivate him and help him acquire comprehensive knowledge and skills. He will understand others difficulties and realize the circumstances under which his colleagues are working. It will free him from the monotony of working in the same position. Job rotation may be horizontal or vertical. The horizontal job rotation is a lateral transfer while vertical is a promotion. Many organizations in India use job rotation technique to impart multiple skills to their executives. The job rotation imparts multiple skills and broadens the outlook of trainee executive. It increases the knowledge and skills of performing various jobs in the organization and aids executive to gain in experience.

This technique is not cost effective. On the new assignment the manager may commit mistakes which add to costs.

## Merits of job rotation:

i) **Increases Experience** : It broadens employees and increases their experience. Boredom and monotony, which develop after a person has acquired the skills necessary to perform a task effectively, are reduced when transfers are made frequently.

ii) **Managing of functional fields** : Executives will tend to think in terms of managerial principles rather than the technical aspects of particular functional fields. That rotating will permit good executives to determine the functional fields in which they would prefer to manage.

iii) **Broad View of Problems** : By gaining a broad view of interdivisional problems, the top position in the company can be filled by better qualified appointees. However, there is occasional hesitation to adopt job rotation because it runs counter to two basic feature of an organization:

a) Specialization and the expertise it fosters, and
b) Cost.

iv) **Variety** : The Employ experiences variety of work, workplace and peer group.

v) **Broaden Knowledge and Skills** : Job rotation helps to broaden the knowledge and skills of an employee.

vi) **Broadens Work Experience** : Job rotation broadens the work experience of employees and turns specialists into generalists.

vii) **Beneficial for Management** : It is beneficial for the management also as the management gets employees who can perform a variety of tasks to meet the contingencies.

viii) **Improves Self Image** : This method improves the self-image and personal worth of the employee.

ix) **Flexibility** : With the help of this method, people become more flexible. They are prepared to assume greater responsibility especially at other positions.

## Demerits of Job Rotation

- Increased Costs : Development costs are increased and productivity is reduced by moving a worker into a new position just when his efficiency, at the prior job was creating organizational economies.

- Limited Job Knowledge : An extensive rotation programme can result in having a vast number of employees situated in a position where their job knowledge is very limited. And

even though there job knowledge is very limited. And even though there might be significant long-term benefits from the programme, the organization must be equipped to deal with the day-to-day problems that result when inexperienced personnel perform new tasks and when rotated managers make decisions based on little knowledge of the activity at hand.

- Demotivate Intelligent trainees : Lastly, job rotation can also demonstrate intelligent trainees who seek specific and clear-cut responsibility in their chosen specialty.

- Frustration : The employees who want to perform challenging jobs feel frustrated. Even though they are shifted to new positions but it is only a horizontal shifting. Instead of performing one monotonous job, they are made to perform several jobs of the same nature.

- Interruptions in Work Routine : Frequent shifting of employees may cause intrruptions in the work routine of the organization.

- Limited Impact on Employee Motivation : The method has very limited impact on employee motivation and productivity.

3) **Understudy** : It is a development technique to prepare a manager for taking over the charge of his senior after his retirement, transfer, promotion or death. This technique provides an equally competent successor to a senior manager who is currently holding the post. The executive who is understudy acts as assistant to the superior executive whom he will succeed. The senior executive teaches him all the skills and imparts complete knowledge for the performance of the job and gives him a feel of what his job is. The understudy is developed in all respects such as decision making, leading, problem solving, etc. The senior managers realize that unless they develop their subordinates, they would not get promotion. Under these circumstances they prepare their subordinates for taking over their charge. The understudy is given an opportunity to see the job into in absence of senior manager who is on leave. Only a cure is taken by the understudy that the decision making in critical matter is delayed and is left to the manager currently holding the post.

## Merits of Understudy

i) **Continuity of Managerial Talent** : The understudy method ensures continuity of managerial talent even when the superior leaves the organization.

ii) **Leadership Qualities** : The leadership qualities of trainee would be developed because he may be asked to supervise and guide a number of subordinates at work.

iii) **Higher Responsibilities** : Best method for subordinates to assume higher responsibilities in future.

iv) **Cheap Method** : This is a cheap method.

## Demerits of Understudy

i) **Selection of Wrong person** : If a wrong person is selected then it will lead to errors.

ii) **Favouritism** : The understudy may be picked by the superiors and in this process he may exhibit favouritism.

4) **Multiple Management** : multiple management is also known as committee management, under this technique a committee consisting of some managers is formed and given an assignment to study the company problems and to make advice or give recommendations to the top management. These committee are usually formed with the junior executives. They study the problem are find out alternate solutions, discuss them and arrive at a final decision. The appointment of managers to the committees facilitates their exposure to the organization and widens their outlook and provides them with an excellent opportunity to develop themselves by acquiring knowledge of different aspects relating to business and industry and to interact with the group.

5) **Apprenticeship** : Apprenticeship is a formal agreement between an individual who wants to learn a skill and an employer who needs a skilled worker. Apprenticeship training is an “earning while learning” arrangement for a required term. Training occurs under the supervision of an experienced person; an apprentice receives knowledge and develops skills associated with a designated trade through on-the –job training. The skills an apprentice learns on-the-job are supplanted with a required number of weeks each year of technical training. Upon successfully completing an apprenticeship programme, the trainee is eligible for applying permanent job in an organization subject to availability of vacancy. Apprenticeships are highly valued by people needing to gain skills to enter a new occupation. Apprentices benefit from having guaranteed employment while undertaking training and from having the opportunity to learn skills from experienced, skilled and qualified persons in their chosen occupation. Apprenticeships are also popular with those employers who are involved in the system. Employers have the benefit of an employee who can be trained in the particular skills their enterprise requires, who becomes more and more productive as time passes and who can be paid at a lower rate than a fully qualified worker during the contract-of-training period.

## MERITS OF APPRENTICESHIP

i) **Learn while Earn Money** : It offers the opportunity for participants to learn while they earn money according to a progressive pay scale that automatically increases as their skills increase.

ii) **Blending of theory** : It provides a blending of theory with practical learning. It is a prime example of the “learning by doing” approach to education.

iii) **Motivate Individuals** : Learning while on the job can motivate individuals who may not do well in the traditional classroom setting.

iv) **Practical Skills** : Apprentices will earn while they learn and will gain practical and transferable skills while keeping their options open.

v) **Interaction** : Training and jobs are brought closer together.

vi) **Update Techniques** : It helps to assure that up-to-date equipment and techniques are used in training.

vii) **Holistic training** : By design, apprentices train for an entire industry, rather than for an individual employer.

vii) **Life long Learning** : It offers a foundation for lifelong learning.

## Demerits of Apprenticeship

i) **Limited Knowledge** : Education will be limited to knowledge of one trade.

ii) **Difficult** : Not all apprenticeships are easy.

6) **Job Instruction Training ( JIT)** : It consists of a formal systematic programme for conducting training in the workplace; practicum and internships. It is the responsibility of supervisors and managers to utilize available resources to train, quality and develop their employees.

JIT is a technique of training the employees by using the actual work site as a proper setting to instruct employees while at the same time engaging in productive work. JIT is one of the best training methods because it is planned, organized and conducted at the employee's worksite. It is particularly appropriate for developing proficiency skills unique to an employee's job especially jobs that are relatively easy to learn and require locally- owned equipment's and facilities. Morale, productivity and professionalism will normally be high in those organizations that employ a sound JIT programme.

## Merits of JIT

- You can follow classroom, web-based and off-site instruction with JIT to ensure job competency.

- For many kinds of jobs, structured JIT has been proven to be the most effective, efficient method of learning job skills to increase productivity and quality.

- JIT ensures that performance assessment can be done at Kirkpatrick's level 3, job performance.

• JIT is Just-in-Time (classroom training is often just-in-case).

• Learning is immediately relevant to the work of the unit, whether it deals with materials, information or services.

• JIT reinforces work relationships, especially when the supervisors are involved.

• Informal peer training _ the "hidden JIT" that teaches unsafe and ineffective practices, is reduced or eliminated.

• Trained JIT trainers reduce wrong learning and ensure that employees learn the most expert methods.

• Instructors use training plans to determine the most productive use of time- that means what skills needed the most to improve efficiency of the unit.

• Instructors use job aids to ensure learning is most efficient and job performance is most effective.

## Demerits of JIT

i) One major drawback of on the job training can be finding the right time for it. The person responsible for giving and evaluating the training has to be sure that his or her other job responsibilities are being met.

ii) Another disadvantage of JIT is that it can be difficult to find the right person to conduct it. The person doing the training must have the knowledge and skills with the same equipment that the learner will be working with. Care must also be given not to pass on sloppy work habits or unintentionally teach irrelevant or inefficient work methods to the new worker/learner.

## Off-the-Job Methods

On–the-job development techniques are insufficient for the total development of executives of any organization. This gap can be bridged by adopting off-the-job development techniques. The important off-the –job development methods are the following:

1) **Transactional Analysis** : The Transactional Analysis (TA) is an attempt to understand and analyze trainee's personality through the communicative interaction. The interaction between individual human being is viewed as transactions, for instance, "I will do this for you and you do that for me." TA holds the view that the human personality is constituted by three ego states, i.e., parent, child and adult. All these three ego states are reflected in his

personality when he communicates with others. Parent state is reflected when he behaves and interacts like a parent and others "do's and "don'ts" e.g., Do this, don't delegate authority to him, etc. Parent state reflects dominance. An individual reflects a child state when his interaction is characterized by an impulse that is natural. An individual reflects his adult mode or state when his interactions are rational. The transactional analysis aims at liberating the adult from the parent and child state. The adult state is rational and deals with reality. It collects information and see reasons and takes decisions. Adult behavior and interactions are expected from executives and managers who are decision-makers. Transactional analysis is an important psychiatric technique for executive development of recent origin used by many organizations.

2) **Sensitivity Training** : This is the technique of bringing about a change in behavior of the executives through group process.

According to Edwin B. Flippo, the objective of this technique is the "development of awareness of and sensitivity to behavioral patterns of one self and others". This technique is also referred to as laboratory training. The trainee executives participate and influence each other through unstructured group interaction. The participants here are provided open environment where they discuss freely among themselves. The environment is created by a professional behaviorist. They openly express their ideas, concepts, attitudes and get opportunity to know about themselves and the impact of their behavior on their fellow participants. This technique helps in creating mutual trust and respect. It thus develops managerial sensitivity. It develops team sprit. This technique is regularly used by some of the Indian companies.

## Merits of Sensitivity Training

• Increased ability to empathize.

• Listening skills, openness, tolerance.

• Conflict resolution shills.

• Increased awareness of one's own self and that of others: also gives an opportunity for introspection.

• Increased inter-personal competence in dealing with relationships and problem solving.

## Demerits of Sensitivity Training

i) Participants may resort to their old habits after the training.

ii) With its emphasis on emotions and feelings it may lead to an inability in taking hard decisions.

iii) May lead to either excessive depression or a state of extreme excitement and anxiety.

3) **Case Study** : Under this technique the cases based on actual business situations are prepared and given to the trainee managers for discussion and arriving at a proper decision. Managers are given opportunity to find out the latent problems and suggest alternatives to tackle them. The selection of the best-alternative solution trainees have to suggest .This technique helps in improving the decision making skills by making:

## Objectives of the Method

i) It can be used to stimulate an analytical, in-depth discussion with a view to presenting a multifaceted or an integrated perspective of the situation for better understanding, guidance and action of the participants. This will also help the participants develop a wider outlook of the situation and the issues that they are likely to face in their job situation.

ii) The case study method can help in deriving useful generalizations or principles regarding working in the field. Those can be related to a relevant theory, model or a body of knowledge.

iii) In many cases, the method is used as an exercise in decision making or problem-solving. It helps to develop the participant's ability to think, decide and choose appropriate course(s) of action. He learns to respond to a situation or problem in the most appropriate way, taking into consideration all the incriminating circumstances, rather than going by a particular style of functioning or response.

iv) The case study method can help develop knowledge of skills in the participants that will help them to deal with a multitude of situation in their job that requires regular action or intervention.

v) As case study is embellished with description of people and situations taken from real life situations with which the participants are familiar and can even identify with, this method also promotes exploration and awareness of one's attitudes, values and patterns of job or personal behavior.

vi) This method can be effective in enhancing the involvement of participants in the process of learning. Thus a greater responsibility is devolved on them for their own learning. They can learn in a relatively non-threatening and risk-free environment. This can help in their overall motivation for the programme.

## Merits of Case Study Method

i) It enables the pooling of the experiences of a group of participants.

ii) It distributes Knowledge and facts.

iii) It promotes the process of synthesis of several concepts and principles into one multi- faceted explanation or plan of action.

iv) If improves participants skills in problem analysis and communication.

v) The case study method helps in group cooperation and improves interpersonal skills.

## Demerits of Case Study Method

i) It is very time-consuming compared to more direct, expositive teaching methods.

ii) It requires the participants to engage in deep-processing of the general principles involved, through a process of reflection and abstraction and the promotion and control of this process, in tum, requires special skills and expert knowledge on the part of the trainer.

4) **Vestibule Training** : Vestibule training offers access to something new (learning) . A form of training in which new employees learn the job in a setting that approximates as closely as is practicable to the actual working environment. An example is the training of airline pilots in a simulated cockpit. This type of training is generally used when the use of actual equipment by untrained employees would be too risky or when the actual work setting would be unconducive to learning (i.e., because of noise levels).

## Merits of Vestibule Training

i) The workers are trained as if on the job, but it did not interfere with the more vital task of production.

ii) Transfer of skills and knowledge to the workplace was not required since the classroom was a model of the working environment.

iii) Classes are small so that the learners received immediate feedback and could ask questions more easily than in a large classroom.

## Demerits of Vestibule Training

i) It's main disadvantage is that it is quite expensive as it duplicates the production line.

ii) It has a small learner to trainer ratio.

iii) It is difficult to create a factory conditions.

5) **SIMULATION EXERCISES** : Simulations are popular techniques of management

development. In this technique a duplicate work situation similar to the actual job situation is created and the trainee is given a particular role to find out solutions to the problem and take decision. He gets a feedback of his performance. It sharpens the decision making quality of the trainee. It is costly method of management development.

## Merits of Simulation Training

i) Simulation method represents a real life situation wherein a trainee's decision results in outcomes that indicates what would happen if the trainee would have been on the job.

ii) Simulation training is suitable for cross-cultural relations, team building and empowerment and problem-solving in real work conditions.

iii) Trainees participate in reality –based, interactive activity where they imitate actions required on the job. It is a useful technique for skills development.

iv) It is a useful technique of skills development.

## Demerits of simulation Training

i) This method is time-consuming.

ii) It requires a great deal of skill and practice on the part of trainers.

6) **Management Games** : Under this technique the trainee executives are divided into rival groups assuming the management of simulated companies. Each rival group has to discuss a given subject relating to production, marketing, pricing, etc., and arrive at a decision. The groups react to the decision of each other. They get immediate feedback on their performance. This technique helps in building team spirit among executives. This is followed in many Indian companies.

7) **Managerial Grid** : It is a multiphased programme ranging from three to five years. It improves managerial skills, intergroup relations and develops leadership styles.

8) **Role playing** : It is also a simulated exercise. The participations have to assume a role of a person in the simulated situation. They have to react to one another in the similar manner as they would be doing a job as manager in real situation. Participations are given ablest of learning points which they have to use during executive subordinate encounter. They can take the help of videos for improvement in management skills. Through this technique the human relations skills, marketing and sales management, interviewing skills are acquired.

According to Solem "Role –plays may be defined as a dynamic process that involves participants assuming specified roles and acting out significantly."

## Objectives of Role-Play

i) Role-play is a key training method for engendering behavioral changes. The actions behavior and interactions of the participants during the exercise from the basis of self-appraisal and feedback from others in the group. It permits the participants to receive objective feedback from other members of the group in a relatively non-threatening and risk free atmosphere.

ii) Role- play emphasizes the importance of understanding and appreciating other's points of view, behavior and feelings. The exercise also provides opportunities to the participants to learn about different ways, other than their own, of responding to a particular situation or a problem. This in itself is a good learning. It also enhances their perception of others behavior, thus helping them in their interaction with other people, in job or life situations.

iii) It is also a training tool to improve the skills of the participants in the areas of problem solving and decision-making. They are able to develop better insight into the problems that they are likely to confront in their job situations and are exposed to different dimensions of these problems.

iv) The participants are also in a position to develop their negotiating skills through interaction within the sub-groups as well as in the larger group.

v) It provides a useful experience in self- expression and interpersonal communication and enhances interpersonal effectiveness. The method provides opportunities for introducing new stimuli and evoking new responses.

## Merits of Role-play Method

i) One advantage is that the participants experience the roles directly either as players or as observers instead of studying the same theoretically.

ii) As a result of the direct experience, the participants develop certain skills which would otherwise be difficult to be developed through theoretical reading.

iii) Role-play method also helps in developing sensitivity and to acquire insight into the problems of human relations.

iv) Role-play method helps diagnosing problems in different situations where human beings interact.

v) Role-play method provides a safe learning environment.

vi) Role-play gives a change to the participants to experiment with new ideas.

## Demerits of Role-Play Method

i) One disadvantage is that if the trainer is not clear about the instructional objectives and the suitability of the content to be treated through role-play and simply uses the method for the sake of using the method, it is bound to flop.

ii) The trainer has to prepare the role –briefs clearly and precisely.

iii) Selection of participants for the roles is also another tricky situation.

iv) Sometimes it so happens that the role-players fail to do the job effectively.

## Comparison between Case Study Method and Role- Play

| **Case Study** | **Role-Play** |
|---|---|
| This method samples the real life situation, revolving round scenarios and problems concerning organizations and individuals. | This method also samples the real-life situation, revolving round scenarios and problems concerning organizations and individuals. |
| Presents the problem for analysis and discussion. | Locates it in a life-like, interactive setting. |
| Focuses more on cognitive learning, and on thinking. | Locates it in a life- like, interactive setting. |
| There and then situation. Therefore, less involvement of the participants. | Typically emphasizes both cognitive and affective development on the part of learners. Thus, it focuses on thinking and doing. |
| There is some predictability about the discussion and the response of the participants. | Here and now situation. Therefore, greater involvement of the participants. |
| Emphasizes facts and situations and deals with analysis and responses. | Stresses the importance of behavior, reactions and feelings. |

9) **Computer Aided Instruction (CAI)**: This is an extension of programmed instruction. CAI is an improved system in at least three respects:

i) CAI provides for accountability as tests are taken on the computer.

ii) A CAI training programme can also be modified easily to reflect technological innovations in the equipment for which the employee is being trained.

iii) This training also tends to be more flexible in that trainees can usually use the computer almost any time they want, and thus get training when they prefer.

It is a fact that feedback from CAI is as rich and colorful as modern electronic games complete with audio and visual displays. A deterrent with regard to CAI is its high cost , but repeated use may justify the cost.

10) **Incident Method** : Under this technique the incidents based on real situation are prepared .Each participant is asked to study the incident and make decisions. Afterward, the group of participants makes discussion and arrives at a decision. This method develops the intellectual level, judgment of the participant. This technique was developed by Paul Pigors.

11) **In Basket Method** : Under this method a basket containing various kinds of correspondences such as reports letters, replies, applications each involving some problems is given to the trainee and within a specified time limit he has to sort out all the correspondence by passing orders, recommendations, delegating authority to his subordinates and distributing work etc. This resembles to real life situation. Through this method trainee learns the decision–making abilities. This is less expensive method.

12) **Brain storming** : Brain storming is a group creativity technique designed to generate a large number of ideas for the solution of a problem. The method was first popularized by Alex Faickney Osborn in a book called "Applied Imagination." Osborn proposed that group could double their creative output with brainstorming.

**Brainstorming** is a process for developing creative solutions to problems. It works by focusing on a problem and then deliberately coming up with as many solutions as possible and by pushing the ideas as far as possible. One of the reason it is so effective is that the brain stormers not only come up with new ideas in a session, but also spark-off from associations with other people's ideas by developing and refining them.

**Brainstorming** can be an effective way to generate lots of ideas on a specific issue and then determine which idea-or ideas- is/are the best solution. Brainstorming is most effective with groups of 8-12 people and should be performed in a relaxed environment. If participants feel free to relax and joke around, they'll stretch their minds further and therefore produce more creative ideas.

