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INTERNATIONAL HUMAN RESOURCE MANAGEMENT

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INTERNATIONAL HUMAN RESOURCE MANAGEMENT

PROFESSIONAL ELECTIVE-VI

MODULE –I

INTRODUCTIO AND OVERVIEW:

Everything you need to know about international human resource management. International human resource management bears both functional and strategic resemblance to human resource management.

Functionally, it performs almost the same set of activities as human resource management – recruitment, selection, performance management, compensation, training, industrial relations, career management etc. Strategically international HRM is closely linked to the business strategy of the organization.

Pulapa Subba Rao defines international human resource management as, performing HRM and its related activities and arranging for related and necessary immigration facilities for prospective and current expatriate employees, by organizations operating in domestic and/or foreign countries.



International Human Resource Management – Introduction

International human resource management bears both functional and strategic resemblance to human resource management. Functionally it performs almost the same set of activities as human resource management – recruitment, selection, performance management, compensation, training, industrial relations, career management etc. Strategically international HRM is closely linked to the business strategy of the organization.

Hence international human resource management can be defined as the set of activities involved in hiring, managing performance, compensation, training and

relations with employees hired to manage internal operations of a company, with a view to ensure the success of their international business and strategies.

International human resource management differs from domestic human resource management primarily in terms of the complexity associated with managing people across national boundaries.

International human resource management deals with at least three types of employees based on their country of origin:

1. Parent-Country Nationals (PCNs) – Employees belonging to the country where a company's headquarters are located are called as parent-country nationals or home country nationals.
2. Host-Country Nationals (HCNs) – Employees belonging to country where the company has set up a subsidiary or a manufacturing facility are called host- country nationals.
3. Third-Country Nationals (TCNs) – Employees who work in the home or host country facility of the company but are not nationals of either are called third- country nationals.



International HRM also means dealing with issues related to different countries, expatriation, repatriation, cross-cultural issues etc.

Dowling (1999) attributed to six factors that differentiate international from domestic HRM:

1. Wide range of HR activities.

2. Need for a broader perspective.
3. More Involvement in personal life of the employee.
4. Responsiveness to changes in staffing requirements as international strategy changes.
5. Higher risk exposure.

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International Human Resource Management – Concept

International HRM is the process of acquiring, allocating, and utilizing human resources in a global business to achieve the stated objectives. Because of global context, international HRM is the interplay of three dimensions- HR activities, type of employees, and countries of operations.

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The three dimensions of international HRM are described here briefly:

1. There are three broad activities in international HRM — procuring, allocating, and utilizing employees for international operations. These three broad activities cover all HR functions which are relevant for domestic operations and discussed in different parts of the text.

2. There are three types of employees in a multinational firm based on their place of origin — parent country nationals, host country nationals, and third country nationals. Parent country nationals (PCNs) are those whose origin is the country where the firm's headquarters are located.

Host country nationals (HCNs) are those whose origin is the country where the firm's operations are located. Third country nationals (TCNs) are those whose origin is a country which is neither the home country nor the host country.

3. There are three types of countries involved in international HRM activities — home country, host country, and third country. Home country is the country of origin of the firm. Host country is the country in which operations of the firm are

carried on. For a single firm, there may be many host countries. Third country is a country from where resources — human and other resources — are procured. There may be many third countries.

International Human Resource Management – Need

HRM activities are performed in a particular context. It implies that either different HRM activities may be required in a global firm as compared to the domestic firm or even if the HRM activities remain the same, there may be difference in the way of performing these activities.

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There are four major contextual variables because of which HRM activities in a global firm differ from a domestic firm, hence the need for international HRM. These are cultural diversity, workforce diversity, language diversity, and economic diversity. Let us go through these variables and see how they affect HRM practices.

1. Cultural Diversity:

Culture of a country is one of the key factors which affect people-oriented processes, and HRM is a people-oriented process. Therefore, culture of a country has very significant impact on HRM practices. When we consider global perspective of HRM, we find cultural diversity along the globe, that is, cultures of two countries are not alike.

Cultural diversity exists on five dimensions- individualism versus collectivism, power orientation, uncertainty avoidance, masculinity versus femininity, and time orientation. Let us see how these dimensions affect human behaviour and, consequently, work practices.

1. Individualism versus Collectivism:

People differ in terms of individualism and collectivism. Individualism is the extent to which people place value on themselves; they define themselves by referring themselves as singular persons rather than as part of a group or organization. For them, individual tasks are more important than relationships. Collectivism is the extent to which people emphasize the good of the group or society.

They tend to base their identity on the group or organization to which they belong. Countries that value individualism are USA, Great Britain, Australia, Canada, Netherlands, and New Zealand. Countries that value collectivism are Japan, Columbia, Pakistan, Singapore, Venezuela, and Philippines.’ India may be placed near to collectivism.

2. Power Orientation:

Power orientation, also known as orientation to authority, is the extent to which less powerful people accept the unequal distribution of power; people prefer to be in a situation where the authority is clearly understood and lines of authority are never bypassed. On the other hand, in a culture with less orientation to power, authority is not as highly respected and employees are quite comfortable circumventing lines of authority to accomplish jobs.

3. Uncertainty Avoidance:

Uncertainty avoidance, also known as preference for stability, is the extent to which people feel threatened by unknown situations and prefer to be in clear and unambiguous situations. In many countries, people prefer unambiguity while in many other countries, people can tolerate ambiguity.

4. Masculinity versus Femininity:

Masculinity or femininity, also known as degree of assertiveness or materialism, is the extent to which the dominant values in a society emphasize aggressiveness and the acquisition of money and material goods, rather than concern for people and overall quality of life.

In societies having masculinity characteristics, more emphasis is placed on ego goals such as career, money, etc., while in societies having femininity characteristics, more emphasis is placed on social goals such as relationships, helping others, etc.

5. Time Orientation:

Time orientation dimension divides people into two categories- long- term orientation and short-term orientation. People having long-term orientation focus on future, prefer to work on projects having a distant payoff, and have

persistence and thrift. People having short-term orientation are more oriented towards past and present and have respect for traditions and social obligations. The basic implication of cultural diversity is that same set of HRM practices is not suitable for all cultures; consideration has to be given about matching HRM practices with cultural characteristics of the countries concerned.

II. Workforce Diversity:

Workforce diversity is increasingly becoming common for large organizations even for domestic ones. However, in a global firm, additional workforce diversity emerges because of hiring personnel from different countries.

A typical global firm may draw its employees from three types of countries — home country (PCNs), host country (HCNs), and third country (TCNs). In a global firm, workforce diversity can also be seen in the context of employee mobility from one country to another country for performing jobs.

On this basis, an employee can be put in one of the following categories:

1. Expatriate — a parent country national sent on a long-term assignment to the host country operations.

2. Inpatriate — a host country national or third country national assigned to the home country of the company where it is headquartered.

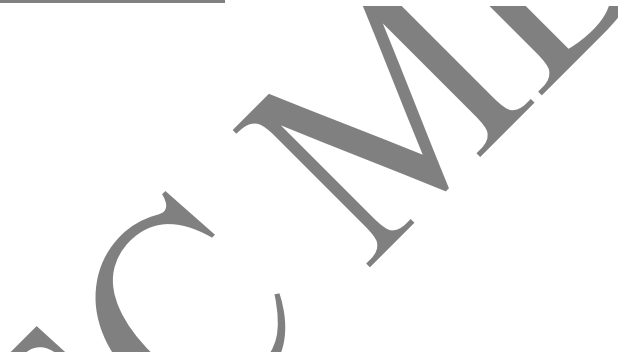
2. Repatriate — an expatriate coming back to the home country at the end of a foreign assignment.

Workforce diversity implies that various categories of employees not only bring their skills and expertise but also their attitudes, motivation to work or not to work, feelings, and other personal characteristics. Managing such employees with

pre-determined HRM practices may not be effective but contingency approach has to be adopted so that HRM practices become tailor-made.

III. Language Diversity:

Language is a medium of expression but employees coming from different countries have different languages. Though English is a very common language, it does not serve the purpose adequately as it does not cover the entire world. While employees coming from different countries may be encouraged to learn the language of the host country for better dissemination of the information, it does not become feasible in many cases.



An alternative to this is to send multilingual communications. It implies that anything transmitted to employees should appear in more than one language to help the message get through. While there are no hard- and-fast rules in sending such messages, it appears safe to say that such a message should be transmitted in the languages the employees understand to ensure adequate coverage.

IV. Economic Diversity:

Economic diversity is expressed in terms of per capita income of different countries where a global company operates. Economic diversity is directly related to compensation management, that is, paying wages/salaries and other financial compensation to employees located in different countries.