## Process of Brainstorming

i) **Set the Problem** : Before a brainstorming session, it is critical to define the problem. The problem must be clear, not too big and captured in a specific question such as "What service for mobile phones is not available now, but needed?. If the problem is too big, the facilitator should break it into smaller components, each with its own question. ii) **Create a Background Memo** : The background memo is the invitation and informational letter for the participants, containing the session name, problem, time , date and place. The problem is described in the form of a question and some example ideas are given. The memo is sent to the participants well in advance, so that they can think about the problem beforehand.
iii) **Select Participants** : The facilitator composes the brainstorming panel, consisting of the participants and an idea collector. A group of 10 or fewer members is generally more productive. Many variations are possible but the following composition is suggested.

a) Several core members of the project who have proved themselves.

b) Several guests from outside the project, with affinity to the problem.

c) One idea collector who records the suggested ideas.

iv) **Create a List of Lead Questions** : During the brainstorm session the creativity may decrease. At this moment, the facilitator should stimulate creativity by suggesting a lead question to answer, such as "can we combine these ideas "? Or "How about looking from another perspective"? It is best to prepare a list of such leads before the session begins.

v) **Session conduct** : The facilitator leads the brainstorming session and ensures that ground rules are followed. The steps in a typical sessions are:

a) A warm-up session, to expose novice participants to the criticism-free environment. A simple problem is brainstormed, e.g., what can be improved in Microsoft Windows?

b) The facilitator presents the problem and gives a further explanation if needed.

c) The facilitator asks the brainstorming group for their ideas.

d) If no ideas are forthcoming, the facilitator suggests a lead to encourage creativity.

e) All participants present their ideas and the idea collector records them.

f) To ensure clarity, participants may elaborate on their ideas.

g) When time is up, the facilitator organizes the ideas based on the topic goal and encourages discussion.

h) Ideas are categorized.

i) The whole list is reviewed to ensure that everyone understands the ideas.

j) Duplicate ideas and obviously infeasible infeasible solutions are removed.

k) The facilitator thanks all participants and gives each a token of appreciation.

## Merits of Brainstorming Method

- Brainstorming creates an atmosphere for free expression of ideas.
- Brainstorming method helps to develop creativity in an individual.
- Brainstorming method is employed when a problematic situation requires a solution for which no readymade answer is available.
- Brainstorming process helps to develop the higher cognitive abilities of the participants.
- The method also helps to develop certain affect attributes like taking initiative by not becoming nervous, controlling emotions while discussing, etc.
- Another advantage is that the trainer does not have to depend upon gadgets or many co- trainers for completing the formalities of the method.
- Brainstorming method is most useful in case of any emergency situation where a quick and creative decision has to come from a group.
- Making seating arrangements for this method is not difficult.

## Demerits of Brainstorming Methods

i) One disadvantage is that the content which is informative in nature cannot be taken up through brainstorming method.

ii) The method is not suitable for chronologically young ones.

iii) A dynamic trainer who knows the modus operandi of a brainstorming method is essential to employ the method successfully.

iv) Without a proper and effective recording, the method is bound to fail.

v) Another disadvantage in brainstorming method is that it is very difficult initially to convince the participants that they can speak freely.

vi) Normally a brainstorming session does not prescribe any advance preparation through related literature.

vii) The method also does not suggest references for further reading on the topic discussed.

13) **Field Trip** : A fieldtrip or fieldwork is a journey by a group of people to a place away from their normal environment. The purpose of the trip is usually observation for education, non-experimental research or to provide students with experiences outside their everyday activities. The aim of this research is to observe the subject in its natural state and possibly collect samples. It provides an understanding of the activities, the working procedures or the management processes of an organization, depending on the objectives set out for a trip. It enables the participant to interact with a real field setting or situation, leading to direct learning.

## Merits of Fieldtrip Method

i) One advantage is that it gives practical experience to the participants where they learn from direct experience.

ii) Field method provides a favorable change from the monotonous theoretical sessions in the classroom.

iii) Participants while working in small groups or even individually are interdependent in the work setting and thereby they develop team spirit to work.

iv) Another advantage of fieldtrip is that the input which cannot be dealt with theoretically in classroom situation but require practical experience outside, can be taken up only through fieldtrip.

v) Inputs taken up through fieldtrip supplement the learning in the classroom theoretical sessions.

vi) Reports writing in the fieldtrip method train the participants in systematic presentation of relevant data.

vii) The participants learn to systematically collect relevant data, analyze them by employing suitable statistical techniques.

## Demerits of Fieldtrip Method:

i) One of the disadvantages is that the academic work is hampered by the disturbance in any of the non-academic arrangements.

ii) It expects very high coordination ability from the trainer.

iii) Fieldtrip is no doubt expensive.

iv) Another disadvantage of this method is that all participants have to go out to the field for study.

V) If the participants consider the visit for fieldtrip as an outing for complete relaxation and entertainment, the instructional objectives of the input can never be achieved.

vi) Sometimes it appears that more than one trainer will be needed to manage the fieldtrip.

vii) If the fieldtrip is kept in the middle of the programme duration instead of keeping towards the end, the activities of the method may disturb the inputs following the completion of the fieldtrip.

14) **Demonstration** : The dictionary meaning of the word "demonstration" is the outward showing of a feeling, etc. a description and explanation by experiment; so also logically to prove the truth; or a practical display of a piece of equipment to show its display of a piece of equipment to show its display of a piece of equipment to show its display of a piece of equipment to show its capabilities. In short it is a proof provided by logic, argument ,etc. Demonstration is a physical display of the form, outline or a substance of objects or events. For the purpose of increasing knowledge of such objects or events. Demonstration involves "showing what or showing how." Demonstration is relatively uncomplicated process which does not require extensive verbal elaboration. When new products and equipment's are being introduced then demonstrations are excellent.

## Demonstration Process

The demonstration is an instructional method in which an instructor shows and explains. Demonstrations may be used to enrich and increase the learner's understanding. It is important for the instructor to realize that there is more to the demonstration method than showing. The effective demonstration involves telling, showing, questioning and application. When skill development is the desired outcome, practice must be included as a major component of the method.

## Technology in International Training Management.

Technology can be a big benefit for those willing to embrace it. Training is one area that stands to benefit greatly from technological advances. The technology has been around for years that allows employees to attend meetings virtually, through conference calls and even video conferencing. But that's just the tip of the iceberg.


Let's take a look at some of the various ways organizations can utilize technology in employee training.

Here are a few of the many ways employers can utilize technology in employee training and professional development:

- The latest HR management software can be used to manage employee career development paths.
- Training can be developed and administered completely online—sometimes even without the assistance of an instructor. This can allow employees to take the training at any time. (This, of course, has been true for many years, and it remains true as advances in software and applications make the development of such training even simpler.)
- Learning Management Systems (LMS) can assist organizations in tracking training progress and compliance. They can also serve as a repository for optional training materials—allowing employees to "self-serve" and get or request additional training as needed. With or without an LMS, organizations can create internal repositories of training and information to allow employees to have access to information they may not have even known existed.
- Online training can be made interactive, including quizzes to assess understanding.
- Training can be administered by way of mobile applications, allowing individuals to complete training truly on the go.
- Individuals can even attend live training sessions without having to be in the same location, thanks to video conferencing options. Like several items on this list, this has been reality for many years but advances in technology and Internet speed and reliability make it even easier to use than in years' past.
- Online collaborative tools allow employees and teams to share knowledge. Even things like instant messaging and social media can allow employees more types of interaction, which can better facilitate knowledge transfer between individuals.
- There are more online sources of information than before, including blogs, online videos, electronic databases, electronic versions of books (which may have been previously unavailable in electronic form), user forums, and user-populated online data repositories. Employees have the opportunity to make use of any of these to gain topic-specific knowledge.
- Training materials can also be presented in a video game format to increase employee engagement with the materials. There are also forms of task simulations that can be utilized as training before starting work or while learning a new procedure.
- Tablets and smartphones are increasingly used both in educational and work contexts as a means to access information, including electronic versions of textbooks or manuals.

Many of these advances allow employers and employees to complete training programs much more efficiently because they allow employees to take training on demand rather than to wait for a live session to occur. They can also reduce costs because no one has to travel for such a program. Technology will continue to change and enhance how we work, including how we gain access to information that assists with our jobs and professional development. It can also allow training to be broken into much smaller, more digestible pieces, which can increase retention—which is beneficial for both the employee and employer.

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**Module -3 IHRM Policies and Practices - Part B 7 hours**
Global Performance Management
Introduction, Key components of PMSs Factors affecting PMSs Culture and PMSs, PMSs in six leading economies: China, India, Japan, South Korea, UK and USA, PMS for expatriates
Total Rewards in the International Context
Recap: differentiating between PCNs, TCNs and HCNs Introduction: the current state of total rewards Complexities faced by IHR managers, International total rewards objectives for the MNC Newer forms of international assignments, Key components of global total rewards programs. Approaches to international compensation Repatriation issues, International trends in global total rewards.

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**Module -3 IHRM Policies and Practices**

**Global Performance Management**
**Introduction**

Multinational enterprises (MNEs) play a crucial role in today's globalized economy, and "These large, global firms dominate the world business setting because they have the capacity to do business across a wide variety of settings" (DeNisi, Varma, & Budhwar, 2008, p. 225). Moreover, MNEs employ large parts of the global workforce and therefore face challenges as a result of transferring human resource management (HRM) systems (Budhwar & Sparrow, 2002; Festing, Dowling, Weber, & Engle, 2011). "One of the key HRM issues facing contemporary organizations" (Boselie, Farndale, & Paauwe, 2012, p. 369) is performance management (PM). Described as "an extension of performance appraisal" (Lindholm, 2000, p. 45), PM links individual objectives to the corporate strategy by defining standards and goals and by applying certain consequences (e.g. rewards, development, etc.) to the evaluation of work (Cascio, 2012a; Fletcher, 2001). Consequently, PM is highly relevant for both the organization and the individual, in that the organization needs PM to ensure the realization of its business strategy, while for employees it determines the distribution of organizational resources and career developments (Alimo-Metcalfe, 1993; Evans, Pucik, & Björkman, 2011). While the expression 'PM' names the management practice itself, the term 'global performance management' (GPM) covers this practice in the international context of MNEs and their required decision about standardization and adaptation of the practice (Engle, Dowling, & Festing, 2008; Vance, 2006). As being part of international HRM the targets of GPM research correspond to those in international HRM. These are the identification of country-specific peculiarities, the comparison and explanation of them in the context of respective cultural and institutional influences, and implications for internationally operating organizations (see e.g. Festing et al., 2011). Due to the complexity of different national contexts, global competition, and the broad diversity of the global workforce, GPM is a highly relevant but challenging research field, and Cascio (2012a) emphasizes that "there is much to learn in this evolving area, and it promises to challenge researchers for years to come" (2012a, p. 2). However, in 2008, Varma, Budhwar and De Nisi observed "the absence of reliable literature" (p. 3) concerning GPM. In recent years, though still in its infancy, the terrain of GPM has been charted by several scholars (e.g. Bailey & Fletcher, 2002; Björkman, Barner-Rasmussen, Ehrnrooth, & Mäkelä, 2009; Cascio, 2012a; Claus & Briscoe, 2008;

Claus & Hand, 2009; Engle et al., 2008; McKenna, Richardson, & Manroop, 2011). However, empirical investigations based on a systematic conceptualization are still scarce, and the body of literature covering GPM has a patchwork character, referring to different concepts and delivering diverse country-specific data concerning single PM elements (Cascio, 2012a; Engle et al., 2008).

As McKenna et al. (2011) add, most contributions to PM research focus on the managerial and functionalist paradigm and neglect employees' perspectives, though the workforce's dissatisfaction with PM and the gap between applied practices and employees' preferences have been reported previously (e.g. Pulakos, 2009; Von Glinow, Drost, & Teagarden, 2002). The consideration of employees' preferences is of particular importance in today's diverse organizations, where the neglect of various needs and values in PM risks discrimination against minorities (Kamenou & Fearful, 2006). Strong support in identifying and emphasizing the need for more research on the variety of perspectives and preferences comes from authors investigating the discriminatory impact of PM practices on women (AlimoMetcalfe, 1993; Hind & Baruch, 1997). Though women are still highly underrepresented in senior management positions (OECD, 2008; Terjesen & Singh, 2008) and PM systems influence their careers (Alimo-Metcalfe, 1993), research on the discriminatory impact of PM on women is extremely understated. Targeting these research gaps, the present thesis focuses on the challenges of balancing the standardized solutions and diverse preferences of GPM in MNEs, not only on the country level but also on the level of individual differences and preferences. In four manuscripts, which build the core of this thesis, data on practices and preferences in PM from one MNE's subsidiaries in China, the USA, and Germany (as well as South Africa and France) are analyzed with respect to the participants' location and gender. It is important to note here that balancing GPM in the MNE is the focus and starting point of this work, and consequently we have chosen an MNE to act as our sample. However, we approach this topic by analyzing countryspecific characteristics, global best practices, and employees' preferences in PM. Hence, we use the term 'GPM' when the international context and the tension between standardization and adaptation is emphasized, while we refer to the unspecified term 'PM' in all other cases.1 This thesis seeks to enrich current debates in the international HRM literature by integrating dominant and critical perspectives, cultural and institutional perspectives, and the concepts of divergence and convergence. It contributes further to the growing body of literature on GPM in MNEs by presenting an encompassing literature review on country-specific characteristics on the one hand and a literature-based overview of so-called 'best practices' in PM on the other. Furthermore, it delivers a conceptualization of GPM as well as a questionnaire to investigate and compare practices and preferences in this area. This methodological tool allows for the inclusion of employees' voices in researching PM and designing or evaluating PM systems in practice. Moreover, initial empirical findings on PM practices and preferences in China, Germany, the USA (and South Africa) are provided, and gender-specific preferences in PM across five countries (China, Germany, the USA, South Africa, and France) are presented. By including South Africa and China on the one hand and Germany and the USA on the other, we further aim to contribute to the very limited empirical knowledge on GPM in the leading emerging economies, i.e. BRICS (Brazil, Russia, India, China, and South Africa) countries as compared to so-called developed countries (see e.g. Cassiolato & Martins Lastres, 2009). In order to cover these goals and contributions, each of the four manuscripts follows a particular research focus. While the first seeks a conceptualization of GPM and country-specific profiles for China, Germany, and the USA, the second investigates these propositions empirically. The third manuscript contrasts employees' preferences from China, Germany, South Africa, and the USA with literature-based PM 'best practices', and it also questions the global applicability of the latter. The research question of the fourth paper targets the discriminatory impact of PM and asks if there are gender-specific preferences in GPM. In the next section an overview of the research traditions, paradigms, and central theses in GPM research will be provided, followed by the differentiation and definition of the PM concept. Next, the theoretical perspectives on GPM in MNEs, reflected by the four manuscripts, are presented on a deeper level than the lengths of the respective papers allow. Based on this, an overview of the four manuscripts will be given, summarizing the respective theoretical perspectives, addressed questions, and contributions, together with their publication status. The methodological approach and common research design underlying the three empirical manuscripts will be explained thereafter. Again, the aspects mentioned here complete the methodological sections of each manuscript by providing background information, connective challenges, and arguments. After presenting the four manuscripts, the conclusion will summarize the results and will seek to leave the reader with an idea of the encompassing contribution of this thesis. In line with this summary, the limitations and implications of this work, as well as perspectives for future research, will be discussed.

**Key Components of Performance Management Systems**

**Any effective performance management system includes the following components:**

1. **Performance Planning:** Performance planning is the first crucial component of any performance management process which forms the basis of performance appraisals. Performance planning is jointly done by the appraisee and also the reviewee in the beginning of a performance session. During this period, the employees decide upon the targets and the key performance areas which can be performed over a year within the performance budget., which is finalized after a mutual agreement between the reporting officer and the employee.
2. **Performance Appraisal and Reviewing:** The appraisals are normally performed twice in a year in an organization in the form of mid reviews and annual reviews which is held in the end of the financial year. In this process, the appraisee first offers the self filled up ratings in the self appraisal form and also describes his/her achievements over a period of time in quantifiable terms. After the self appraisal, the final ratings are provided by the appraiser for the quantifiable and measurable achievements of the employee being appraised. The entire process of review seeks an active participation of both the employee and the appraiser for analyzing the causes of loopholes in the performance and how it can be overcome. This has been discussed in the performance feedback section.
3. **Feedback on the Performance followed by personal counseling and performance facilitation:** Feedback and counseling is given a lot of importance in the performance management process. This is the stage in which the employee acquires awareness from the appraiser about the areas of improvements and also information on whether the employee is contributing the expected levels of performance or not. The employee receives an open and a very transparent feedback and along with this the training and

development needs of the employee is also identified. The appraiser adopts all the possible steps to ensure that the employee meets the expected outcomes for an organization through effective personal counseling and guidance, mentoring and representing the employee in training programmes which develop the competencies and improve the overall productivity.

4. **Rewarding good performance:** This is a very vital component as it will determine the work motivation of an employee. During this stage, an employee is publicly recognized for good performance and is rewarded. This stage is very sensitive for an employee as this may have a direct influence on the self esteem and achievement orientation. Any contributions duly recognized by an organization helps an employee in coping up with the failures successfully and satisfies the need for affection.
5. **Performance Improvement Plans:** In this stage, fresh set of goals are established for an employee and new deadline is provided for accomplishing those objectives. The employee is clearly communicated about the areas in which the employee is expected to improve and a stipulated deadline is also assigned within which the employee must show this improvement. This plan is jointly developed by the appraisee and the appraiser and is mutually approved.
6. **Potential Appraisal:** Potential appraisal forms a basis for both lateral and vertical movement of employees. By implementing competency mapping and various assessment techniques, potential appraisal is performed. Potential appraisal provides crucial inputs for succession planning and job rotation.

**FACTORS AFFECTING PERFORMANCE MANAGEMENT SYSTEMS**:

For performance management system to be implemented, there are a number of conditions that must exist prior to its execution. These factors include:

- Ability of manager to mobilize the organization.
- Effectively communicating the roles, duties and responsibilities of all such individuals who are the participants in the process of bringing about change.
- Transparency and Simplicity
- Practicality and Participation

**Culture and Performance Management System**

Performance management is a collective process of setting objectives in line with organizational mission and goals and monitoring individual performance in the achievements of these objectives through constant communication and feedback. Inherent in the communication and feedback are coaching and mentoring, information on performance directions, rewards, and in some cases penalties. Organizational culture relates to relationships and shared norms, beliefs, and values developed over time through both formal and informal arrangements in the organizational setting. National or ethnic culture, on the other hand, emphasizes the indigenous or traditional dictates and practices that define the identity, both individually and collectively, of those who constitute organizational participants.

**PMSs in six leading economies**

**Performance management in China**

the human resource environment in China through a brief summary of the main characteristics of human resources management (HRM) and employment profile in China. Performance management (PM) is being promoted as a modern western HRM concept in China. The adoption of the western approach in China is further hampered by the lack of strategic orientation of many Chinese firms and the deficiency of HR skills to design and implement an effective PM system. N. Lindholm's survey of 604 Chinese managerial and professional employees from multinational corporations in China found that they were satisfied with the western-styled performance management system (PMS) adopted in their company. A number of key factors influence the PMSs in China, mainly in the design of the performance indicators and the process of conducting performance appraisal. The chapter presents the historical development of performance management and appraisal systems in China.

**Performance Management in India**

The science of performance management has come into focus in recent times, with many Indian companies revisiting their approach towards performance measurement and management. PwC's recent study on Performance Management in India indicates that 52 percent of organizations are making or planning to make a change to their current performance systems. While many of these changes are aimed towards making the process more transparent and development focused, the approach adapted varies widely. At one end we have organizations who are disbanding ratings altogether while others are looking at rejigging the rating scales or relaxing bell curve based forced ranking.

What is driving this need for change? PwC's research indicates that these changes are attributable to a growing discontent with the current systems and processes – only 12 percent of organizations state that they found their current performance management systems highly effective in meeting set objectives. Key impediments faced by companies were – expectations not being clearly defined and agreed upon, managers' inability and unwillingness to have difficult conversations and difficulty in assessing performance objectively.