One of the basic principles of paying to employees is that “there should be equity in paying to employees.” However, putting this principle in practice is difficult for a global company because its operations are located in different countries having different economic status. In such a situation, some kind of parity should be established based on the cost of living of host countries.

Diversity of various types in a global firm suggests that HRM practices have to be tailor- made to suit the local conditions.



International Human Resource Management – Various Roles

The HR strategy and the degree of internalization determine the role or roles that HR assumes upon itself.

Various international human resource management roles suggested by various researchers are:

1. Champions of Processes:



This roles encompasses:

- a. Building commitment of the senior leadership.
- b. Training managers.
- c. Monitoring HR processes.

2. Guardian of Culture:



This includes:

- a. Supervision and management of implementation of global values and systems.
- b. Ensuring future leaders are sensitive and equipped to deal with global challenges.

3. Effective Political Influencer:

It means:

- a. Understanding internal labour market where a subsidiary is located.
- b. Managing the internal labour market for the global managers.

4. Network Leadership:



It includes:

- a. Building strong internal and external networks.
- b. Keeping abreast with latest trends and developments.
- c. Mobilizing resources to staff project teams effectively.

5. Builder:



This includes:

- a. Articulating various International HR management basics.
- b. Developing basic internal HR management practices at the beginning of internalization.

6. Change Partner:



This means:

- a. Continuously calibrating human resource management practices as the external environment changes.
- b. To enable the MNC to be agile in terms of its HR practices to meet the challenges of the environment and cash-on the business opportunities.

7. Navigator:

It encompasses:

- a. Competency development of the people and developing a competent organization.

- b. Balancing between long-term and short-term plans and goals.
 - c. Balancing between global integration and local responsiveness.
 - d. Balancing between change and status quo in an global environment
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International Human Resource Management – Activities

Although the major activities of human resource management as practiced in international organizations, their scope, responsibilities, and authority may vary according to the size of the subsidiary. The policy making section may study the local situation and generate a report which will then submitted to the top management for approval. They themselves may not have the authority to formulate such policies.

Let us look at the major areas generally looked after by the human resource department:

1. Establishing or Reviewing Employment Policies:



Check their relevancy and applicability to International operations. For instance, Equal Employment Opportunity Policies relevant to the United States may not be applicable to the subsidiaries in overseas operations. Some countries allow only certain percentage of expatriates to be appointed in their subsidiaries.

Decisions regarding policies also must be made whether to fill all key positions with parent country nationals; appointment of home country nationals; appoint the best qualified irrespective of their nationality and so on.

The employment policies must be approved by the headquarters before they are being circulated to respective HR managers in various subsidiaries. Such policies also must be reviewed periodically to check for their workability and validity and proper changes must be incorporated.

Generally, a survey of American companies indicates the following steps used in finding the right people for jobs and placing them on the jobs after taking them through various steps of the selection process:

- a. Preliminary Screening at campus or company locations
- b. Issuing Application Forms to be completed
- c. Testing—Psychological or job-related
- d. Structured job interviews
- e. Reference checks
- f. Meeting with Department heads
- g. Physical examination
- h. Induction

- i. Placement on jobs
- j. Probations

Most of the above selection methods are transferable to the subsidiaries from the headquarters of the companies with the exception of a few items. Let us look at the items in somewhat detailed manner and see how the transferability takes place. If the subsidiary is not large, the human resource function will be placed under production head who will be in charge of the selection process and take care of most of the human resource functions and activities, with the help of one or two clerical personnel.

If the subsidiary is fairly big, then there will be a full-fledged human resource department with variety of responsibilities, each looking after one section and reporting to the subsidiary human resource manager. The manager will directly report to the Managing director of the company. At times, the manager will be a member of the executive committee and participates in policy making bodies.

2. Recruitment:

Recruitment and selection policies must be established taking local regulations and rules. Human resource plans must be drawn for the local operations annually and such information must be passed on to the headquarters for compilation of a cumulative plan for the whole corporation. Checks and verifications must be made for the accuracy and relevancy for scheduled production and service operations of the subsidiary.

Such information must be updated annually or when and where changes have been made due to expansion of operations or retrenchment exercises due to economic slowdown or other human resource problems.

Since human resource policy issues are already covered, the decisions must be made as to whether recruit human resources from outside or look for them internally. If the focus is going to be from outside, then, identify the sources and established contacts with such sources. Such contacts would help public relations purposes also. Some multinational companies have a good rapport with schools and colleges in the community and make annual visits to such institutions for recruitment exercises.

Placing advertisements in the news media also serves as a good exercise not only for getting potential employees but also gets publicity to the company.

3. Selection Process:



The steps involved in the selection process must be examined to see their relevancy and applicability to the subsidiaries. For instance, the content and the information secured through application forms must be relevant and applicable to the local situation. Care must be exercised in importing such forms from parent company and using them in the subsidiary without incorporating the local content.

It may be easier to use imported application forms, but they may secure the right kind of information or the items in such forms may be understood by the applicant. Local laws must be taken into consideration rather than asking questions pertaining to laws and regulations in the country of parent organization.

The use of psychological tests is not that common in many Asian and African countries. The validity and reliability of these tests are not checked for accuracy and applicability. Although there are no laws pertaining to the use of these tests in India, they may pose language problems. The academic institutions started to use objective-centered tests for the entrance exams and as a result of these experiences, students and employees is slowly getting used to such tests.

The interviews are common features of selection program in many companies and there should not be any problem in this area of selection process. Students who apply for admissions into the educational institutions or for employment, appear for admission interviews or job interviews. They get used to preparing for these interviews and adequate training must be given to the interviewers to conduct such interviews and develop the capability to interpret the information obtained through the interview process.

In many companies using reference checks for obtaining the recommendations from the candidates previous employers or from the academic institutions has become a routine matter. The human resource specialists must learn to use such information more productively for choosing the right candidate. The ability to interpret the most valuable information is not gained to an extent in the subsidiaries of international companies.

The interviews conducted by the technical supervisors, foremen, and managers are carried out in an informal manner. Some of the international companies, particularly, the global companies use structured approaches to carry out these interviews. At times, the senior people also sit in these interviews either as observers or to quiz the candidates. Some companies with good HR practices give practical tests to test the skill level of the candidates.

Once the interviewers have firmed up their mind to the acceptability of the candidate, they may send the potential employee for a physical examination to check the general health of the candidate. In some multinational companies, the candidates may be asked to go for some specialized tests, depending on the nature of work environment and the job.

If the individual is allergic to certain aspects of job, such as, chemicals, it is better to check that aspect in the early stages itself. This way some legal implications can be avoided. In one of the American companies, while an employee was asked to

carry a heavy load, he suffered heart attack and ended up suing the company. If the company would have known the condition of the employee, this incident could have been avoided.

The human resource specialists in some international companies administer highly structured induction and orientation programs to those selected for jobs after the final interviews and checking of all records, including the reference checks. In recent years, most of the International companies seem to have well-structured selection programs.

Once the employees are placed on the jobs and their probationary period is completed, they are placed on regular jobs and their performance is observed and monitored. Proper guidance and counseling are offered to those who encounter difficulties whether in adjustments to the environment or in the learning process. Of course such things do not happen in all international companies. Generally, some employee turnover takes place during this period. But with proper built-in safeguards, such turnover can be minimized or eliminated.

International companies must be aware of and knowledgeable in laws pertaining to recruitment and selection of employees in a particular country. For instance, the Indian Government has laid down some laws pertaining to the recruitment and selection. As per these laws, reservations for Scheduled Caste, Tribes Backward Classes exist and certain percentage of jobs must be allocated for these groups.

As of now, such reservation does not apply to private sector companies. Child labor Protection Acts do apply to the Private sector companies also. The human resource department must be familiar with the Factories Act, Environmental Regulation Act (Anti- Pollution), and there are several legislative measures regarding purchase of land and constructing Factories.

The Equal Employment Opportunity Act implemented in the U.S may not apply to Indian subsidiaries. The immigration act in the U.S. has direct implication for hiring Indian employees for jobs in Indian companies in the U.S. Wherever Federal Government funding is secured, Federal Laws apply.

3. Performance Assessment:

Performance assessment is an essential part of the Human resource Management in many of the international companies. They may range from simple to complex assessment systems, such as Competency based systems. The employee's performance is evaluated periodically with a formalized assessment system.