While change may be inevitable, it is interesting to reflect on how organizations can leverage these changes to address immediate challenges and create long-term sustainability. Some key learnings that the study revealed are:

1. **Importance of managerial capability in driving change in approach:** For organizations to benefit from structural changes that they are making, they must ensure that their approach to performance management is in sync with their managerial capability and maturity. Most organizations that are disbanding forced ranking, pushing down ratings, decisions and decentralizing authority must ask themselves if they are simultaneously enabling managers to drive the performance process effectively. This means evaluating the capability of their managerial cadre, assessing their ability to demonstrate maturity in exercising judgement and establishing a governance framework that can control the possible misuse of this power. India

witnessed considerable job inflation in the last decade and this has resulted in the rise of a pool of young and enthusiastic but often inexperienced managers. These individuals have technical acumen but may not be equipped to deal with softer aspects of the job such as navigating difficult conversations or employing managerial discretion. This adds a layer of complexity to the responsibility that HR has in enabling these managers and establishing sufficient process checks to protect employee interests. In the course of our research, we also encountered organizations that have significantly reduced the scope for managerial discretion by hardcoding ratings using a combination of role expectations, business goals and market realities. While this has improved process transparency and employee satisfaction with the system, how it impacts the credibility of the manager is still to be evaluated. Success of this model could mean a paradigm shift for performance management in the future.

2. **Balancing the achievement of business objectives while making employees an equal stakeholder in the process:** The primary focus of performance management in India continues to be delivery of business goals. 93 percent organizations expect their PMS to drive business objectives while less than 10 percent look at performance process to drive creativity or recognize team contribution. This unidimensional approach to performance management often leads to one of the major stakeholders, the employee, being overlooked. They are focal point of the entire system and yet often have little say in the overall process outcomes. It is increasingly being appreciated that a system which only focuses on business outcomes and acts as a vehicle of distribution of rewards ends up disengaging employees. What employees are looking for today is to be part of an ongoing performance experience rather than just a mechanistic annual exercise. Similarly, recent research in neuro-leadership alludes to the fact that rating systems that reduces a year’s worth of employee effort into a single number or rating can often be dehumanizing and can negatively impact morale. While all this has led to organizations making development agendas central to the performance management process, one needs to be careful that the fine balance between business prerogatives and people outcomes is not compromised.

3. **Innovative models of rewarding performance:** Our research indicates that outcomes of performance evaluation have a closer linkage to immediate term decisions like annual bonus payout rather than longer term decisions like career progression and long-term incentives. While monetary incentivizing of performance continues to be the norm, there is a growing appreciation of the negative impact of heavily linking performance management to rewards. Interestingly, it is perceived that this linkage distorts decision-making on ratings (20 percent), undermines morale (8 percent) and creates interpersonal issues within the teams (12 percent). Success of new performance management models will hinge on the establishment of more innovative modes of rewarding performance. The time has come for organizations to seriously evaluate if financial reward is infact the best available motivational lever and whether hard-coding performance outcomes with financial rewards allows organizations to consistently overachieve.

There is definitely no uniform approach to managing performance and each organization’s approach must draw on its context. Organizations should explore the objectives they want to achieve and evaluate managerial maturity, employee agenda, HR capability and relevance of people's capability to succeed before investing in any changes to current systems. This

exploration, more than anything, will decide the ease, appeal and success of any new performance management system implemented.

**Performance Management system in Japan**

the Japanese performance management system (PMS), whose strength lies in its ability to support employee and organizational learning. It describes the traditional model and its historical development. The chapter deals with a discussion of procedural justice in the new system, an emerging issue in PM in Japan. This issue has become critical because the modifications in the system of PM just described involve a shift in psychological contract for employees from that based on the long-term relational nature to that based on the transactional relationship between employees and employers. The traditional Japanese PMS is often called "learning-centered," since, throughout the system, employee learning and skill/knowledge acquisition processes are explicitly encouraged. The origins of the Japanese human resource management practices go back to the turn of the twentieth century when Japanese industrialization began to take off and economic and technological advances generated pressure for more effective employment arrangements.

**Performance Management system in South Korea**

This deals with the development, features and issues of Performance management systems (PMS) and factors that are evaluated to influence its changing nature. PMS in South Korea can be best understood in the context of the transformation companies have gone through in the nature of their relationship with their human resources (HR) and HR management as a whole within Korea's institutional and cultural context. PMS developed within this context and Korean HRM, which was characterized as paternalistic and collectivistic with a seniority-basis of lifetime employment and tenure-based pay. Koreans' emphasis on affective relationships is often extended to contract-based relationships, such as employment relationships. As far as the purposes of performance appraisal (PA) systems implemented in Korea are concerned, an administrative purpose is dominant, although these have been gradually extended to feedback and developmental purposes. The main source of PA information is a superior's observation and judgment. PA done by superiors is the dominant form in Korea.

Performance management is one of the most debated topics in all of talent management. This is particularly true in the United Kingdom, where recent geo-political events have combined with several other factors (i.e., the COVID-19 pandemic, the Great Resignation and unique British professional and social norms) to make it exceedingly difficult to implement effective performance management processes.

As we are not fortune tellers, it’s pretty challenging to predict how talent management in the UK will evolve over the next two to five years. However, we can suggest a number of performance management best practices that will assist UK-based organizations as they look to **tackle Britain’s current obstacles** when it comes to performance management. If there’s anything we have learned in the last two years, it’s that **tough times are nothing but an**

**opportunity to take a pause, have a think** and turn adversity into a learning experience – one that positions your organization for the better.

In this article, we will take a look at each and every one of the different factors that are impeding performance management in the UK. Whether external or internal, we'll provide tips and guidance for organizations to tackle today's most prominent challenges, implement best practices and take their performance management to the next level.

**Performance Management system in UK**

**Performance Management Challenges in The UK**

Before we jump into the latest trends in performance management, we first need to fully understand the **current challenges that UK employers face** in making their performance review process an effective one. On the bright side, and as a sort of spoiler alert, we can assure you none of them is impossible to overcome.

**The Cultural Clash with Self-evaluations**

Among many other things, performance management involves a process in which employees and managers get together and review past objectives, discuss different ongoing projects and set a bar for future reviews. This is the moment when employees need to provide superiors with an honest evaluation of their performance, **particularly when they have met or failed to meet their quarterly or yearly goals**. This brings us to the element of self-evaluations.

Self-evaluations require **a strong determination from employees to accept responsibility** for both their achievements and shortfalls. And for a characteristically polite and more reserved culture in the UK, this could be a problem. Where US-based employees may not feel ashamed of highlighting their successes, Brits may feel like it's blowing one's own trumpet.

As politically correct as it may sound to let others – especially managers or team leaders – speak about an employee's achievements, this is not the best approach for performance reviews. A thorough self-assessment can help employees feel more engaged in the appraisal process as they gain confidence and insights while setting goals for the future. This cultural element dampens the performance management process in the UK, eliminating a crucial tool for critical reflection and skill development.

**Post-Brexit Employment Regulations**

Brexit has brought numerous changes in various senses to the UK, both professionally and socially. And, when we narrow our scope to HR, the impact has been significant. **Anyone can check online** to see how to comply with all current regulations. But, in short, **UK employers need to follow certain criteria** as regards salaries, education, job level and visa duration in the British territory when hiring non-UK employees.

Now, how do Brexit regulations affect performance management processes?

At first glance, there's no reason why recruiting limitations should negatively impact a talent management initiative. However, if we dig a little deeper, we'll notice that t**hey also trigger a talent loss for organizations.** In other words, foreign employees who don't comply with these regulations and/or can't (or don't want to) apply for permanent residency need to leave.

This talent exodus has exacerbated skills gaps that the current workforce needs to cover until a local (or Brexit-compliant) fit is sourced, engaged and trained to fill the void. What can you expect of a performance management process that evaluates employees doing their best to cover a skills gap they were not properly trained for? Inaccurate feedback that negatively impacts employee experience by generating a sense of frustration and, eventually, affecting salaries.

**Current Performance Management Techniques in the UK**

In the words of Nietzche, the German philosopher, **"the worst enemy you can meet will always be yourself."** And this is certainly the case for many talent management teams in the UK. One of the biggest challenges they need to address is their current performance management techniques. More specifically, their traditionalist style.

One may then ask "what's the problem with keeping a traditionalist style?"

This methodology tends to rely on annual appraisals that focus on past objectives that were set a long time prior to the performance conversation and, more often than not, become less important or even obsolete when the time to review arrives. According to **pre-pandemic research**, **over 70 percent of UK employers claimed to be using annual appraisals.**

In comparison to modern approaches that champion regular performance conversations that promote continuous development, traditionalist methodologies can leave employees feeling dissatisfied with the entire performance management process.

With **49 percent of UK employees not having regular performance conversations** with their managers, organizations should rethink their methodologies in order to reap the benefits of the modern approach to performance management.

**Performance Management Best Practices to Tackle UK Challenges**

**Performance management is in a constant state of evolution**, not only with respect to its techniques and methodologies but also towards its aim.

Performance reviews are shifting to an **employee-centered model**, with engagement and productivity as core tenets. Now is the moment for organizations to prove how effective performance management is in empowering employees. Thus, **UK employers need to adapt to an agile framework** that improves the employee experience as a whole, where value and professional development can take place.

Still, we're not here to state what future performance management processes should be like, but **how UK organizations can achieve effectiveness in their reviews** and fully address the challenges stated above.

**1. Peer Feedback: Compensate for Cultural Challenges towards Self-evaluation**

One of the latest performance management trends is **incorporating feedback from more than one source.**

By incorporating peer feedback, employers not only maximize their source of information as regards employee performance but also open the door to **unlocking hidden talent.** Given the previously discussed cultural uniqueness of the UK, valuable skills may remain in the dark without employees providing useful and honest evaluations with respect to what it was like to work with a colleague in a given project or how they contributed to achieving a goal.

While there are various ways to lead and implement this **socially based** performance management best practice, all of them hold the same truth: it works. Remote work has decreased the amount of manager-employee interactions, and **solely relying on managerial feedback is not viable**. The digital era has increased the need for teamwork, and employers nowadays relate more often with co-workers than superiors.

**2. A Holistic Approach to Performance Management**

Siloed talent management processes limit agility. In fact, they may even impact employee experience negatively, turning talent retention into a bigger challenge. The current shift in performance management models calls for **coordination among various talent management initiatives**, where you can get valuable information from one and implement it into another.

Let's take, for example, the talent loss difficulties UK employers are facing due to Brexit. Organizations need to cover open roles and responsibilities that require specific skill sets. In a **holistic framework**, where talent management initiatives are connected to each other, **managers can find, propose and follow up** on development plans during a performance review, discovering hidden interests and developing new skills. This approach works toward **improving the employee experience and productivity, unlocking hidden talent and maximizing the effectiveness** of all initiatives by finding relevant relations between one another.

Moreover, unified talent management initiatives help avoid confusion or misinformation as regards one crucial element in this increasing digital work environment – data, which plays a major role when implementing a holistic approach.

The best way for organizations to leverage data is to **activate all of their talent management initiatives under the same platform.** In this way, it becomes the stone that kills both birds. On the one hand, HR professionals and managers get a better insight into the information they collect from the different touchpoints of the employee journey and can implement it to increase retention (one of the most important current goals). On the other, they maximize the effectiveness of their performance management processes not only by enhancing productivity but also by empowering their workforce to develop professionally within the organization.

**3. Continuous Performance Management**

One of the most crucial best practices in modern performance management initiatives is implementing continuous reviews. Once again, with the inevitable evolution of quarterly and yearly goals, **annual appraisals lose ground, impact and effectiveness.** By implementing ongoing feedback, employers give place to a **shift in employee appraisal philosophy.**

Continuous performance management doesn't change the performance review basics. However, s**mall adjustments occur when regular check-ups take place.** Managers are still in charge of reviewing past objectives while also decreasing the risk of them becoming obsolete by applying necessary changes in the shape of follow-ups. This approach broadens the scope of an employee performance review by **implementing a forward-looking evaluation.**

By adapting to a continuous performance management approach, managers improve the awareness of the skill sets among their workforce. **Through 1-on-1 talks, leaders can better understand the desires and interests employees have,** review past and future goal-setting and implement feedback in a more consistent way, meeting both organizational and personal objectives at the same time.

**Performance Management System in USA**

Performance Management (PM) is more than the end of year appraisal. It's about translating goals into results. Performance Management focuses not only on individual employees, but also on teams, programs, processes and the organization as a whole. A well developed PM program addresses individual and organizational performance matters necessary to properly create and sustain a healthy and effective results-oriented culture. Public agencies have a greater challenge to define and measure results than private sector organizations, whose results are almost exclusively tied to financial goals. Public agencies are also required to comply with complex regulations that govern their performance management programs. Effective PM will help your organization raise individual performance, foster ongoing employee and supervisor development, and increase overall organizational effectiveness.

**PMS for expatriates**

In order for an employee to help the organization achieve strategic success through his or her performance, he/she must work at optimal levels towards very clear and specific objectives. In other words, the organization must design and implement a performance management system (PMS) that empowers employees and allows them to work at optimal levels. However, a review of the related research shows but when it comes to expatriates, most organisations do not develop dedicated PMSs – instead, it seems that most organizations evaluate and manage expatriates on an ad-hoc basis, often leading to dissatisfaction with the outcomes and conduct of the PMS, and subsequent dip in performance levels and quality. In this chapter, we briefly trace the history of PMSs, with particular emphasis to PMSs related to expatriates, and discuss some recent PMS models. We further discuss additional contextual variables that should be incorporated into effective PMSs, and conclude by offering guidelines for designing an effective PMS for expatriates.

**TOTAL REWARDS IN INTERNATIONAL CONTEXT**

**Meaning and Definition of Reward**

A Reward can be defined as any form of gratification that a employee gains from his or her employee with an employer. Reward is a dynamic instrument. it not only creates opportunities for the fulfilment of motivational seed, but also enhances he intensity of motivation. this time employee motivation doubles every time he/she is suitably rewarded. Enhanced motivation leads to higher performance, which in turn leads to higher compensation.

**According to White & Klein,** " Reward can be defined as something perceived as beneficial or advantageous to particular actors interests".

**The Current State of Total Reward**

Total reward is the term that has been adopted to describe a reward strategy that brings additional components such as learning and developments, together with aspects of the working environment into the benefits package. It goes beyond standard remuneration by embracing the company culture, and is aimed at giving all employees a voice in the operation, with the employer in return receiving an engaged employee performance. Total Rewards is an approach to reward Management which emphasises the need consider all aspects work experience of value to employees, not to few such as pay and employee benefits. It aims to blend financial and nonfinancial elements of reward into a cohesive whole. Remote work gives employees more freedom to select the employment opportunities they like best. With more power shifting to the workforce, businesses need to be proactive in developing total rewards policies that are not only equitable and competitive, but also appealing.

To retain current talent and attract new employees, companies have to approach their total rewards policy holistically. including both financial and non financial incentives. This is especially important given cultural context and the discussion around equality. It is the organisation responsibility to structure rewards in way that guarantees transparency and fairness. In addition, employees respond strongly to whole person total rewards program that include perks like mental health care, student loan repayment assistant learning and development budgets, and similar non-traditional offerings.

Having an attractive, forward thinking total rewards policy will not only act as a great motivator for employees to perform as their bet hut will take them feel appreciated. Additionally, benefits like these will help employers to stand out from the competition, which is key in an increasingly competitive talent marketplace.

**Complexity faced by IHR manager**

1) Mandatory Salary increases

2) Varying compensation law's in different countries.

3) Balancing Performance Metrics

4) Increased use of outsourcing.

**International Total reward objectives for MNC**

1) Developing total rewards policies that maximize recruiting And retention efforts.

2) Developing cost- effective global total rewards policies.

3) Creating global total rewards policies that result in fair processes and outcomes.

**New forms of international Assignment**

Short term assignments are similar to expatriate assignment, but employees usually live in the foreign country for only 6 to 12 months.

1) Expatriate experience are mainly project based assignments where employees travel to multiple countries but for shorter periods of time (1 or 2 month's).

2) International business travel assignments involve employees travelling to one or more countries for 1 to 3 weeks at a time.

**Key components of global total rewards programs**

1) Base salary

2) Incentives

3) Allowances

- Cost of living allowance

- Housing allowances

- Home leave allowance

- Educational allowance

- Relocation allowance

- Spouse Allowance.

4) Benefits- Entertainment, Festival, gifts, Club, hospitality etc.

**Approaches of Compensation in Global Assignment**

Approaches of compensation in global assignments are as follows

1) Going rate approach.

2) Balance sheet approach and

3) Other approaches

**1) Going Rate Approach**

When the compensation packages of the expatriates are determined on the basis of the salary structure prevailing in the host nation, it is called the going rate approach or market rate approach. Typically, the salary in this method is decided on the has is of the survey undertaken in the host country where the business is located However, international companies usually grant additional pay and benefits to expatriates if they happen to work in nations where their pay is low.

**2) Balance sheet approach**

It is also known as the build-up approach. The balance sheet approach. is arguably the dominant compensation system used in multinational companies. The approach has been used for more than 20 years, yet nearly two of every three companies still use a form of this approach to compensation.

The basic objective of the balance sheet approach is to ensure that employees can maintain a standard of living in the country of assignment similar to that which they enjoy in their home country. This keeps the shock from changes in standard of living relatively small.

The basic premise of the balance sheet approach is that companies use a set of allowances or differentials to maintain employees purchasing power while on international assignments. Fundamentally, assignees should neither benefit nor be hurt economically as a result of relocating.

**3) Other Approaches**

A) Region Based Approach

B) Hybrid Approach

C) Citizens Approach

D) Lump Sum Approach

**Repatriate Issues in Global Context**

1) General Cultural Re-adjustment

2) Job Re adjustment

3) Financial and Psychological Shock

4) Lack of Career Development

**International Trends in global total rewards**

1) Diversification of work and multi polarization of compensation levels

2) Mixed compensation structure with real time payroll

3) From ladder shaped to pulse shaped's compensation Mechanism.

Digital Recognition and Incentives.

4) From External Incentives to self motivation

5) From regular feedback to instant Rewards .

6) From total rewards to full experience.

7) From internal equality to internal equity.

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**Module -4 International Assignments And Employment Practices**

Introduction Staffing policies, Motives for international transfers, Alternative forms of international assignments. The international assignment process Dimensions of international assignment success

Multinational Companies and the Host Country Environment Introduction, Varieties of host country environments, Sustainability of divergent, employment arrangements Understanding how MNCs act in diverse host country, environments Host country effects on IHRM practices of MNC subsidiaries

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## STAFFING POLICIES

### Concept of Global Staffing Policy

Staffing for global operations is a major IHRM practice that MNCs are required to coordinate. It refers to the process of providing staff for the subsidiaries in various countries This means that international staffing is concerned with the recruitment and selection of both the expatriates (wherever applicable) and also the bost County national or local people in the country where the subsidiary is located.

It is a continuous process consisting of several activities such a estimating manpower needs, recruitment, selection, training and development, deciding on remuneration for work to be performed, transfer. promotion, and performance appraisal.

Staffing policy is concerned with the selection of employees for particular jobs. At one level, this involves selecting individuals who have the skills required to do particular jobs. At another level, staffing policy can be a tool for developing and promoting corporate culture.

### Nature of staffing policy

1) **Managerial Function**:

The managerial function of staffing is defined as filling. and keeping filled positions in the organisation structure. This is done by identifying workforce requirements, inventorying the people available, and recruiting, selecting. placing promoting. appraising. planning the careers of, compensating. and Training otherwise developing both candidates and current job holders, so that they can accomplish their tasks effectively and efficiently It is clear that staffing must be closely linked to organising. that is, the setting up of intentional structures of roles and positions.

**2) Series of Steps:**

In both the domestic and the international context, the staffing process can be seen as a series of steps that are performed on a continuing basis to keep the organisation supplied with the right people in the right positions at the right time.

**3) Associated with HRM Activities:**

It refers to HRM activities associated with hiring employees and filling positions. It deals specifically with the acquisition, training. and allocation of the organisation's human resources.

**Objectives or Motives of Global Staffing Policy**

**1) Company Motives**

a) Fill position
b) Management Development
c) Organizational Development

**2) Individuals' Motives:** Motives of individuals to get foreign posting are as follows:

i) To gain new job experience.
ii) Better compensation,
iii) Sense of obligation to the company,
iv) Possibility of advancement upon return.
v) Improved life style abroad.
vi) Exposure to new culture.
vii) To shoulder greater professional responsibility,
viii) Restricted career possibilities within parent company.
ix) Desire to escape from personal problems at home.