Whatever approaches are chosen, the following seem to be the common objectives of a performance appraisal used in international companies:

1. To help the employees improve their current job performance.
2. To stimulate their interest in self-development
3. To provide an adequate supply of well-prepared employees for promotional exercises
4. To provide a tool for comparing employee s performance with salary for sound salary administration.
5. To provide opportunity to express his feelings about job related matters.
6. To foster good personal relations.
7. To encourage high standards of performance
8. To let each employee know where he or she stands.

In recent years, quite a number of international companies have imported Management By Objectives approach to the assessment system in their subsidiaries. With proper training, the system has become routine and accepted by the employees.

Such a system includes the following steps:

1. Agreement on duties and responsibilities of the subordinate's job between the boss and the subordinate.
2. Setting objectives in all areas of major responsibility
3. After setting the objectives, the subordinate submits them to his or her boss.

4. Reporting of progress to the boss.
5. At the end of the given period, the subordinate prepares an accomplishment report comparing performance to the set objectives.
6. The next important step is the appraisal interview where reasons for not accomplishing objectives are explored and corrective actions are suggested.

MBO is accepted as a way of life in many international companies and the human resource department gets the responsibility to make sure the system is in place and carried out effectively. According to Morrissey, the dynamism that can make MBO a potential force in organizations occurs only with the recognition that it is a human and not a mechanical process.

In many international organizations, performance assessment occupies an important place due its impact on providing feedback on the performance to the corporate headquarters or to the subsidiary heads. Due to its importance, this process is also known as Performance Improvement Management. The department heads and their subordinates are trained into conducting the appraisals and providing feedback to their subordinates.

The employee potentials are assessed for upgrading them and grooming them for higher level positions. Employee career strategies are linked to the feedback obtained from the performance appraisal outcomes. Setting up of career plans and strategies are not that common in many international companies.

This may be because of the availability of all types of employees when and where needed. Of course this attitude is changing and more and more subsidiaries are instituting career plans in their organizations. Although there are different approaches to career plans and career development, it is considered as a process of developing a personal strategy that is conceptually similar to a corporate strategy.

4. Training and Development:

Through Training and Development, international companies have contributed a great deal of education to the employees of their subsidiaries. In many

organizations, a separate department is set up to look after this responsibility. Training improves the ability and knowledge of operative employees and development, improves the ability and knowledge of managerial personnel.

While training prepares the individual to meet the requirements of the job by upgrading their skills, development involves improving a manager's general knowledge to perform managerial responsibilities. Managers learn skills to make good decisions during class lectures and when get back to work, they apply such skills.

The international companies are known for imparting knowledge, skills, and techniques for new employees and skills need to upgrade for existing employees. The Japanese multinationals spend quite a bit of money, time, and effort for training employees at the shop-floor not only in Japan but also wherever their subsidiaries are located. The quality consciousness is put into every employee. Small group activities are very common in Japanese companies. The Koreans also follow the Japanese example.

Some of the commonly used training programs in the subsidiaries of international companies are:

- a. Job instruction using models or prototypes
- b. Apprenticeship training or understudy
- c. Job rotation
- d. Lectures to provide theoretical aspects of job
- e. Coaching, especially low performers

Very systematically and objectively, the training needs are determined in the subsidiaries using the techniques learnt from the parent company. Through questionnaires, psychological assessments, and the feedback from performance assessment, the training needs are determined. Once the needs are determined, appropriate training and development methods are chosen and the trainees are

selected. For managerial personnel, the feedback from performance assessment system comes as input for selecting the developmental methods.

The developmental methods cannot be simply taken from the headquarters and planted into the subsidiaries. Such efforts may not yield good results. What constitutes the success criteria in the local context must be examined systematically and then the relevant programs must be planned. The subsidiaries must analyze their own situations and try to isolate executive characteristics necessary to make their executives successful in those situations.

Once these factors are assessed, the developmental programs can be designed and program sessions can be planned. At times, managers are sent to the headquarters of the parent organization for gaining insights and education. The Japanese companies are very aggressive in this aspect. Executives get exposed to things as practiced in the corporate headquarters, especially the world's best run companies either in Japan, America or Europe. Visiting such places gives the managers firsthand knowledge and exposure. They are also indoctrinated into the philosophies and culture of the parent company.

Subsidiaries in many developing countries have set up institutes for providing vocational training. Some of them were funded by the agencies under the United Nations. The apprentice programs are still common in these countries. These are well-structured programs which provide classroom training as well as job training to the people who are coming out of vocational institutions which provide basic education.

Some of the commonly used developmental programs for executive level in subsidiaries are:

- a. Interviewing Skills
- b. Negotiation Skills
- c. Motivational methods
- d. Leadership styles
- e. Grievance handling skills
- f. Middle management development programs
- g. Executive development programs
- h. MBA level courses on a part-time basis.

i. Use of local educational institutions

Multinationals use most of the above developmental programs. Moulton and Fickel stress that all development whether it takes place on or off the job is self-development individual has the ultimate responsibility for continuing growth as a person and as a professional manager on a defined career path.

Newer types of developmental methods and techniques are generally imported from the corporate headquarters and in some cases they are adapted to the local conditions. The local facilitators and trainers are used to deliver the message. The program content is also adapted to the local environment and situational conditions. At times, the trainers and consultants are brought in to deliver the programs with the assistance of subsidiary trainers.

5. Employee Compensation:



Compensation is a complex subject when it comes to International area of management. Conditions, systems, and legal aspects vary from country to country. If two or more countries are involved in determining salaries and benefits to their employees in world-wide locations, the complexity is further increased.

The parent organization may have to work out several policies, procedures, and methods acceptable to the employees in various subsidiaries. This particular area of business also involves governmental rules and regulations, economic conditions, pressures from the unions and things alike. The currency exchange rate will further complicate the issue. When people are moved from one country to another, the internationally accepted standards and norms have to be followed.

The expatriate managers may have to be compensated at a much higher level than the local managers. Their housing, travel, maintaining cars, special clothing allowances, maintenance expenses have to be added to their salaries. Their compensation package will take varying income tax rates in different countries. The tax reporting system to their respective governments is also too complex.

The same types of problems are experienced by the expatriates working for Subsidiaries of Indian companies. Bharat Forge, Tata's, Birla's, Ranbaxy, Infosys Technologies, and Oberoi are some examples. They have to work out compensation packages to employees in different countries as per the local conditions and regulations caused by economic, political, and regulatory backgrounds.

In the compensation practices of multinational companies, variations occur. Different countries have different systems and policies to determine the salaries and reporting systems. The impact of national cultures on compensation determination was studied by Schuler and Rogovsky. Development of culture specific compensation practices based on status, performance, social benefits, and employee ownership plans were examined by the authors.

They tried to correlate these four factors with Hofstede's four dimensions of culture and found to be associated with comparative practices.

Generally, there are two common approaches to the determination of compensation in International companies. These are balance sheet approach and the Going rate approach. In this approach, the amount paid for income tax, expenses met for house rents and related expenses, goods and services payments, and discretionary expenses.

The differences between home country and the country of residence are figured out and if there is a difference, that difference will be compensated. Going rate approach refers to the market rate. In this approach, the salary structure of the host country is connected to the base salary. Some supplements are given consideration.

The National Employers' Federations or some consulting companies put out annual surveys which are used for determining salaries. Due to some complexities in figuring out the base salary, this approach is not favored. Only problem is figuring out the taxes and living expenses. The services of accounting firms and consulting companies are utilized in handling the compensation matters.

Besides salaries, the benefits offered by the company vary depending on the nationality of the company. While some are generous, others take a stringent approach. Some countries are generous in offering maternity benefits for their female employees. The mothers can get nearly ten month's salary for their pregnancy related expenses and given a few months of paid leave. Some countries go to the extent of granting four weeks of paternity leave.

Singapore has developed a very interesting system for compensating employees. This system is known as Flexible wage system. In recent years the single most important task facing international and local companies is handing wages and salaries according to changing environmental conditions. When the panic button is pressed, the human resource people look for short-term solutions which sometimes may get them into trouble.

There is a great deal of rigidity to traditional compensation systems based on collective bargaining agreements. Generally these agreements are for two or three years. The increments are predetermined at the time of collective negotiations and the employers are bound to go by the agreements irrespective of the prevailing economic conditions. Traditional wage systems also favor seniority rather than individual performance. Granting across the board increases without any consideration for individual performance leads to inequity.

A flexible wage system is one that gives discretionary power to the employer in determining compensation. Such power is essential when deteriorating and unfavorable economic conditions prevail. Without such power or flexibility, the employer may not be able to adjust to changing business conditions.

The power to manipulate wages and salaries does not mean that the employer can do anything at the will. In fact, such power places a greater degree of responsibility on the employer. This responsibility includes coming out with an equitable compensation system for a given economic situation.