**Sources of Global Staffing Policy**

1. Host Country Nationals (HCNs)
2. Parent Country Nationals (PCNs)
3. Third Country Nationals (TCNs)

**Types of Global Staffing Policy**

1) Ethnocentric Staffing Approach
2) Polytechnic Staffing Approach
3) Geocentric Staffing Approach
4) Regiocentric Staffing Approach

**Motives for International Transfer/ Assignment**

1) To help in Leadership Development
2) To encourage High levels of coordination and Control.
3) To facilitate Information Exchange and Dissemination.
4) To develop Global Competencies.
**5)** To help in knowledge transfer.**Alternative Forms of International Assignments**

1) Commuter assignment.
2) Rotational Assignment
3) Contractual Assignment
4) Virtual assignments.

**The international Assignment Process**

1) Selection and Preparation
2) Actual Assignment
3) Repatriate

**1. Selection and Preparation**

**1) Selection Criteria-Prescriptions for Good Practice:**

The first major study in this area was carried out by Tung. Based on a review of the literature on the selection of personnel for assignments abroad, she identified four groups of variables that contribute to success or failure on the job and hence should be used to guide selection:

i) **Technical Competence on the Job**: As in the selection and placement of personnel in domestic operations, this factor is one of the primary determinants of success. It may be even more important for assignments abroad because the individual is located at some distance from the HQ, often the hub of technical expertise, and cannot consult as readily with his/her peers and superiors on matters related to the job.

**ii) Personal Traits or Relational Abilities:**

This refers to the ability of the individual to deal effectively with his/her superiors, peers, subordinates, business associates and clients. In assignments abroad, this variable greatly influences the probability of successful performance. This factor is not limited to simple knowledge of another culture.

The crucial element is the ability to live and work with people with whose value systems, beliefs, customs, manners and ways of conducting business may greatly differ from one's own.

**iii) Ability to Cope with Environmental Variables:**

In domestic operations the ability to identify and cope with environmental constraints, such as governments, unions, competitors and customers, is crucial to effective performance.
This same requirement is no less valid in assignments abroad, but the political, legal and socioeconomic structures which constitute the macro-environment in the host country may be very different from the systems with which the expatriate is familiar. This poses problems of adjustment. The expatriate has to understand these systems and operate within them.

iv) **Family Situation:**This refers to the ability of the expatriate's family (the partner in particular) to adjust to living in a foreign environment. Researchers and practitioners are becoming increasingly cognizant of the importance of this factor to effective performance abroad. The situation often becomes even more complex if the partner (male or female) has had to give up a job or even a career to accompany his or her partner abroad.

A second important contribution is the study by **Mendenhall and Oddou**. According to them, there is insufficient knowledge about the relevant dimensions in expatriate acculturation, leading to the use of inappropriate selection procedures. They distinguish four dimensions as components of the expatriate adjustment process:

**i) The Self-orientation Dimension:** activities and attributes that serve to strengthen the expatriate's self-esteem, self-confidence, and mental hygiene.
**ii) The other's Orientation Dimension:** activities and attributes that enhance the expatriate's ability to interact effectively with host nationals.
**iii) The Perceptual Dimension:** the ability to understand why foreigners behave the way they do, the ability to make correct attributions about the reasons or causes of host nationals' behaviour.
**iv) The Cultural Toughness Dimension**: this dimension can modify the importance of the first three dimensions. In culturally tough countries (countries that are culturally very different from the home country), the first three dimensions important than in culturally become even more similar countries.
The expatriate selection process should focus explicitly on the strengths and weaknesses of the applicant on the above- mentioned dimensions.

**2) Preparation:** In order to prepare individuals, who have been selected for an international posting, and facilitate their adjustment to the foreign culture, diverse cross-cultural training programs have been developed. The content and focus of these programs are
contingent upon factors such as:
i) The individual's cultural background,
ii) Culture-specific features of the host-country environment,
iii) The individual's degree of contact with the host environment,
iv) The assignment length,
v) The individual's family situation, and
vi) The individual's language skills.

**Job Related During the Assignment / Expatriate Adjustment During the Assignment**

Despite the undoubtedly positive nature of certain aspects of the international assignment experience, the exposure to a foreign culture will involve high levels of stress and uncertainty. It has been common to describe this phenomenon as 'culture shock'. Accordingly, much research has centered on analysing the process of adjustment to a new environment during the assignment.

**Black, Mendenhall and Oddou** provided a comprehensive model of expatriate adjustment that integrates perspectives from theoretical and empirical work in both the domestic and international adjustment literature. They argue that expatriate adjustment includes two components:
**1) Anticipatory Adjustment:** Anticipatory adjustment can have an important positive impact on in-country adjustment. It is positively influenced by cross-cultural training and previous international experience, although it is reasonable to expect that the latter will only be true if the earlier experience abroad was a positive one.
Both help to build up accurate expectations and the more accurate the expatriate's expectations, the lower the level of uncertainty, the fewer the surprises and the lower the level

of culture shock. The MNC can help anticipatory adjustment by providing cross-cultural training and using comprehensive selection criteria.

**2)** **In-Country Adjustment:** The in-country adjustment part of their model, which is reproduced in figure 4.2, was tested by Shaffer,

**Harrison and Gilley. Shaffer et al**. introduced two moderating variables, previous assignments and language fluency. In figure 4.2, underlined the relationships that were confirmed in the empirical study are underlined. The model identifies three dimensions of adjustment:

i) Adjustment to work,

ii) Adjustment to interacting with host country nationals and General adjustment to the living conditions abroad.

**As expected, both role clarity** (the extent to which what is expected from the expatriate is clear and unambiguous) and **role discretion** (flexibility in the execution of the job) were positively related to work adjustment. Role conflict (conflicting signals about what is expected in the new work setting) and role novelty (the extent to which the current role is different from past roles) did not show the expected negative relationship to work adjustment, though role novelty was negatively related to general adjustment.

**Support from co-workers** and logistical support were positively related to interaction adjustment, though the expected impact of logistical support on general adjustment was not confirmed. Supervisor support did not have any significant influence on adjustment. Cultural novelty and spousal adjustment had a very strong impact on general adjustment and a weaker, though still very significant, impact on interaction adjustment.

**Spousal adjustment** did not influence work adjustment. The two self-efficacy variables seemed completely unrelated to adjustment, expectations both the but contrary to the authors' previous assignments and language fluency have a significant positive direct effect on interaction adjustment.

As expected, both previous experience and language fluency had important moderating effects as well. Previous experience moderated the relationship between supervisor and co-worker support.

**3. Repatriation**

Increased academic interest has also been placed on repatriation as the final phase of the assignment cycle. It has long been recognised that the return to one's home country after a prolonged stay abroad is subject to adjustment challenges similar to those of the initial transfer. However, despite the obvious importance of reintegration planning, this domain has only started to receive attention as an independent research area and is still judged to lack coherence and systematic consideration both in the academic and managerial context.

Given the trend towards using international transfers for knowledge transfer and management development purposes, the retention of repatriates is now even more crucial for MNCs to benefit from international staff transfers in the long run. Against this background, it is surprising that academic studies continue to find assignees to be largely unsatisfied with MNCs' repatriation support and to perceive their positions upon repatriation to be inadequate, leading to repatriate turnover intentions.

In one study, Lazarova and Caligiuri examined eleven repatriation support practices which were considered important by repatriates but were shown to be available in only 10-50% of the MNCs under study.
Among others, these practices included

1) Pre-departure briefings on what to expect during repatriation,
2) Career planning sessions,An agreement outlining the type of position assignees will be offered upon repatriation,
3) Mentoring programs while on assignment,
4) Reorientation programs about the changes in the company,
5) Repatriation training seminars on emotional responses following repatriation,
6) Financial counselling and financial/tax assistance, and
7) On-going communication with the home office.

It is important to note here that repatriate turnover not only results in a loss of human capital investment for the MNC in general but also risks the possibility of losing this investment to a direct competitor Furthermore, repatriate turnover is likely to have negative implications for the willingness of colleague workers within the organisation to accept an international transfer. To reduce the risk of repatriate turnover, MNCS will need to combine short-term oriented HR practices with longer-term instruments such as integrating international assignments into individual career paths. However, this requires treating the actual transfer and repatriation not as isolated incidents but rather linking the assignment experience to the expatriate's overall career.

**Dimensions of International Assignment Success**

**1) The Self Oriented Dimension:**
This is the first stage of assimilating into a culture and is directed toward strengthening the person's confidence and self-esteem. They build themselves up so they can function in the new, foreign culture. It begins with reinforcement substitution which is replacing certain activities that they enjoy in their home culture with similar (but different) activities in the foreign culture. The next step is stress reduction. Adjusting to a new culture is stressful and studies show that individuals who can effectively manage their stress adjust much faster and easier. The third step is technical competence. The confidence the person has in their aptitude to perform effectively in their job is vital in expatriate adjustment. This includes confidence in technical skills necessary to do the job.

**2) The Others Oriented Dimension**:
Adjustment also relies on the individual's ability to effectively interact with the people of the new country or culture. It is important that they are able to develop relationships with the host nationals and establish long-lasting friendships. These friendships are important because they help the expatriate adjust on a personal level. Much like a mentor in the workplace will help a worker advance professionally and fit to the company culture, befriending a host national will help that person on a personal level as they learn the customs and fit into the culture of the region. This, in turn, also affects the professional assimilation. A willingness to communicate

is also vita. This may include speaking in the host national's language, but not always. It does involve listening and asking questions in an effort to learn the culture.

3) **The Perceptual Dimension**: Anytime you move into a cultural environment that is not familiar to you, it is important to try to understand why the people do the things they do. This ability to understand the behaviors provides the expatriate with invaluable insight into the roots of the culture. It allows them to predict how the host national will react to certain things or even how the expatriate will be received or treated.

One of the biggest barriers to conflict on the job is the inability for one side to understand behaviors or why people do what they do. This is exacerbated when in a foreign culture setting, especially if the person has no background or training in that culture. By learning the why behind the behavior, interpersonal relations can be improved and well maintained.

**4) The Cultural Toughness Dimension:**

Some countries are just more difficult to adjust to than others. Of course, this depends on the person, but there are certainly some cultures that are just harder to understand and assimilate into. Studies have found that some of the more difficult overseas assignments from a culture standpoint include Japan, the Middle East, Asia, and Africa. There were more cultural barriers reported in these areas which increased stress levels while decreasing job satisfaction. Men and women had similar experiences in adjusting to a new culture, with one exception. In Living Abroad: Personal Adjustment and Personnel Policy in the Overseas Setting, it was noted that women expatriates experienced feelings of isolation. Men in the study did not report any significant feeling of isolation. Women going into this situation need to take steps to avoid these feelings of isolation to reduce stress and improve job satisfaction.

**Significance of International Assignments**

**1) Helps Managers in Acquiring the Skills Necessary to Develop Successful Strategies in a Global Context:**

Strategic management in the coming decades will require managers who understand global competition, customers, suppliers, and markets. Seldom can managers make effective strategic decisions without considering worldwide implications. Without international management experience, the future top managers may not develop talents, such as understanding foreign customers or foreign governments. Recognising such challenges, companies like Colgate-Palmolive provide a variety of international assignments, both for high-potential managers and for managers who recently have graduated from college.

**2) Helps Company in Coordinating and Controlling Operations that are Dispersed Geographically and Culturally:**

Expatriates with a shared vision and objectives for the corporation serve as links to communicate corporate needs and values to culturally and geographically diverse local subsidiaries. Expatriates also have firsthand knowledge of local situations and communicate local needs and strategic information to headquarters. In contrast, an overuse of host country managers may create employees who identify primarily with the host country sub-unit rather than with the global organisation.

**3) Provides Important Strategic Information:**
Because of the length of typical expatriate assignments (two to five years), compared with short visits from headquarters, expatriate managers have sufficient time to gather complex information. For example, in politically risky countries, an experienced expatriate manager can provide the top management of the parent company with critical and timely information, which might include key trends in the host country's political, economic, and financial environments.

**4) Offers Crucial Detailed Information about Local Markets:**
Expatriates have incredible in-depth knowledge of local markets. This information needs to be part of the strategic planning of companies because it can be extremely critical for companies with a wide geographic presence. For example, Colgate-Palmolive's expatriates' detailed knowledge of local markets enabled them to determine that small sachets of detergent sell better in Africa than the typical 64-ounce bottle sold in the United States. Similarly, interviews of 16 Austrian expatriates in Polish banks revealed that the bankers acquired significant knowledge of local market conditions such as the legal system.

**5) Provides Opportunities for Management Development:**
Expatriates from the millennial generation will expect some form of international assignment during their work lifetime. As such, global assignments can also provide opportunities for the company to develop their managers while also providing managers with challenges that may be intrinsically motivating.

**6) Provides Important Network Knowledge:**
Because expatriates meet many people, such as clients, suppliers, and people within the subsidiary, they create an important network in the host country. Because they are the main contacts between the host and the parent companies, they also may develop a new network at the home company. Such networks can be very useful because they can create new business opportunities and help the subsidiary function smoothly.

**Global Outsourcing**

Global outsourcing is enabling business without barriers in a borderless world. As enterprises think global, their outsourcing models have changed to follow suit. Outsourcing is no longer just a short term quick- fix to achieve cost reduction. Global outsourcing uses a blend of onsite, **offshore and nearshore** outsourcing solutions to achieve strategic business objectives for the outsourcing company. Today, there are job titles like "Chief Globalisation Officer" and "Strategic Services Manager" - which just goes to show that organisations are taking seriously the impact of global outsourcing on the revenue growth and business value of their companies. Companies generally choose to outsource because the production of goods or services is so much more affordable vs. using domestic resources. The main reason for this disparity is the cost of the labor itself. Many foreign countries have a lower standard of living and thus the average employee makes less than they would in the U.S. while performing similar tasks.

This isn't meant to be a slight against foreign countries - it's simply an economic fact of doing business in a global economy. Since the cost of living is cheaper in these areas, most residents are happy (or at least accustomed to) the going labour rates for that particular market.

**Benefits of Global Outsourcing**

1) Global outsourcing allows consolidation of services and operational efficiencies across borders, eg a single global delivery centre can take care of the order management system for an entire global enterprise where there would have earlier been 30 centres or more.

2) More freedom and flexibility in decision-making and operations during the outsourcing process. Businesses are not locked into out- dated or static processes but can change and evolve to meet new business challenges, while benefiting from the predictability and quality of service levels.

3) Strategic business objectives are met by gain-sharing arrangements defined by SLAs, where an outsourcing service provider's income is related to key metrics of a client's business success. This way, both the outsourcer and the service provider stand to gain from achieving the stated objectives.

4) In case disaster hits one region, work can be quickly transferred to disaster recovery centres, thus mitigating risk, offering service redundancy and allowing business to carry on smoothly.

5) Transformational outsourcing results in big leaps and innovation by optimizing and simplifying complex business processes to offer value-added benefits.

## MULTINATIONAL AND HOST COUNTRY ENVIRONMENT

**Introduction**

A multinational corporation (MNC) is a company that operates in its home country, as well as in other countries around the world. It maintains a central office located in one country, which coordinates the management of all its other offices, such as administrative branches or factories. Multinational corporations must not only adhere to regulatory requirements, but also consider local customs, especially employing local employees while establishing subsidiaries in other countries. MNCs must be aware of the local labour market and be able to determine the essential characteristics and expectations of their host community workers. Both the MNC's internal environment (including the subsidiary's strategic relevance to the MNC and subsidiary manager's local sources of power) and the external environment (formed by home and host country institutions) influence the result. The focus of this paper is on how the host nation environment affects the spread of MNC's favoured IHRM policies. One can investigate the many host environments that MNCs may experience, as well as the circumstances in which it is critical to respond to host nation economic realities, institutional rules, and social and cultural norms and expectations. This may differ depending on the sort of IHRM or local HRM policy in place and the employee group in question.

**Varieties of Host Country Environment**

Whilst the internal employment contract is a social institution shaped both by legal and customs the external labour market can be marked by so many different factors:

1) Price of labour (wages)

2) Non-wage labour costs

3) Competition

4) Local laws

5) Social/cultural factors

**Other Factors**

1) **Labour Market Regulations:** i) Extent of protection afforded by employment contract. ii) Presence or absence of minimum wage. iii) Legal working hours. iv) Norms, e.g. 13th month salary in Vietnam.

2) **Industrial Relations System:** This varies from country to country and the degree to which the national laws favour industrial relations.

3) **Production System and Work Organisations:** Work Organisation differs between societies and can be understood according to sw logics: production approach vs. training approach eg. Fordism vs. toyotism or US vs. Japan.

4) **Education, Training and Careers:** This provides the basis for developing skills required by the organisation and often shape the career opportunities in the labour market. E.g., elite vs. non elite, Germany vs. UK, India vs. Vietnam.

5) **Social Stratification and Living Standards:** Employment is the main source of income for an individual and household and thus employment rewards are a part of systems of social stratification and income inequality.

6) **Welfare System:** Protection for employees and citizens when they not able to work. This may have different implications depending on whether protection is offered by the state or the MNC The US, for example, primarily provides employer-based health insurance. Women in US can be excluded from health insurance benefits whilst this can be seen as sex discrimination in the EU. are

7) **Household, Family and Gender Systems** i) Employee's household and family obligations, ii) Impact of Sunday and Saturday work. iii) Proximity of men and women

working together. iv) Up until 1945, in Britain female teachers and civil servants had to resign on marriage, v) Paternity leave in Germany.

**Sustainability of Divergent Employee Arrangement**

Even though all developed nations are members of the global capitalist economy, there are multiple models or brands of capitalism have emerged, each with its own set of work arrangements. The institutionalist and culturalist schools of thought have dominated explanations for the creation and survival of these disparate job structures.

**Institutionalist and Culturalist Approaches**

The institutionalist approach, popularised by Hall and Soskice and Esping-Andersen, focuses on complementarities between institutions that gives birth to "varieties of capitalism' (VOC) and various worlds of welfare capitalism. According to the VoC model, countries cluster round two or three ideal types: liberal and coordinated market economies, and liberal, social democratic, and conservative welfare Systems, according to Esping-Andersen's view. The evolution of diverse types of capitalism, connected with particular forms of comparative advantage, and is driven by the complementarity or coherence of institutions. As a result, the coordinated market economy, according to Hall and Soskice, is built on both higher job protection and stronger employer cooperation. These structures foster long-term investment planning, which creates additional positive incentives for skill development, incremental innovation, and consistent economic growth.

Labour markets are flexible in a liberal market economy and general education and short-term profit goals take precedence. When these arrangements are coupled, they promote market expansion in rapidly changing industries, radical forms of innovation, and high employment mobility. The premise is that more superior economic performance are likely to be produced in the country and it is resilient towards the external shocks when its institutional arrangements are aligned around one of these ideal kinds. Ideal type models, when used as heuristic devices, can help us grasp and organise the complicated cross-country patterns of employment models. There is no reason to believe, however, that countries form tight clusters around two or three ideal kinds. In addition, there is a greater need to pay attention to hybrid, evolving forms as institutional arrangements and practises evolve.

Using observations based on the cultural differences throughout the country is another approach for analysing the country divergence. Citizens from various nations have been seen to have diverse attitudes toward authority relationships, decision-making, gender relations, leadership behaviour, and many other areas of organisational life. Hofstede identified four abstract aspects of a national culture in his most prominent power distance, individualism, masculinity/femininity, and uncertainty avoidance - to which a fifth, long-term orientation is frequently added. Similar HRM strategies in host nation contexts are likely to have different outcomes owing to variances in cultural attitudes and social norms under a culturalist perspective.

On the other hand, the validity of the Hofstede's analytical methods and empirical data has been questioned by McSweeney and others. This is because the data came from single company, IBM. Thus, it is unclear that whether the study is related to the IBM's employee culture or the national culture. In this study, only few variables are used to indicate the prevailing dimensions of the national culture and there is no allowance for cultural values that are expected to be affected by the diverse and changing institutions. For example, if US accountant's beliefs reflect the American finance system's short-termism rather than US society in general. In fact. determining whether the pressures of globalisation and new international governance are pushing all the countries in a similar direction towards greater market orientation or not is the key issue faced by both the approaches. Long-standing trends toward free trade (governed by the WTO and the IMF) and fewer restrictions on FDI, as well as more recent phenomena such as the massive expansion of financial markets, institutional investor's increased power, and the pervasiveness of information and communication technologies, are among these pressures. Furthermore, in an age of high- speed, broadband communications, cultural notions about lifestyle, gender relations, and other conventions are disseminated much more quickly throughout the world. Such forces may be weakening the foundations of various forms of capitalism by attacking institutions associated with a coordinated market economy, for example, or a social democratic welfare system, resulting in the rise of a dominating US-style, market-oriented model.

**Understanding How MNC act in Diverse Host Country Environments**
MNC's either having positive or negative impact on host country environment:

**Positive Impact of MNCs to Host Country**

Positive impacts of MNCs for host countries are as follows:

1) **Better Access to Worldwide Markets**: MNCs are able to provide products and services worldwide due to its reach and accessibility. The large economies of scale and high level of competition enables production of quality goods at reasonable rates. For example, Walmart provides the best quality products in the foreign countries at affordable prices. Host countries enjoy large economies of scale, higher standard of living, high employment rate, and high income because of better access to world markets.

2) **Best Access to Capital Investment:** The multinationals having their parent company in developed countries have a benefit of huge capital investment. Their stocks are traded in international stock exchanges. Other than the capital of the company itself, there are various other sources of funds.

3) **Transfer of Technology through R&D:** MNCs provide various benefits worldwide through R&D and technology transfer. Huge investments made by MNCs in R&D allow them to transfer their advanced technology to manufacturing units of underdeveloped host countries. For example, there are many IT companies in Bangalore who have developed various R&D centres for the development of advanced technology.

4) **Local Supplier Development:** MNCs prefer local suppliers because they incur low labour cost compared to home country suppliers. this provides advantage to the host country by facilitating large amount of employment to local people. For example, Ford suppliers. This provides advantage to the host country by facilitating outsources its spare

parts and components from local suppliers of country. host country, this creates huge employment in the country.

5) **New Jobs for Labour:** MNCs create employment opportunities in low income countries by setting up their production units. This allows them to use cheap labour of the nation in order to reduce production cost and increase their profit.

6) **Advanced Training for Labour:** Other than creating job opportunities, MNCs also provide advanced training to labour in different fields. This enables the local labour to understand and enhance their skills.

7) **Better Access to Managerial Talent:** While doing business worldwide, multinationals employ managerial talents from different countries and then train them.

8) **Better Products for Consumers at Lower Cost:** The operations of MNCs in different countries offer variety of goods and services to the consumers at reasonable prices. MNCs are able to provide products at affordable prices due to their large economies of scale, low cost labour and raw material, etc. Hence, host countries also enjoy quality products and standard of living in the same way as that of developed countries.

9) **Contribution to Exports:** The host countries enjoy huge benefits by encouraging export activities. This helps the economy of host country to maintain their BOP level, payment of taxes, etc. For example, TATA Motors exports thousands of heavy duty vehicles to different countries which bring in large amount of foreign reserves to India. This helps the Indian economy to stabilise the balance of payment.

**Negative Impact of MNCs on Host Country:**

Negative impacts of MNCs on host countries are as follows:

1) **Drain of Resources for Profit Maximisation:** Profit maximisation is the main aim of all multinationals. For achieving this, MNCs available resources of host country for their economic development. generally rely on resources of host country. The MNCs exploit the This affects the growth and development of host country.

2) **Strain of Scare Foreign Exchange Reserves:** MNCs invest in developing countries to gain the advantage of foreign exchange reserves. These foreign reserves are accepted by the home country in form of fees, dividends, royalties, etc. As a result, the home country earns more than their investments made in host countries.

3) **Minimum Technology Transfer:** The transfer of advanced technology to the host countries is avoided by the home country of MNCs. Some capital-intensive and import-oriented MNCs supply out-of-date technology to developing countries, which is of no use to their country. Usually, MNCs conduct their R&D in home country, so as to remain superior from other countries.

4) **Insignificant Employment Potential:** Nowadays, mostly MNCs capital-intensive industries. These types of industries use advanced technologies which require less labour

force. Hence, they provide few employment opportunities in host countries and avoid employing local people on top managerial positions.

5) **Interference in States' Sovereignty**: The home government of an MNC can interfere in the political and economic matters of the host country. The MNCs may influence the host government by changing policy decisions according to their own benefits. This is done by misusing their financial power and also by affecting the state elections in the host country.

6) **Influence on Culture:** The host countries, where MNCs operate are influenced by the diverse culture and values of the home country. This may adversely affect the functioning of the company as well as the prevailing culture of the host country.

7) **Ill-effects of Advertisements**: When a new enterprise is established in foreign country, then MNC invests huge amount on advertisements of the products. This may lead to increase in prices of the product, decline in demand, wastage of economic resources, etc.

8) **Unfavourable Effect on BOP of the Host Country**: Profit maximisation of MNCs contributes to the host country's foreign exchange reserves. This may affect the host country to face issues related to BOP deficit.

9) **Monopoly Growth:** To compete with the local industries and grab the market of host country, MNCs may form their monopolies.

10) **Evasion of Taxes:** MNCs can also alter their financial statements to avoid local taxes of host country.

11) **Economic Threat:** MNCs may forcefully apply their own terms and conditions by indicating their huge investments made in the host country. Thus, MNCs may prove to be an economic threat in terms of disinvestment for the host country.

**Host Country Effect on IHRM Practices of MNC Subsidiaries**

The IHRM practices of subsidiaries are significantly affected by the environmental conditions (as shown in table) of the host country such as institutions, i.e., legal, formal and informal rules set by both employers and unions; socio-economic conditions, especially, conditions of labour market and business's general economic climate; and the norms related to the social and cultural traditions and routines. These circumstances differ by location and may limit the MNC's ability to standardise IHRM standards throughout its worldwide operations. According to new study, multinational corporations (MNCs) operating in coordinated market economies with robust institutional frameworks are more likely to adopt host country practises. There is a bigger difference between MNC's practises and the host country's standard procedures in liberal market economies, yet data suggests that it is domestic enterprises that are experimenting with innovative methods first in these less strictly controlled nations.

Some HRM techniques, according to research, are more responsive to local environmental influences than others. Rosenzweig and Nohria conclude that procedures related to executive bonus compensation and involvement in senior management decision making are unlikely to be modified to local conditions in their widely referenced study of HRM practises in 249 US subsidiaries of non-US MNCs. Other HRM practises, on the other hand, are largely comparable to local practises, including working hours, benefits, and employee gender composition. The evidence supporting a variety of HRM techniques, pay practises, work organisation, and collective representation is reviewed in the following points.

**HOST COUNTRY ENVIRONMENT INFLUENCES ON HRM PRACTICES**

1. Job Recruitment.
2. Pay Practices.
3. Training and Careers
4. Work Organisation Practices.
5. Job Security.
6. Collective Representation.

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**Module -5 Employment Practices**

Regulation and Multinational Corporations: The Changing Context of Global Employment Relations Importance of regulation and political context, Political agendas to de-regulate, Political and institutional drivers of de-regulation, Problems with de-regulation in a global context. Human Resource Management in Cross-Border Mergers and Acquisitions. Cultural differences and cross-border M&A performance, Managing cross-border integration: the HRM implications.

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## REGULATION AND MULTINATIONAL CORPORATIONS: EMPLOYMENT RELATION THE CHANGING CONTEXT OF EMPLOYMENT RELATION

### Introduction

Multinational corporations (MNCs) are regulated by domestic and international law. In the United States, corporations are normally established pursuant to state law, and their activities are regulated by state and federal law as limited by the Constitution. The authority of the United States to regulate activities of MNCs abroad is subject to limits established by international law.

Typically a "parent" MNC will conduct its operations in countries abroad through "subsidiary" corporations that the parent owns or controls. Under international law a corporation takes the nationality of the country in which it is incorporated, and that country thereby acquires the authority to regulate the conduct of its corporate nationals anywhere in the world.

Thus, the United States has international law authority to tax and otherwise to regulate the worldwide conduct of its parent MNCs.

To date, the focus of international law has been to support MNCs, with less attention to the anciliary social and environmental consequences of their access to global markets. Efforts in the United Nations to draft a Code of Conduct to regulate the behaviour of MNCs have never been completed. Other codes, like those produced by the Organisation for Economic Cooperation and Development (OECD), the International Labour Organisation (ILO), and MNCs themselves, are either voluntary or are not legally binding. Consequently, the only effective regulation of MNCs is national legislation and even this alternative is limited by international law.

**Importance of Regulations and political context**

In order to understand the political and economic dimensions of IHRM it is important to think in terms of the economic purpose of the political process: the link is regulation.

1) The purpose of regulation is to ensure a supply of orderly and effective labour and a social environment supportive of economic development.

2) Regulation provides stable environment that offers some predictability regarding the conduct of agents operating within that environment. legal enactment in terms of passing laws relevant to work and Our understanding of regulation should go beyond viewing it as only employment.

**Baldwin argues that 3 strands of thought on regulation can be detected:**

1) Targeted Rules: Accompanied by mechanism to monitor and promote compliance.

2) Political Economy: Looks at the larger economic context beyond the firm.

3) All Mechanisms of Social Control: Extends the discussion of regulation to include the panoply of institutions and processes that contribute to S&E reproduction.

The actual regulatory actors and roles they play in the regulation of social and economic relationships, vary according to the context. Regulation has formal and informal qualities, reflected in the increasing array of actors involved.

1) Europe characterised by a tradition of state intervention, statutory protection of worker rights, plus levels of union membership and stronger traditions of joint regulation than would be experienced by managers operating in the US context.

2) Degree of institutionalisation of the key relationship between the three actors of the state, capital and labour speaks to the regulatory traditions of the European context associated with corporatist concertation.

3) Most national IR systems in Europe experimented with corporatist concertation, with governments drawing organised labour and organised capital into policy processes. Tripartite mechanisms of regulation not a feature of the US system.

4) In the European context, the embedded traditions of tripartism reproduced at the community level within the governance structures of the EU. 'Social dialogue' between the representatives of labour and capital at community level of the EU.

5) In EU, 1 piece of transnational employment regulation in the form of the 1994 European Works Council Directive, which, as an attempt to regulate employee representation in MNCs in the EU, by nature required a jurisdiction that spanned national boundaries.

**Political Agenda to De-regulate**

Historically, approaches to HRM have been nationally contextualised in terms of government regulatory influence, national cultures and political processes. From 1940 to 1970, most European countries supported an interventionist role for the state. The dominant model of regulation based on the state as central actor and regulator (Keynesian model of state intervention). From late 1970s and 1980s onwards, these systems experienced common pressures for change. What began to emerge was a political view of regulation per se as being costly and prohibitive for the firm and for society in general. The argument is relevant to HRM and IHRM because it underpins a series of narratives around strengthening management prerogative, or the right of management to manage without much external interference, and around making workers become more flexible in terms of their deployment in the firm or the cost to employers of their dismissal.

The basic contours of the argument are as follows.

1) The state and regulation should play a less central role in economic management and in circumscribing the operations of the firm, including its HRM practices. An environment where national governments and politics felt to be less important.

2) Through the imperative of international competition, the market will force firms to be more efficient and dynamic. This will push firms either towards seeking cost-reduction strategies (flexible employment and restructuring) or quality enhancing strategies (work organisation that capitalise on workers' skills and knowledge).

3) Internationalised context controlled through coercive comparisons between national contexts, underpinned by the threat of 'capital flight' and the latter through the emulation of 'best practices' from different national systems.

4) Economic and resource based advantages from the new global market: from cheaper labour costs in Malaysia or IT skills in India, to instilling global best practices in new start-up subsidiaries.

For some this marketisation represents an Americanisation of employment strategies, where the role of regulation through state and collective organisation become secondary to management prerogative.

This model can be juxtaposed against a traditional European model where the state is more interventionist and collective worker rights are more influential in terms of HRM practices and decision making. The reality is that the vision of the global environment is configured in terms of different perspectives and within these general perspectives, models such as the American model emerge.

**Political and Institutional Drivers of De- regulation**

The process by which models of HRM/IHRM become predominant within firms is often not through some natural or inevitable evolutionary adaptation but actually emerges as the outcome of a variety of pressures. These pressures arise in the form of isomorphism, be it coercive.
whereby firms are forced to comply due to strong sanctions, or mimetic, where companies copy practices because they are seen as successful or currently the best way' to work.

The implementation of IHRM practices is a political process that involves various actors' attempts to impose ideas and practices and is a conscious struggle between them over strategies and ideas. In terms of IHRM developments associated with Japanisation debate in the UK, Stewart argues that the associated changes were the outcomes of political debates and struggles between unions, employers and even academics. Consultancies developed consultancy and research into 'flexible systems of employment' based on temporary contracting or zero-hours contracts, which have influenced the development of HRM concepts in many national contexts. The contribution of other actors was also highly significant, such as the role of the right-wing pressure groups. These actors contributed much to the initial development of the reified notion of the 'market', and to the campaign for greater flexibility in the labour market that were central to the opposition and undermining of state led regulation.

These views were echoed within management, as consultancy firms promoted more elaborate and scientific' models of management behaviour and strategy. Their research-based status lent credibility to these models. Within this framework of initiatives, we also see the development/dissemination of expert knowledge through global university and business school networks. Greater degree of management intervention in the admin of businesses has required initiatives to address the inevitable cognitive gaps arising within management knowledge. Central to the mapping of regulatory interventions and attempts to realign them. Even at the macro-level of the global political the World Bank and the IMF). Link with the harder and more performance-driven aspects of HRM and help to legitimate and propagate the internal debates of governments or MNCs that promote harder and less involvement-based versions of HRM.

Within the EU, while there has been an historic agenda to develop a more social model of HRM, governments have received pressure to reduce public deficits. Transnational bodies of governance may move in various directions in terms of regulation and de-regulation: transnational politics of regulation. Politics and economics of IHRM is as much about variety of actors disseminating ideas and values, as it is about natural adaptation. Such approaches are forged through agency and political processes and are not simply the natural or 'best' outcome in the light of the needs of the new global market.

**Problems with with De-regulation and Re- regulation in a Global Context**

Long-standing tradition of international regulatory bodies: transnational governmental institutions which provide coordination between national governments. E.g. ILO. The interaction of formal and informal regulatory processes around legal forms and codes of conduct is increasingly a part of modern business environments. The position of developing countries is also important as they are competing and developing through lower labour costs, which brings new tensions regarding the cost implications of employment regulation. This brings a need to innovate in terms of regulation and to create new templates of regulation which allow for flexibility in the global arena, in keeping with the complex traditions of regulation noted above. If anything, it brings to the fore the need for innovation. There are three further dimensions, which we shall now discuss, that are important aspects of this partial return to regulation through a growing interest in re-regulation and the use of innovative forms of regulation.

**Standardisation and Labour Market Knowledge**

MNCs continue to develop towards the potential of global systems of employment. At the same time, migration continues to be a vital part of international labour markets and at virtually all skills and educational levels. This prompts the need to create structures and frameworks that assist in sharing the content of work and the skills of workers. These systems are complemented by international networks in specific sectors with a high level of inter-state activity. In the airlines industry, international regulatory agencies collaborate to influence approaches in safety-related problems and assist in the pooling of knowledge and practice in IHRM.

**Labour Standards and Codes of Practice**

Increasing interest in labour standards and the behaviour of employers from a range of bodies concerned with issues of malpractice, corruption and time, has established explicit sets of conventions and rules and a vast array 'bad' employment practices. The International Labour Organisation, over of research and educational activities that map and outline 'good' practices in relation to employment issues. The ILO sets the benchmark against which firms/governments are measured in this area. Political sensitivities around issues such as child labour are directly informed by compliance with ILO standards. Furthermore, the ILO provides standards across the range of everyday employment issues which attract less media attention. Whether these standards are systematically developed or adhered to by member states is another issue. However, they constitute a part of the international dialogue on employment and HRM between governments, international employer bodies, and international trade union organisations.

The OECD (body with 36 members) produced a set of guidelines establishing a series of principles that cover a range of areas related to employment issues. The World Bank and the WTO have also begun to address the issue of labour standards and the basic rights of labour organisations. The argument that these bodies have not possessed a strong sanctioning role in many cases does not detract from the fact that there is a tapestry of international labour bodies and HR influencing agencies that challenge the vogue for seeing globalisation as moving HRM matters beyond the influence of government.

The EU has included systemic frameworks of HR related regulations on issues such as mass redundancy, health and safety, working hours and discrimination. The European Works Council Directive offers legislation on worker participation in MNCs: developments show the necessity of conceptualising regulation within broader transnational frameworks. There remains a great degree of cynicism regarding development of such rights due to the highly variable responses of national governments and MNCs. There is also a concern that the assertion of such rights favours the production regimes of developed countries and disadvantages developing countries where competitive advantage based on low labour costs has become common government strategy for economic development.

**Ethics, Values and Context**

The developments described above dovetail with an increasing interest in CSR and ethics within HRM. In relation to major issues such as child labour, there exists emergent external pressures from NGO or social movements and campaigns. The focus on social issues and the rights to participation at work in MNCs has emerged as a renewed role for international trade union organisations such as the International Trade Union Congress (ITUC). While these bodies have less resource to access than nation states and indeed even compete with each other for scarce resources, they do form part of the global set institution that contributes to the tapestry of regulation shaping the political and economic context in which IHRM exists.

Such bodies play a regulatory role in terms of diffusing expert knowledge, and informing and educating public agencies and nation states; they also constitute a counterpoint to the private and market driven networks of consultancies and think tanks. These developments echo the interest in stakeholder theories of ethics and HRM, which espouse a more pluralist understanding of voice and the role of different actors. The Internet has provided a forum for discussion: consumer groups utilising this medium to bring pressure to bear on the activities of MNCs and the ethicality of their approach to issues such as employment and sustainable resourcing.

## HRM IN CROSS-BOREDER IN MERGER & ACQUISITION

**Introduction**

Merger is a combination of two or more companies into one company. It may be in the form of one or more companies being merged into an existing company or a new company may be formed to merge two or more existing companies. The Income Tax Act, 1961 of India uses the term 'amalgamation' for merger. Acquisition, also known as a takeover, is the buying of one company (the 'target') by another. An acquisition typically has one company - the buyer - that purchases the assets or shares of the seller, with the form of payment being cash, the securities of the buyer, or other assets of value to the seller.

International mergers and acquisitions are growing day by day. These mergers and acquisitions refer to those mergers and acquisitions that are taking place beyond the boundaries of a particular country. International mergers and acquisitions are also termed as global mergers and acquisitions or cross-border mergers and acquisitions. Globalisation and worldwide financial reforms have collectively contributed towards the development of international mergers and acquisitions to a substantial extent. Mergers and acquisitions have become the order of the day in the business world during recent times mainly for growing in the global market. Success of a merger essentially depends on execution of the integration plan which necessitates the Management and Development plays a crucial role in a successful evolution of the human side of integration. Thus, Human Resource merger. Issues such as human resource planning, compensation selection and turnover, performance appraisal system, employee development and employee relations ideally ought to be addressed by the Human Resource departments.

With M&As especially at the international level, a global vision is required in order to break down geographic and competitive boundaries. Thus, the role of a global manager comes in. There is a need for the right human resource strategies to give global managers the tools and support they need to make the merger a success.

**Purposes of International M&A**

International M&A are important because it serves the following purposes:

1) Provide Strategic Benefits: International mergers and acquisitions are performed for the purpose of obtaining some strategic benefits in the markets of a particular country.

2) Growth of Company: International mergers and acquisitions play an important role behind the growth of a company. These deals or transactions help a large number of companies to penetrate into new markets fast and attain economies of scale. They also stimulate Foreign Direct Investment or FDI.

3) Access to Infrastructure and Customer Base: International mergers and acquisitions provide access to infrastructure and customer base in a country which is quite difficult to build from the scratch. Moreover an existing brand name in a country provides strong business edge. Access to local markets of different countries is possible through international mergers and acquisitions.

4) Access to Improved Technologies: International mergers and acquisitions provide a way to tap the markets of various countries. For these developing countries international mergers and acquisitions provide them access to improved technologies.

5) Operational Efficiency: International acquisitions can improve operational efficiency (e.g., through economies of scale), enabling companies to compete more effectively against the backdrop of increased globalisation.

6) Financial Support: Acquisitions can also help a company capitalise further on an existing competitive advantage.

7) Gain Access in a New Market: International acquisitions can enable the acquirer to gain access to an existing network of clients and suppliers rapidly in a new market. Establishing an

effective presence in a foreign market from scratch, by means other than an acquisition, could take many years.

8) Economies of Scale and Market Dominance: With the help of international mergers and acquisitions, multinational corporations can enjoy a number of other advantages also like economies of scale and market dominance.

**Process of International M&A**

The actual process of mergers and acquisitions usually proceeds through following three stages:

**1) Pre-Combination:** This first phase involves the initial target screening and pre-bid courtship of the potential target firm, the "due diligence" review of the target company, the price-setting and negotiation of the approach the partners will take to the combination, and the agreement on the contract wording of the deal.

**2) Combination Planning and Signing of the Agreement**: Once the deal has been negotiated, this second phase involves deciding how to implement the deal, discovering and working through differences and different ideas about the deal, and actually signing the agreement. Here, too, HR should play a major role in providing advice on how to implement the deal and anticipating problems that will occur during the implementation.

**3) Post-Combination and Implementation of the Deal**: Once the deal has been consummated, the hard work of implementation must be executed. One critical aspect of HR's role is in creating and providing employee communication about the nature of the merger or alliance and about the vision for the business that will result after the merger/alliance has been consummated. In addition, HR will perform a critical role in training employees to accept and to fit into the new situation, in developing new assignments and staffing, in designing the new compensation and benefits systems, etc.

**Cultural Difference and Cross-Border M&A Performance**

With the advent of globalisation, it has become common for wester multinationals to indulge in mergers and acquisitions with companies in the emerging markets. The process of entering those markets is usually through the Greenfield route that entails huge investments and takes time as the plants and factories have to setup from scratch. The other route is through a merger with a local partner through joint ventures and other methods. Apart from this, acquisition of local companies is the third option that multinationals have.

In this context, it is important to remember that because of the differences in culture between the countries to which the western companies belong and the cultures of the countries that they are entering, the cultural aspects must be handled with care and caution. For example, it is common in many emerging markets to have labour and other policies that are specific to those countries that preclude hiring and firing workers at will. This means that the western multinationals have to ensure that they tailor their global policies to local conditions and adapt to the local cultures by "Glocalizing" or the process of merging global outlook with local execution.

The next aspect about the cultural aspects of cross border mergers and acquisitions is that because of the different working cultures, each partner in the venture has to understand the culture of the other and adapt accordingly. For example, the differing attitudes to gender, minorities, and diversity are issues that can cause potential conflicts between the partners. Apart from this, the cultural dimensions of democratic style of management in the west is different from the patriarchic and authoritarian dimension of management in the east means that both partners have to adapt their working culture according to the conditions on the ground. Further, the western companies operate in structured and methodical manner where there is very little ambiguity and everything is spelled out and written clearly.

In contrast, in many emerging markets, the working environment is characterized by uncertainties to do with infrastructure, culture, and local conditions that induce a sort of hazy working environment. Indeed, this is a culture shock that many western companies face in South Asian and South East Asian countries where the working environment operates in a laissez faire approach, which means that we shall get the work done somehow, is the dominating attitude compared to the west where each milestone in the project is carefully planned for and tracked.

The point to understand about cross border mergers and acquisitions is that they are akin to marriages between individuals from different countries and hence, without empathy and a sense of understanding, these ventures cannot and will not work. Further, cross border mergers and acquisitions can work only if the cultural differences are bridged between the partners. In recent years, there have been several high profile cross border mergers and acquisitions that have failed mainly because of cultural differences. This is more the reason for both the partners to engage each other and conduct due diligence about each other before they venture into the deal.

Moreover, differences in perceptions about how individualistic the working environment will be in contrast to how communitarian it would be are other reasons for failure. In addition, it is common for easterners to deal with red tape and bureaucracy in a different manner which when contrasted with the same in the west leads to totally different working cultures. All these aspects attest to the fact that despite globalization, cultural differences are a reality that global companies and their local partners cannot ignore and avoid at any cost.

**Barriers to International M&A**

Barriers to international M&As are enumerated below:

1) **Structural Barriers**: These cover the following aspects:

**i) Statuary:** These barriers include: a) Strong powers for supervisory boards to block mergers. Unions and workers' councils have say on takeovers and strong redundancy rights.
b) Issue of bearer shares - double voting or non-voting shares. Absence of One Share, One Vote (OSOV) principle.c) Discriminatory tax laws against foreign acquirers, e.g., withholding taxes on dividends.

ii) **Regulatory:** These barriers include: a) Anti-trust regulation, foreign investment review, rules of stock exchange and professional self-regulatory bodies. b) Absence of statutory or voluntary bodies to regulate takeovers. iii) Infrastructure: Absence of M&A services, e.g., legal, accounting, investment banking services.

2) **Technical Barriers:** These barriers include: i) Two-tier boards which cannot be removed or changed quickly; ii) Families dominate shareholding; iii) Powers to issue shares with differential voting rights or to friendly persons; iv) Powers to limit maximum voting rights. Powers to override shareholders in company's interest.

3) **Information Barriers:** These cover the following aspects: i) Accounting: These barriers include: a) Accounting statements not available, quality of information poor. b) Low compliance with international Generally Accepted Accounting Principles (GAAP). Accounting practice biased to avoid tax liability, or conservative, hence accounting statements opaque. ii) Shareholders: Due to issue of bearer shares, shareholding structure not known. iii) Regulation: Regulatory procedures not known or unpredictable.

4) **Culture and Tradition Barriers:** These cover the following aspects: i) Attitude: It includes: a) 'To sell is to admit failure' syndrome; dislike of hostile bids; dislike of institutional constraints on dividends or short-term profits. b) Unwillingness to disclose information. ii) Value System: High premium on trust and confidence in negotiations rather than formal contracts.

**Managing Cross Border Integration**

Integration can be defined in general terms as the process of combining two companies into one entity at every level. Specifically, integration involves the synthesis of people into one corporate culture. The new culture may simply be the culture of the acquiring company that is superimposed on the acquired company or some new entity that is a combination of the best aspects of both corporate cultures. Integration is also the combining of the two companies' systems into one set. These may range from information systems like company e-mail and intranets to, human systems like HR and purchasing departments and their accompanying policies and procedures. Last, integration is the merger of the two companies' production processes into a uniform system. For example, a large plastics manufacturer that uses an outdated manufacturing process may acquire a smaller start-up that has a newer, more cost-efficient production method. Rather than trying to create a newer production method from scratch, the new entity might adopt the smaller company's process.

M&A integration or Post-merger integration (PMI) is the process bringing two or more companies together with the aim of maximizing same process is sometimes referred to as post acquisition integration.

**Managing Cross Border Integration: HRM Implications**

What global managers need in dealing with cultural integration in cross border M&As is the awareness of the vast cultural differences in their business places, the understanding of difficulty in managing employees across borders and adequate tools to help them succeed in this endeavour. Cultural due diligence has become a very significant requirement. It has emerged as one of the dominant barriers to effective integrations. In one study, culture was found to be the cause of over 80% of failed integrations. Culture is the long-standing values and unwritten rules that shape employee attitudes and behaviours. The implications of culture include its implicitness and resilience, how it shapes attitude and influences people's behaviour. Thus, the global managers should develop a global mindset to begin with i.e. a thought process which is cross functional and cross organisation enabling a boundary less organisation.

There can be various methods to culturally integrate like localisation wherein the subsidiary unit acquired in the other country is considered to be a separate entity and the strategies and decisions of the subsidiary are made according to the local conditions without interference from the core company. Another method is to Transplant the culture of the parent company. In this model, the parent company appoints its people to manage the target company in order to guarantee communication between the parent and subsidiary, and the parent supervises and controls the subsidiary this method calls for a good global manager.

The third model is cultural innovation by integration. In this model, the cultures of parent and subsidiary companies co-exist; a new culture and management pattern are formed through the integration of the two cultures and providing an opportunity for maximizing cultural innovation. Cultural influences during an integration effort have the potential to be broad and far reaching. Broken into these dimensions, easy to see the role culture plays in issues that quickly affect the bottom line and integrations that fail to achieve desired synergies. By understanding the similarities and differences between the two companies early in the game, it is possible to avoid a divorce before the marriage vows are taken. Should incompatibility be too great, it may even be wise to call off the wedding. Thus, the global management seeks to reconcile the following issues between organisations to culturally integrate them:

1) **Decision-making Styles:** While one organisation engages in decision- making process through consensus, the other may do so through a top- down model. Such a difference can lead to slow decision-making, failure to make decisions, or failure to implement decisions and all during a time when rapid decision-making is imperative. Customer and employee loyalty can erode quickly if a company is perceived as unable to make decisions. The HP- Compaq merger still suffers due to improper reconciliation with regard to such differences.

2) **Leadership Style:** The style could vary from being dictatorial in one and consultative in the other organization or clear or diffused. A shift in leadership style can generate turnover among employees who object to the change. This is especially true for top talent, who are usually the most mobile employees. The HP-Patagonia merger suffered from the problem of the former having a traditional leadership style contrary to the latter.

3) **Ability to Change:** This refers to the willingness to risk new things, compared with focus on maintaining current state and meeting current goals. Differing attitudes and aptitudes toward change can cause unwillingness, resistance, or passivity when it comes to implementation of new strategies and working through the inevitable difficulties of creating a new company.

**4) How People Work Together:** This varies based on formal structure and role definitions or is based on informal relationships. If the values and behaviour of newly merged or newly connected functional units are inconsistent, then processes and handoffs may break down with each unit's employees becoming frustrated by their colleagues' failure to understand or even recognize how work should be done. The Stud Backer-Packard merger failed on account of problems in this regard.

**Integration of Acquired Employees in Newer Culture**

Mergers and acquisitions usually result in a combination of two cultures that were formerly independent. The cultural characteristics comprise; principles, attitudes, customs, discernment, vision and course of action, managerial practices, business motivators, prospects, management, administration practices, and communication procedures. The cultural aspects of mergers and acquisitions play a significant role in determining the outcome of mergers and acquisitions. There are different types of of cultural integration that are possible. According to recent research mergers and acquisitions and there are different levels and field study, there appear to be four main types of cultural merger or acquisition outcomes that reflect typical organisational and operational merger implementation strategies, which are as follows:

1) **Cultural Pluralism:** Cultural pluralism in mergers and acquisitions is largely based on an appreciation for the potential benefits that can result from sustaining the creative and motivational elements of an independent company. Merger implementation, therefore, allows the maximum flexibility for acquired organisations to operate autonomously. In this type of combination, cultural diversity and cultural sub-groups are allowed to exist within the context of a shared strategy for growth and organisational success. The basic assumption underlying this approach is that "strength comes from diversity", that in facing organisational problems, a variety of perspectives and inputs are better than one.

2) **Cultural Blending:** This particular approach attempts to create a blending or assimilation of two previously distinct cultures into a new, unified culture. This strategy is often seen in "mergers of equals", where no company officially dominates. Integration planning is usually focused on assessing the strengths of each firm's culture and merging them into one. Success is contingent on a high level of goodwill between the firms, flexibility in merger negotiations, a lack of "ego trips" between top managers, and ongoing, effective communication and interaction between the merger partners.

3) **Cultural Takeover:** In cultural takeovers, merger implementation requires replacing the culture of the acquired firm with the dominant culture of the acquiring firm. This process involves strong, decisive leadership and skilful management of the resultant short- and moderate-term cultural crises in order to achieve the planned-for longer-term strategic success. Much of the overall effectiveness of this approach, however, appears to be based on the acquiring organisation's reputation for fairness, credibility, and success in prior mergers and acquisitions.

4) **Cultural Resistance:** In many organisational combinations, merger implementation results in severe cultural conflict, characterised by a high level of management turnover,

market share shrinkage, and difficulty in achieving or even failure to achieve the desired operational synergy and strategic objectives sought after. In most instances, cultural resistance emerges when there is a lack of understanding of or attention to the cultures of the merger partners. As strategic, financial, and operational concerns dominate acquisition integration efforts, cultural differences between the firms undermine much of what the acquiring firm is attempting to accomplish.

Organisations that may appear to be highly compatible on the surface and that seemingly should be able to achieve valuable merger synergies can have underlying cultural differences that seriously threaten their integration. Organisational members are usually so embedded in their own culture prior to major organisational changes that they rarely fully realise its influence on their behaviour. During the process of combining two organisations, however, the cultural "collision" and resultant shock for organisational members created by living in a different organisational world can disrupt the entire workings of the newly formed firm.

Cultural issues if not addressed properly might create major problems. Lack of cultural fit between merging companies result in a lot of misunderstanding, confusion and conflict. Therefore, assessing cultural fit between the acquirer and acquired organisations is necessary. It is necessary to identify impact of cultural gap, and develop and execute strategies to manage cultural differences. Organisations also need to make informed decisions in regard to the potential company for the merger or acquisition. In terms of value creation, culture is significant in the accomplishment of the strategic fit in the merger as well as the integration stage. It plays a significant role in ensuring that employees are satisfied and maintain their performance after the merger.

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**Module – 6 Diversity Management and CSR 7 hours**

Equal opportunities, Diversity Management, Work–life balance: practices and discourses; International Culture Management: Model Organisational Culture and Innovation, Models of Culture, Hofstede's Four, Cultural Dimensions, Trompenaar's Seven Cultural Dimensions, Globe's Nine Cultural Dimensions, Edgar Schein's Model of Culture Deal and Kennedy's Culture Model, Schneider's Culture Model, Cameron and Quinn's Model of Culture Charles Handy's Model of Culture Denison's Model of Culture, Profile of Organisational Culture in International Organizations Managing International Culture. Corporate Social Responsibility and Sustainability through Ethical HRM practices. Ethics and corporate social responsibility International labour standards.

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## EQUAL OPPORTUNITY AND MANAGEMENT IN THE DIVERSITY GLOBAL CONTEXT

### Introduction

Equal opportunities and diversity management differ both conceptually and legally but that they are often used interchangeably. The main commonality is undoubtedly their aim to provide fairness and equality at work. In fact, both concepts, DM in particular, are perceived as effective methods to address negative treatment at work. The negative impact workplace discrimination can have on employees and organisations (i.e., increased stress and turnover intention) are well documented and thus preventing discrimination should be on every organisation's agenda.

Both EO and DM thus seem to aim for organisational justice and connect to Adam's equity and procedural justice theory, meaning that how employees perceive fairness of decision-making and HR policies and practices impacts their work. Hence, if both concepts aim for organisational justice and fairness, this is one possible explanation why they are used interchangeably and that they are not too different but that they simply have different goals in mind.

Over the years, there have been numerous attempts to dichotomise both terms. While EO seems to be a pro-equality approach that is limited to ensuring social justice by focusing on problems associated with diversity (i.e., discrimination and inequality), DM goes beyond to focus on potential of diversity as a resource to realise business benefits.

However, looking at how both terms are conceptualised shows that this distinction is not always clear-cut. Historically, EO in the UK took different forms and was redefined multiple times according to the dominant public and political opinion at the time. Generally, it can be described as a rights-based, systematic, liberal approach that relies on based on social differences is prevented and fair and equal treatment can begal compliance and the principle of sameness so that discrimination be provided.

Chambers broadly distinguishes without further distinguishing between social differences. A more discrimination, referring to formal equality that treats individuals progressive form is based on fundamental egalitarian equality, an approach that assumes that everyone has the inalienable human right to be treated equally unless there are objective and justifiable reasons for differential treatment. It acknowledges that not everyone is equal due to different obstacles they have to overcome but that equal opportunities are provided if everyone can achieve the same goal despite their differences. The focus is on specific disadvantaged groups that are treated as members from the same reference group and are measured against a set of neutral standards set by the organisation. The extent to which these standards are neutral has been criticised as this required minorities to assimilate to the characteristics of the dominant group rather than focusing on objective standards based on merit. More egalitarian forms of equal opportunities allow for positive action and acknowledge that organisations should provide minorities with the necessary skills and a fair chance to compete on a level playing field but then they should be measured based on merit.

**Equal Opportunity: Labour Laws and Government Policy Intervention**

The term 'equal opportunities' is associated with employment equity legislation related to discrimination arising from characteristics such as gender, age, ethnicity, religion, physical ability and sexual orientation. The elimination of inequality necessitates state intervention through Legislation and Affirmative Action (AA) policies to provide atleast a basic level of protection in principle. Many governments have issued EO legislation during the last 30 years, although what the term 'equal opportunities' means, and who are included in the category for protection, differs across countries. The introduction of EO legislation has often been accompanied by the introduction of AA programmes encouraged by the state. However, the focus of and pressure for establishing EO legislation and policy interventions are not the same across nations and their introduction is often a response to the changing political, socio-economic, labour market and employment relations environment For example, Casey et al.'s comparative study of Norway and New Zealand on their respective approach to state intervention on gender equality showed that the Norwegian government adopted a nonsense, no-delay approach in enacting legislation to gain gender equality', whereas the New Zealand government took a softer approach and normative equality that persistently favours 'voluntarism and 'voluntarism persuasion'. To some extent, these different approaches reflect the nuances of the political traditions of the two nations that share much in common (also see below for examples of other countries).

Where international bodies, such as donors and non-governmental organisations, are involved in EO policies and actions in nation states, such efforts may be undermined due to a lack of local legitimacy. For example, Özbilgin et al.'s country case study of Turkey and Pakistan gender equality employment policy interventions found that transposing Equal Employment Opportunities (EEO) initiatives from Western countries to Muslim majority countries and across Muslim majority countries is fraught with difficulties if they ignore due consideration of institutional and cultural conditions, organisational processes and individual choices in each country.

As mentioned above, gender equality constitutes a significant part of EO legislation, AA programmes and public debates. Unfortunately, despite the increasing provisions of anti-discrimination legislation and espoused commitment from organisations to equality, gender inequality in various stages of the employment process remains a salient feature in the labour market in most countries, and is more pronounced in some than in others.

Özbilgin et al.'s study concluded that ‘employment practices are gendered in different ways across national borders', and that an 'essentialist and deterministic' approach to gender, work and cross- national transfer of good practices does not work. This is because 'discourses of gender equality and the macro-national and cultural approaches towards women's status and roles' in societies are distinctive, despite similar patterns of gender disadvantages. Numerous factors and reasons can contribute to the failure or only partial success of legislative and policy interventions. Some national legal systems are impeded by the complexity and multiplicity of employment-related laws, directive regulations and administrative policies issued at different administrative levels.
For in the UAE about the success and failure of imposing a quota system to example, Forstenlechner et al.'s case study of a finance company improve demographic diversity of the workforce and employment equity found several main reasons that have led to the normative

failure of the quota system. These include competing ideologies and priorities, as well as the lack of coordination and integration at various levels.
Other national legal systems lack clear enforcement channels and support through which workers can seek to secure compliance with the law. In some cases, governments' determination to advance social equality is compromised by competing demands from their economic agendas.

**Diversity Management**
Diversity can be a blessing or if mismanaged a problem. Bringing tighter people with different values and views can ensure they attack problems in a richer, more multi faced way.

**Table 6.2: Difference between Equal Opportunity Approaches and Diversity Management Approaches**

| Equal Opportunity | Diversity Management |
|---|---|
| 1) Prevent discrimination against vulnerable groups. | Realising full potential of each individual to benefit the organisation. |
| 2) Rooted in morality and ethics. | Business case. |
| 3) HR managers. | Line as well staff managers. |
| 4) Different Groups in the organisation. | All employees seen as individuals with distinct peculiarities. |
| 5) Better opportunities to groups. | Better opportunity to all employees. |
| 6) Recruitment and Selection. | The whole management process. |
| 7) Systemic changes. | Re–orienting the organisational culture. |
| 8) Addresses inequality through rights. | Promotes diversity for organisational benefits. |
| 9) Neutralises individual differences. | Recognises individual differences. |
| 10) Treats people the same. | Treats people differently. |
| 11) A narrow view of difference. | An inclusive view of difference. |
| 12) A focus on HR processes. | Concerns all functions of the organisation. |
| 13) Promote assimilation. | Promote variety. |
| 14) An emphasis on procedures and regulation. | An emphasis on organisational objectives. |

**Approaches to Diversity Management**

HR approaches to diversity management are:

1) **Diversity Enlargement:** This approach focuses on increasing the representation of individuals of different ethnic and cultural backgrounds in the organisation. The goal is to change the organisational culture by changing the demographic composition of the workforce. For example, the Norwegian government backed a draft law that would oblige companies to appoint women to at least 40% of their directorships. The assumption is that the new employees will conform to existing practices and that no additional HF intervention will be needed. The mere presence of increasing me a Us numbers of employees from different backgrounds will result in cultural change that will bring the desired results. Often this div approach is motivated by compliance to laws and public org expectations of political correctness rather than a deep in understanding of the business need for diversity.

2) **Diversity Sensitivity**: This approach recognizes the potential difficulties introduced by bringing together individuals from diverse en backgrounds and cultures in the workplace. It attempts to overcome these difficulties through diversity training that is aimed at ho sensitizing employees to stereotyping and discrimination while also promoting communication collaboration. The assumption embedded in this approach is that increased sensitivity to differences will HR improve performance. Although this is sometimes the case, in other vers instances, particularly when the training is not linked to corporate hlars goals and initiatives and not supported by its long-term policies, it can create more harm than good. Emphasising differences can backfire by reinforcing stereotypes and highlighting intergroup differences rather than improving communication through understanding and common interests Diversity.

3) **Cultural Audit:** This approach aims at identifying the obstacles ensit that limit the progress of employees from diverse backgrounds and that block collaboration among groups in the organisation. The audit is usually performed by outside consultants who obtain data from surveys and focus groups and then identify areas in which employees that are different from the dominant group feel that they are blocked from performing to the best of their ability. Although, this is a customized approach that is tailored to specific organisational cultures, the recommendations for change are typically based on the notion that the source of ~~the problem is in the dominant cultural group (typically, in North America, White male) and~~ that the change must come from within that group. For example, Ford Motor

Company's

global employee satisfaction survey. The survey, called PULSE, is distributed annually among all of the company's salaried employees (in 2002, 71% of employees participated in the survey). Employee satisfaction with diversity is one of the 12 dimensions assessed by the survey, and the results are used to assess Ford's commitment and performance in achieving a diverse workforce.

**4) Strategy for Achieving Organisational Outcomes**: This approach, proposed by Kossek and Lobel as a comprehensive framework for HR diversity management, focuses on diversity management "as a means for achieving organisational ends, not as an end in itself". Using this strategy, managers have to identify the link between diversity management objectives and the desired individual and organisational outcomes. Organisational strategic choices are viewed in the context of environmental drivers, such as the changing labour market composition, the global economy, the shift to a service economy, and the legal and governmental pressures. Analysing environmental drivers can help the organisation to determine the specific benefits it expects to gain from its diversity management and how those are linked to its overall business strategy.

**Benefits of Diversity Management**

1) Increases Organizations Production

2) Creativity and Problem Solving

3) Attract Better Employees.

4) Increases Organizational Flexibility.

**Problems of Diversity Management**

1) Gender Diversity in the workplace. @ Earnings Gap
@ Glass ceiling

2) Race Diversity in Workplace.

3) Age Diversity in the workplace.

4) Religious diversity in the workplace.

5) Employees with Disabilities in workplace.

6) Sexual Orientation diversity in workplace.

**Suggestions for managing Diversity**

1) Build a culture of respecting Diversity

2) Make managers Accountable for diversity

3) Diversity training programmes

4) Review recruitment practices

**Work-Life Balance: Practices and Discourses**

Work-life balance is a term which is used to represent the different combinations of practices at the workplace which provide support and help to the manpower in accomplishing a balance between the family life and office life demands. Work-life balance is the proper amalgamation of the organisational requirements with the personal commitment of the manpower.

The organisations which are able to identify the different pressures exerted on the employees from the family and other external sources are always in advantageous position and thus they facilitate different measures to the employees so that they can withstand these pressures. This type of balance is mainly facilitated with the help of flexible working hours/ work-timings and similar types of work adjustments. When the right of an individual to lead a healthy life inside and outside the paid work is accepted by the organisation and a relevant policy is developed (for serving the individual, organisation and the society at large), then only the work-life balance is accomplished.

According to **the Work Foundation**, "Work-life balance is about individuals having a measure of control over when, where and how they work, leading them to be able to enjoy an optimal quality of life".

Since the mid-1990s, work-life conflict (WLC) has become a major issue in different parts of the world for different reasons. In Western economies, work-life issues emerged primarily as a result of demographic changes (e.g. declining labour force and an ageing population) and work intensification due to globalized competitive pressure. In particular, the participation of women with childcare/elderly care responsibility in part-time and increasingly full-time employment has been a major focus of the WLC debates and policy orientation. Many governments are made aware of the gap between the growing presence of WLC and the deficiency of institutional supports and cultural change to reduce the negative impacts. As Pocock pointed out, 'the political case for work-life balance is increasingly evident in industrialized countries that are more and more dependent upon the paid Work contributions of women and workers with dependants'

Policy initiatives have been promoted by various governments to address the issue of WLC, often as part of the EO and DM programmes, families. Organisations, particularly those in the public sector and large in order to enhance the wellbeing of those in employment and their MNCs, have also introduced a range of HR practices, such as flexible work arrangements, partly in response to these policy initiatives. It is argued that organisations play a central role in providing quality jobs that will not only raise the standard of material life of the employees and their families, but also the intrinsic rewards and psychological well- being of the workforce.

Existing studies on work-life balance point to the fact that the adoption of WLB initiatives does have a positive impact. For instance, Abendroth and den Dulk's survey study of 7867 service-sector workers in eight European countries found that organisational support for employee WLB satisfaction has a direct and moderating effect, and that emotional support and instrumental support at the workplace have a complementary relationship. Similarly, Avgar et al.'s study of WLB practices and organisational support in 172 hospitals in the UK and their direct and indirect effects on three key stakeholders found that the greater use of WLB practices enhances outcomes for hospitals, their employees and the patients they serve. In addition, the effective adoption of WLB practices is often associated with the adoption of good HR practices. For example, Wang and Verma's analysis of the Workplace and Employee Survey of 3943 workplaces in Canada revealed that firms with a product leadership business strategy are more likely to have WLB programmes in place than those with a cost leadership strategy. In addition, firms that adopt WLB programmes also adopt high performance work practices such as investment in training, employee involvement, and so forth.

Despite the strong political, social and economic case for WLB legislative intervention and policy/HR initiatives, a common finding of the growing body of empirical studies conducted in different societal contexts is that WLB policies and practices in general have been less than effective, for various reasons. Fundamental differences also exist between Western and Eastern countries in their political ideologies, the resultant positions held by the government and employers towards demographic and labour market characteristics, work-family values and with no or little government policy. The existence of WLB practices WLC. Typically, a laissez faire approach has been adopted in the East relies largely on employers' discretion, and the ability of individuals to demand the placement of work-life policy and practice in the workplace.

# INTERNATIONAL CULTURE MANAGEMENT

## Meaning and Definition of Cross-Cultural Management

Basically human races came with different cultural background. The of doing things in one culture may not be the way in other culture. What is good in one culture may be bad in other culture. Sometimes the activities are all the same in two different cultures, but two different different interpretations. Thus, cross-cultural two meanings, management is about managing people across cultures.

Cross-cultural management is effective interaction and understanding of people who represent different cultures. It aims at designing feasible organisation structure and management mechanism in an environment with different cultures, achieving rational allocation of corporate resources, mining and using potentials and values of human resources as much as possible, and improving corporate comprehensive effect to a maximum degree. Failures of multinational companies are mostly originated from the neglect over cultural differences, primary or slight understandings. In order to achieve healthy development, organisations must implement effective cross-culture management. The key is to avoid the transformation from cultural difference to cultural conflict, solving present cultural conflicts as much as possible, and achieving operational targets, based on recognising and distinguishing the cultural differences.

Some people are in favour of the converging world, i.e., all things are going to be same. Some people are arguing still the world has divergence. For example, in USA, it is performance that counts, based on which higher assignments and promotions are given. In Indian companies, performance is not the main criteria. It is "organisational compatibility" that counts. That is the employee "fit" into the organisation that counts. India is a High context society. The "fit" into the organisation has to be interpreted in Indian way. The business has different interpretation.

For example, in USA, doing business means creating organisations wealth. In India doing business means "individual wealth". On recruitment, in USA it is the process of selection, in India it is the process of rejection.

According to Mead and Andrews, "Cross-cultural management is the development and application of knowledge about cultures in the practice of international management, when the people involved have different cultural identities".

According to Nancy Adler, "Cross-cultural management explains the behaviour of people in organisations around the world and shows people how to work in organisations with employees and client populations from many different cultures. Cross-cultural management describes organisational behaviour within countries and cultures; and, perhaps most important, seeks to understand and improve the interaction of co- workers, managers, executives, clients, suppliers, and alliance partners from countries and cultures around the world". Effective cross-cultural management contributes to high effectiveness of global corporations. Organisations with learning orientation are able to face cross-cultural management challenges. Relevant managerial challenges are cultural awareness, culture sensitivity and flexibility to deal with diversity. Thus, cross-cultural management is positively linked to corporate profitability in the global business arena.

**Dimensions of Cross Cultural Management**

1) Team Management
2) Leadership
3) Corporate Strategy
4) Organizational Structure
5) Human Resource Management
6) Knowledge Management
7) Core Values
8) Communication
9) Conflict Resolution

**Model Organisational Culture and Innovation**

Many studies also point out that innovativeness and rate of innovation in organisation is dependent upon the kind of organisational culture that gets nurtured. For example, Boston Consulting Group in its study of Most Innovative Companies in 2014 has found that all organisations that have a successful innovation track record have certain distinct organizational culture elements:

1) **Leadership Style:** Top management committed to radical projects created different key performance indicator (KPI) system for radical projects, introduced incentives linked to radical innovations and encouraged culture of experimentation. Leadership fully backs and shows commitment to radical innovation projects by designing a KPI system which is non-financial and non-specific but process- centric. Leadership exhibits high tolerance for failures and breeds functional risk-taking behaviour leading to concentration of innovation-specific efforts.

2) **Organisational processes:** The way processes are defined in highly innovative organisations encourages iterations and adjustments, provides enough room and time for experimentation and sometimes trial and error attempts, methods that rationally qualify difference between high and low innovativeness, protects radical projects from strict cost control and budgetary constraints, transparent system of project approvals and their targets and project approval being not dependent upon strict ROI projection. It is found that more than 80 per cent of breakthrough innovators allow projects to start with no projection of future returns.

3) **Organisational Structure and Systems:** Innovative organisations were found to have created different governance that motivate motivate and systems systems encourage that collaboration radical innovation and duly recognize interdependency of efforts, and decision-making is consensual and authority is expert driven rather than hierarchical or concentrated. Experimentation and idea generation is at the core of monitoring or review system.

**Models of Culture**

Various models of culture are as follows:

1) Hofstede's Cultural Dimensions
2) Trompenaars' Cultural Dimensions
3) The GLOBE's Nine Cultural Dimensions
4) Edgar Schein's Model of Organisation Culture
5) Deal and Kennedy's Culture Model
6) Schneider's Culture Model
7)Charles Handy's Model of Culture
7) Cameron and Quinn's Model of Culture

**Denison's Model of Culture**

**1. Hofstede's Four Cultural Dimensions**

Geert Hofstede defined national culture as the set of collective beliefs and values that distinguish people of one nationality from those of another. His original comprehensive study that he conducted while working at IBM as a psychologist involved over 1,00,000 individuals from 50 countries and three regions. In the study, he identified four important dimensions in national culture.

**Hofstede's four important cultural dimensions are as follows**:

1) Uncertainty Avoidance:

2) Power Distance:

3) Individualism Versus Collectivism

4) Masculinity Versus Ferminity

**2. Trompenaars' Seven Cultural Dimensions**

Trompenaars' research, published in 1993 and extended in 1997, is similar to that of Hofstede's research in its use of a series of bipolar dimensions. However, while Hofstede's dimensions were primarily empirically derived, Trompenaars' are theoretically derived largely from the work of sociologist Talcott Parsons.

**Trompenaars' cultural dimensions are as follows**:

1) Universalism Versus Particularism

2) Communication Versus Individualism

3) Neutral Versus Emotional

4) Specific Versus Diffuse

5) Achievement Versus Ascription

6) Internal Versus External

7) Sequential Versus Synchronic Cultures.

**3. The GLOBE's Nine Cultural Dimensions**

Project GLOBE (Global Leadership and Organisational Behaviour Effectiveness) is the brainchild of University of Pennsylvania Professor Robert J. House. It is a massive and on-going attempt to "develop an empirically based theory to describe, understand, and predict the impact of specific cultural variables on leadership and organisational processes and the effectiveness of these processes". GLOBE has evolved into a network of more than 160 scholars from 62 societies since; the project was launched in Calgary, Canada, in 1994. Most of the researchers are native to the particular cultures they study, thus greatly enhancing the credibility of the project.

During the first two phases of the GLOBE project, a list of nine basic cultural dimensions was developed and statistically validated. Translated questionnaires based on the nine dimensions were administered to thousands of managers in the banking, food, and telecommunications industries around the world to build a database. Results are being published on a regular basis. Much work and many years are needed if the project's goal, as stated above, is to be achieved. In the meantime, we have been given a comprehensive, valid, and up-to-date tool for better understanding cross-cultural similarities and differences. The GLOBE (Global Leadership and Organisational Behaviour Effectiveness) project team identified nine cultural dimensions that distinguish one society from another and have important managerial implications:

1) Assertiveness:
2) Future Orientation
3) Performance Orientation
4) Human Orientation
5) Gender Differentiation
6) In group Collectivism
7) Collectivism
8) Power distance
9) Uncertainty Avoidance

**4. Edgar Schein's Model of Organisation Culture**

Edgar Henry Schein born in 1928 is a renowned professor at the MIT Sloan School of Management who has studied extensively in the field of organisation management. According to Edgar Schein - Organisations do not adopt a culture in a single day, instead it is formed in due course of time as the employees go through various changes, adapt to the external environment and solve problems. They gain from their past experiences and start practicing it everyday thus forming the culture of the workplace. The new employees also strive hard to adjust to the new culture and enjoy a stress free life.

**Schein believed that there are three levels in an organisation culture.**

1) Artifacts:
2) Values
3) Assumed values

**4) Deal and Kennedy's Culture Model**

As a lead up to the discussion on corporate culture in people's management, it is important to consider Deal and Kennedy's contribution. Deal and Kennedy suggests that 'People are a company's greatest resource, and the way to manage them is not directly by computer reports, but by the subtle cues of a culture'Deal and Kennedy a different perspective, examined organisational culture from concluding that there are six interrelated elements which define organisational culture. These are:

1) The history of the organisation.

2) The values and beliefs

3) Rituals and ceremonies

4) Storytelling

5) Heroic figures

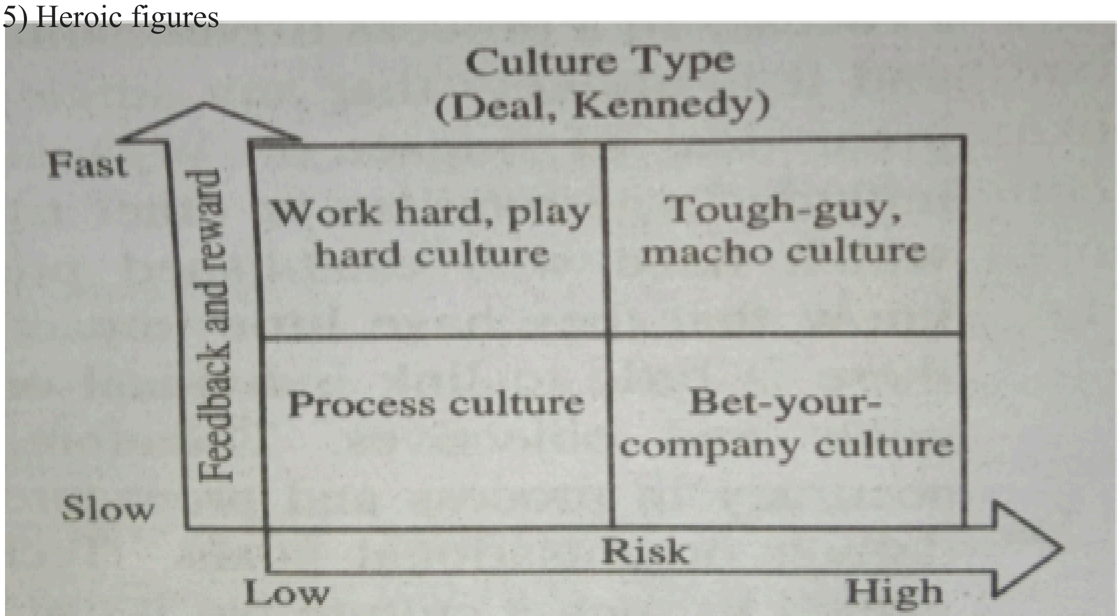
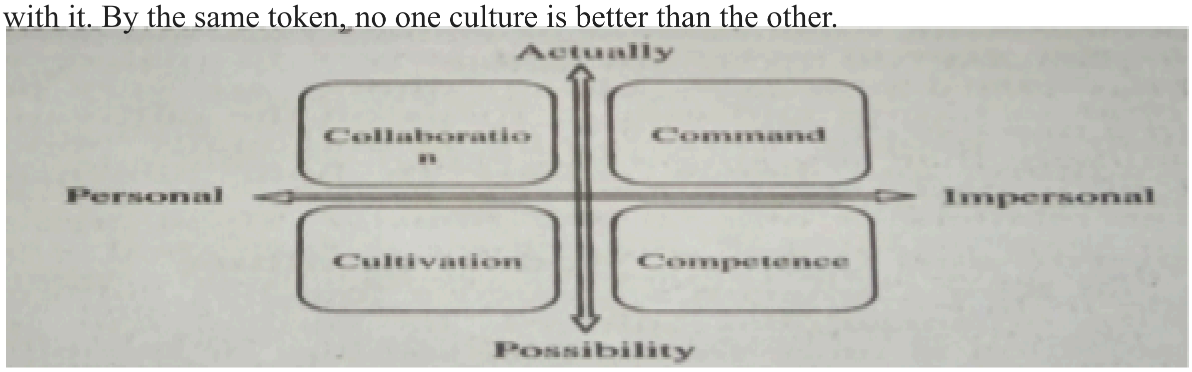


**Figure 6.1: Deal Kennedy's Taxonomies of Organisation Culture (Adapted from Deal and Kennedy, 2000, p.58)**

**6. Schneider's Culture Model**

The Schneider cultural model isn't a new approach (it has its origins in the mid 90's) but it's relevant today. When applying technical and process changes as part of a transformation, this activity provides the means of assessing the current culture and how effective these changes may be. Combining the above two dimensions gives us a 2x2 grid and four quadrants, each representing a culture. Before we look at the grid and the resultant culture quadrants, a word of caution is necessary. The adjectives used to identify a culture is a simplification of the qualities that the culture entails and is by no means carry a negative or positive connotation with it. By the same token, no one culture is better than the other.




**7. Cameron and Quinn's Model of Culture**

Robert Quinn and Kim Cameron's created a four box culture model used to categorize organisational cultures. Its vertical axis looks at whether an organisation is more focused on stability or flexibility, and its horizontal axis looks at whether the organisation is more inwards or outwards looking.

The model is known as a "competing values framework" because it compares these competing priorities that organisations can have.

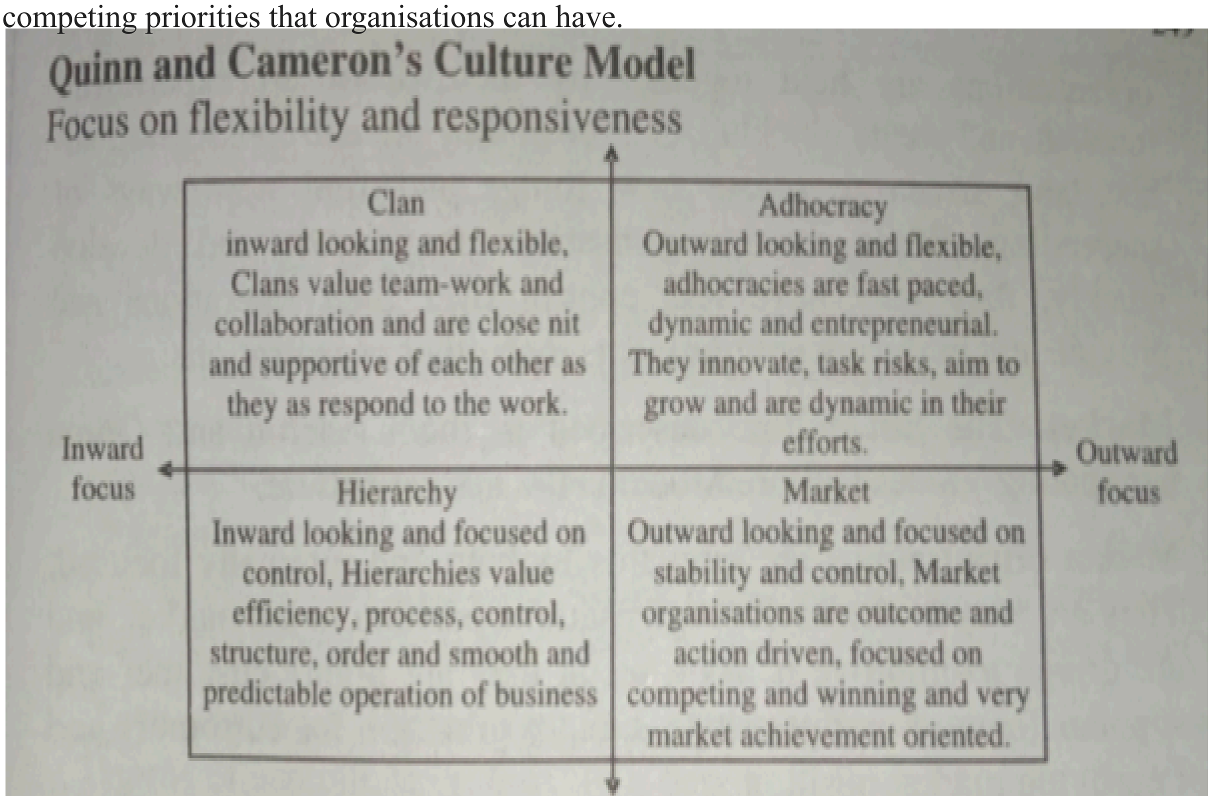



Figure 6.2: Focus on Stability and Control

**8. Charles Handy's Model of Culture**

Charles Handy born in 1932 in Ireland is a well-known philosopher who has specialized in organisation culture. Charles Handy popularised a framework which links categorizations of organisational culture to evidence in the form of organizational structure. Handy believed that there are four main types of organisational culture which can be identified by the extent to which an organisation is both formalized and centralized. The four types of culture he identified were:

| Centralisation \ Formalisation: High ← → Low | High | Low |
|---|---|---|
| High | Role culture (Apollo)<br>1) High formalisation – high centralisation.<br>2) Rules, procedures, hierarchy.<br>3) Formal roles and status<br><br>Bureaucracies and big business in stable environments | Task culture (Athena)<br>1) Low formalisation – high centralisation<br>2) Flexible, task and result oriented.<br>3) Cooperative teams and expertise.<br><br>Service organisation and adhocracies in competitive environments |
| Low | Power culture (Zeus)<br>1) High formalisation – low centralisation<br>2) Personal power and charisma<br>3) Short lines of communication<br>Entrepreneurs and small business in turbulent environments | Personal culture (Dionysus)<br>1) Low formalisation – low centralisation<br>2) Individual talents and ambitions<br>3) Status based on profession<br>Professional service firms in predictable environments |

**8. Denison's Model of Culture**

The Denison model measures four critical traits of culture and leadership (Mission, Involvement, Adaptability, & Consistency). Each of these traits is further broken down into three indices.

1) **Adaptability:** Adaptability is perceiving and responding to the environment, customers, and adapting processes and crucial behaviours if necessary. It is located in the quadrant of flexibility and an external focus (and aligns with Create Culture). Three areas of adaptability are:

i) **Creating Change:** Welcoming new ideas, being willing to try new approaches to doing things, see creating change as part of running a business.

ii) **Customer Focus**: Employees serve internal and external customers and look for new and improved ways to meet customer expectations.

iii) **Organisational Learning**: Gaining knowledge from successes and failures, and thoughtful risk taking. The reaction to reasonable mistakes is 'What can we learn?'

**2) Involvement:** Involvement means engaging and aligning people, creating a sense of ownership and responsibility. People feel a commitment to the organization and a sense of autonomy. Based on flexibility and an internal focus. This quadrant resembles Collaborate Culture. Constituents are:

**i) Empowerment:** They have defined areas where employees can make decisions and where they can't.

**ii) Team Orientation:** Employees support each other in achieving goals and teamwork is encouraged.

**iii) Capability Development:** Training, coaching, and trying new roles and responsibilities are ways of developing new competencies.

**3) Consistency:** Consistency refers to integration of activities, coordination, and control, and setting up an internal system of governance. Rooted in stability and an internal orientation (and aligns with Control Culture). Areas of interest are:

**i) Core Values:** A clear set of core values help to make consistent decisions and behave in a consistent manner.

**ii) Agreement:** Through dialogue and getting multiple perspectives on the table people can reach agreement in case of difficult issues.

**iii) Coordination & Integration:** Employees understand how their work impacts others and vice versa. They make sure that work is coordinated to serve the organization.

**4) Mission:** Mission entails creating a mission that answers the Why of the organization, and how people's daily work contributes to shared goals and results. Based on stability and an external orientation (resembles Compete Culture). This dimension consists of:

**i) Strategic Direction & Intent**: Creating multi-year strategies so that priorities are established to make the vision come true.

**ii) Goals & Objectives**: Means creating short-tem, specific goals established that help employees see how their daily activities Connect to the vision and the strategy.

**iii) Vision**: Here is the ultimate reason why you are in business your purpose - what you are trying to achieve.

**Profile of Organisational Culture in International Organisations**

Just as countries develop unique patterms of values, norms, beliefs, and acceptable behaviour, so also do companies. Most MNES ake great pride in their "organisational cultures," which reflect, at least initially, the values of their founders and evolve to create corporate personalities that give employees a template for how to behave, including how to make decisions, the importance and acceptance of operational concems such as continual improvement, safety, and ethics, and how to treat fellow employees and customers.

For many firms, these organisational values take precedence over country cultures, particularly when there is a conflict between the two. For example, many large MNES that oniginate in Scandinavian countries may feel very strongly about the assignment of women to senior management positions and will do this even in cultures where it is rare (and not supported by cultural norms) for women to have these types of appointments.

Or MNEs from Western countries may feel strongly in favour ot egalitarian and participative management styles and compensation practices and may decide that these values are so important that they will pursue strategies to implement these practices in their foreign operations, even though local culture supports a very different set of values.

For example, Asian MNES might emphasise strong group loyalty and discussion, with deference to senior employees, in the ways they operate and make decisions, even in their foreign subsidiaries, and even when this is not an accepted or understood way to operate local employees and managers.

**Managing International Culture**

People believe and behave in certain ways based upon the culture in which they were raised. For managers of multinational companies failure to understand eultural differences can contribute to por personnel decisions, ineffective marketing and safety issues.

Small businesses must specifically tailor their operations to the culture in each country in which they have offices, while also striving to unite all employees around a common mission.

1) **Dimensions:** When establishing an office overseas, consider cultural differences across dimensions: masculinity/ individualism/collectivism, uncertainty/avoidance, femininity and power distance, according to a paper on the Association to Advance College Schools of Business web site. For example, members of high-power distance cultures, such as Malaysia, show great deference to those who outrank them, whereas Danes, who come from a low power culture, expect to participate actively in discussions across all levels. Individualist cultures, such as the English, stress independence while collectivist cultures, such as Venezuelan, stress the common good. Multinational companies should recognize that management styles should differ across offices based on these cultural norms. When

advertising a product in a culture with a high-femininity dimension, concentrating on how it helps relationships will be more profitable than focusing on how it helps you achieve goals.

2) **Family Ties:** Cultures also differ in their views of family and business. In the United States, a manager who hired her brother might well be accused of unethical nepotism. However, many Latin American ultures consider skipping over qualified relatives to hire a stranger to be silly. While a small business that only operates in the United States might ban the hiring of relatives, a multinational business that operates in Latin America, as well as the United States, might think twice about adopting such a policy.

3) **Training:** Small multinational businesses must change the culture in their own U.S.-based headquarters to be nimble enough to compete cross-culturally. One way is to adopt a training culture. Training could include presentations on cultural differences, as well as incentives to encourage employees to travel to countries where you have offices. Hiring a multicultural headquarters workforce also helps expose everyone to cultural differences.

4) **Unified Culture:** Multinational companies also must strike the balance between honouring all cultures while still ensuring employees from all offices are united toward a common mission.

One way to do this is to create a community culture across all offices. A company blog or a daily e-mail can highlight accomplishments and give news from all offices. Online collaboration tools or social media groups also can link employees from all cultures to common mission.

## CSR IN GLOBAL SCENARIO

### Introduction

Social responsibility of business has, of late, been one of the most talked about and widely supported subjects. Business depends on the society for the needed inputs like money, men, and skills. Business also depends on the society for market where products may be sold to their buyers. Thus, business depends on society for existence, sustenance, and encouragement. Once society ceases to have any use for business, it has no place and reason to live. Being so much dependent, business has definite responsibility towards society. Social responsibility or Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. As globalisation accelerates and large corporations serve as global providers, these corporations have progressively recognised the benefits of providing CSR programmes in their various locations. CSR activities are now being undertaken throughout the globe. It is important to understand how an international business responds to society's expectations and undertakes social actions.

While attention for the social impacts of international business is certainly not new, the past years have seen renewed interest due to pressing global problems such as climate change, poverty, human rights violations and HIV/Aids. Firms are increasingly called upon to play a positive role and thus contribute to a more sustainable development. This applies most notably to Multinational Corporations (MNCs), given their global influence and activities in which they are confronted with a range of issues, stakeholders and institutional contexts, in both home and host countries.

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**Tools of Corporate Social Responsibility**

The following are the accepted tools for promoting socially responsible practices in business:

**1) Accountability**: It is focused on improving the quality of social and ethical accounting, auditing, and reporting. Accountability specifies the processes an organisation should follow to account for its performance. It does not include the levels of performance the organisation should achieve such as social, environmental, and economic indicators. It explains or justifies the acts and omissions to which one is responsible with a legitimate interest.

**2) Codes of Conduct**: A code of conduct is intended to be a central guide and reference for day-to-day decision-making. It is meant to clarify an organisation's mission, values, and principles, and to link them with standards of professional conduct. Codes of conduct typically set guidelines on issues including child labour, forced labour, wages, benefits, working hours, disciplinary practices, freedom of association, and health and safety.

**3) Fair Trade**: It is a growing international movement which seeks to ensure that producers get fair treatment within trade relations. Fair trade seeks to challenge conventional wisdom about trading relations by establishing a partnership between the producer and the buyer based on long-term commitment, stable prices, and greater producer involvement in marketing.

**4) Social Accountability:** The Council on Economic Priority Accreditation Agency (CEPAA) has initiated an international standard for social accountability in order to ensure the standards. It is a voluntary standard and can be applied to any organisation or a business in any industry. In addition to performance standards, an organisation must introduce a Social Management System (SMS) to assure compliance and continuous improvement in social performance in the set practices.

**5) Socially Responsible Investing (SRI):** It is a broad term and refers to many investment practices that consider not only the financial aspects of an investment but also social and environmental issues. SRI helps investing to be used as a tool for improving business practice and community development. It can be an effective means of promoting

CSR when there is

money to invest, a methodological approach, and an understanding of traditional investment practice.

**6) Global Reporting (GR):** It is a multi-stakeholder; international initiative established to develop and provided globally applicable sustainability reporting guidelines. GR seeks to elevate the quality of reporting and achieve greater comparability, consistency, and usefulness of the reports. The GR consists of fifty four core indicators and are organised into environmental, financial, and social dimensions.

**Sustainability through Ethical HRM Practices**

The overlap between sustainability and CSR is created by the focus on side and feedback effects (also "impacts" or "externalities") of corporate actions. In practice, many companies use the terms CSR and sustainability interchangeably. For example, some companies have sustainability strategies and a sustainability report, while others have CSR strategies and a CSR report. The term sustainability means an ability or potential to endure or tolerate. It also stands for fulfilling the challenge so that next generation can also avail similar benefits and can enjoy the same lifestyle the way people are enjoying today. Further, it includes taking a long-run position on evaluating social, economic and environmental effects of business. In broader terms, sustainability implies fulfilling the present generation needs without any misuse of resources so that, next generation can also meet its needs without any compromise. The main essentials of this concept are:

1) The intended obligation of modern society for the quality of lifestyle of existing generation.

2) Conservation of environment, the resources and other elements required for next generations to also be able to endure better quality lifestyle.

This is a challenging activity which demands greater modification in policy, outlook and elementary thoughts, etc. about the economy for its entire execution. Some of the different societal contexts for and challenges to the implementation of international labour standards, EO legislation and DM initiatives are already explained above. These are issues central to the IHRM aspects of CSR. Two major objectives are consistent with the argument for active engagement with CSR, labour standards, EO and DM:

1) To identify and eliminate discriminatory practices in workplaces, and

2) To enable organisations to gain competitive advantage through ethical and strategic HR practices.

**6.3.3.4. Difference between CSR and Sustainability**

**Table 6.4: Difference between CSR and Sustainability**

| Bases | Corporate Social Responsibility | Corporate Sustainability |
|---|---|---|
| 1) Vision | CSR looks backwards reporting on what a business has done, typically in the last 12 months, to make a contribution to society. | Corporate sustainability looks forward, planning the changes a business might make to secure its future (reducing waste, assuring supply chains, developing new markets, building its brand). |
| 2) Targets | Corporate social responsibility tends to target opinion formers like politicians, pressure groups, and media. | Corporate sustainability targets the whole value chain from suppliers to operations to partners to end-consumers. |
| 3) Business | CSR is becoming about compliance. | Sustainability is about business. |
| 4) Reward | CSR investment is rewarded by politicians. | Corporate sustainability investment is rewarded by the City. |
| 5) Drive | CSR is driven by the need to protect reputations in developed markets. | Corporate Sustainability is driven by the need to create opportunities in emerging markets. |
| 6) Management | CSR gets managed by communications teams. | Corporate Sustainability is managed by operations and marketing. |

**Ethics and Corporate Responsibility**

Both business ethic and CSR looks very similar to each other. But still there are many differences in both of these concepts. They are mentioned as below:

1) Business ethics is concerned with implementation of moral values, whereas, corporate social responsibility refers to values and beliefs based on strategies and plans involving a class of stakeholders.

2) Business ethics refers to a part of social responsibilities of business, whereas, corporate social responsibility implies responsibilities of firm to maximise its positive impacts and minimising the negative impacts.

3) Business ethics consists of standards, and principles that govern the attitude of business toward the other world. Its actions are judged to be ethical or unethical and this judgement is based on social acceptance and rejections. Whereas, CSR is the decision of stakeholders that social, ethical, charitable, and economic responsibilities placed by different stakeholders will determine the extent to which business citizenship is exhibited by the firm.

4) Business ethics involves the principles which include conscious and planned regulations or inquisitive of business behaviour that directs decision-making, whereas, corporate obligations can be considered as a commitment with society.

5) Business ethics comes into existence when business actions are good for business but not for society, whereas, CSR comes into existence when business actions are good for society but may or may not good for business.

6) To a great extent business ethics is morality, whereas, CSR is policy and responsibility.

7) Both ethics and CSR are important for a business. In absence of ethics, an organisation is like a capitalistic state which is in its worst phase. However, in absence of CSR, the society or particular community suffers at large.

**Corporate Social Responsibility Issues in MNCs**

These issues and challenges will be present throughout the operations especially if the company is evolving on a global market or in a host country.

1) **Transparency Issues:** The lack of transparency is one of the issues that companies need to focus on when implementing CSR in the different subsidiaries of the organisation. Due to the fact that CSR is a voluntary activity, it is difficult to completely regulate what is being done the organisation, how the fund that are supposed to be for the CSR funds are used and what the impact of the activities held have in the society. Furthermore in cases whereby multi- national companies conducting CSR in other countries which would be mostly developing countries, there might be cases of misuse of the fund whereby the absence of regulatory body or other audit firm will not be able to confirm whether or not the fund has been properly used or if the programme itself is operational.

2) **Lack of Knowledge:** CSR and business ethics are terms that are widely used within most of the developed countries whereby the different importance and implications of these terms are more-or-less known by the general population but however in developing countries there is a tendency to have a lack of participation in the CSR programme due to the lack of understanding about the term itself. This results into having an absence of different infrastructures and non-governmental bodies into participating in the programme thus making it to be useless.

3) **Absence of Infrastructure and NGOs:** Even if in developing countries, global companies are likely not face this challenge, they will face them in other countries where they are operating. For instance, an American company will not face a lack of infrastructure or NGOs in the US whereas if they want to implement a CSR in a country such as China or even India, they might face this challenge. The absence of specialised individuals and also well organised NGOs in the country or area whereby the company want to implement its problem will reduce the probability of have an efficient CSR implementation.

4) **Lack of Consensus and CSR Guidelines:** An issue which affect both developed and developing countries, is the fact that there are several cases of duplication of CSR programme and activities. This is due to absence of collaboration between firms whereby instead of each of them help different communities or sector they might both help the same one thus resulting

into having firms to competitive spirits instead of collaborating to help a wider scope in the society they are involved.

## INTERNATIONAL LABOUR STANDARDS

### Concept of International labour standards

International labour standards are conventions, recommendations designed to eliminate unjust and inhumane labour treaties and practices. International into standards labour have grown by a supervisory system designed to address all sorts of problems in comprehensive system of instruments on work and social policy, backed their application at the national level. The International labour standards are universal in nature. They are devised in a way that allows all countries, regardless of economic or social status, to implement and ratify them. Thus, the standards are designed to be flexible so that each nation may create laws that implement the standards and simultaneously correspond to the needs of their individual societies.

### Characteristics of International Labour Standards

The international standards enshrined in the legal instruments of the ILO have four main characteristics which are as follows:

**1)** **Universality**: As almost all the countries of the world belong to the ILO and are covered by the same legal instruments which provide somewhat identical minimum social guarantees.

**2)** **Specificity:** That is the standards are drafted, negotiated, and adapted on a tripartite basis by Governments, employers' organisations and trade unions. As a result, the ILO legal instruments are intimately linked to economic, social, and political realities.

**3)** **Comprehensiveness:** In so far as the International Labour Codex comprises 185 conventions and 195 recommendations, covering fundamental social rights as well as various aspects of labour and social conditions. The ILO legal instruments represent the most complete set of relevant regularly updated texts covering - freedom of association, action and collective bargaining; equality of opportunity and equal treatment; employment and human resources; labour administration - wages; working hours; safety and health at work; special categories, including children, youth, women, and migrants; special sectors, including agriculture, fishery, healthcare workers; and, last but not least, social security.

**4)** Flexibility: As Member States can choose between alternative standards. Some conventions allow developing countries for a transitory period to adopt lower standards than developed countries. As standards are implemented through national legislation, further flexibility is provided by allowing terms such as 'incapacity for work' to be interpreted in line with the national system concerned.

**Scope and Content of ILO Standards**

ILO standards established through the adoption of codes, guidelines, and declarations, as well as conventions and recommendations, cover an extraordinarily wide scope and are referred to collectively **International Labour Code.** Indication of the scope of the code is evidenced by the following categories used by the ILO to classify as the conventions and recommendations:

1) Basic human rights (freedom of association, forced labour. discrimination in employment, equal pay);

2) Employment;

3) Conditions of work and social policy;

4) Social security;

5) Industrial relations;

6) Employment of women;

7) Employment of children and young persons;

8) Special categories of workers (seafarers, dockworkers, plantation workers, tenants and sharecroppers, indigenous and tribal populations, workers in non-metropolitan territories, migrant workers, nursing personnel);

9) Labour administration; and

10) Tripartite consultation.

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