The flexible wage system has certain principles in common. The basic wage and salary component of the system reflects the worth of the job. Usually, a job evaluation exercise is used to assess the relative worth of jobs in a company. Thus inequities in the existing compensation system must be removed, if the flexible

wage system is going to be successful. The company's performance and productivity measures are considered in setting aside funds for the distribution of wages and salaries to increase, payments. Individual s performance is assessed through performance appraisal as a criterion for distributing payments to individual employees.

An important and critical element in the flexible wage system is the assessment of the individual's performance. Along with this is the need to convince the individual that the assessment is fair and objective. Without an effective appraisal system, a flexible wage system will not be a flexible wage system.

The flexible wage system and its accompanying appraisal system should not be used as a tool to justify one's actions. Rather, it should be used to demonstrate fairness. Now days, new models are being developed for more fair distribution of wages and salaries across the globe, taking Globalization into consideration. It is worth keeping an eye on the models and strategies for Wage and Salary Administration.

International Human Resource Management – Morgan's Model of International Human Resource Management

Morgan (1986) had developed a unique model to depict how IHRM works.He asserted that IHRM basically is comprised of three components, namely-

1. The wide spectrum of HR activities particularly with reference to the added responsibilities of the international HR managers in terms of managing cultural diversity and developing international executives.
2. The National/Country specific people and cultural categories involved in IHR activities and lastly

3. Types of international employees deployed in various international organizations.

1. HR Activities:



The HR activities on an International perspective can be broadly depicted as those of procurement, allocation and utilization of human resources in the organization. These activities include international human resource planning, staffing (recruitment, selection, induction and placement), performance management, training and development, compensation and reward management and managing international employee relations and industrial relations.

These HR activities with respect to an international scenario have a broad spectrum mainly in terms of the complexity created by country differences, level of control, cultural differences and so many factors influencing the international business environment.

2. Country Categories Involved in IHRM:



The model further depicts that in an international perspective three types of country categories may be involved, namely-

- a. The host country where the subsidiary could be located or be operating.

- b. The home country where the MNC/International firm could be headquartered.

- c. The “third-country” from where employees, capital and other resources like technology or logistics could be availed or procured by the organization.

3. Employee Categories Involved in IHRM:

Depending on the above country categories, the employees in an international perspective could be broadly classified as under:

- a. Host Country Nationals (HCNs) representing the employees hired from the host country.
- b. Parent Country Nationals (PCNs) representing the employees expatriated to the foreign subsidiary from the home country of the MNC.
- c. Third Country Nationals (TCNs) representing the employees deployed from third/other countries other than that of the home country of the MNC.



International Human Resource Management – Recruitment Policy

Companies operating outside their home countries, essentially, follow three ways of hiring executives:

1. Ethnocentrism:



It is a cultural attitude marked by the tendency to regard one's own culture as superior to others. Sending home country executives abroad – thinking that they will be able to deliver the goods – may be an appropriate strategy in the initial stages of expanding company operations worldwide as these officials know what to do immediately. At Royal Dutch Shell, for instance virtually all financial controllers around the world are Dutch nationals.

Often the other reasons advanced for ethnocentric staffing policies include- lack of qualified host country managerial talent, a desire to have a unified corporate culture, tight control and the keenness to transfer the parent company's core competencies (say, a specialised design skill) to a foreign subsidiary more expeditiously.

However, a policy of ethnocentrism is too narrow in its focus and may evoke strong negative reactions from local executives whose upward mobility is blocked.

There is also no guarantee that the expats will win over the hearts of local employees and offer positive contributions. In fact, failures of US expats range from 10% to 15%. European and Japanese expat failures are equally alarming, the costs of each such failure running to several thousands of dollars.

Too often expats are selected on the strength of their domestic track record. They are posted abroad without requisite cross-cultural training. The family factors stand completely discounted in the selection process. The rate of failures could be drastically reduced if these issues are properly addressed.

2. Polycentrism:



In the polycentric corporation, there is a conscious belief that only host country managers can ever really understand the culture and behaviour of the host country market; therefore, the foreign subsidiary should be managed by local people. The home-office headquarters, of course, is staffed by parent-country nationals.

Hiring nationals has many advantages. It eliminates language barriers, expensive training periods, cross-cultural adjustment problems of managers and their families. It also permits the firms to attract talented locals by offering an attractive compensation package. Many western MNCs have found that the key to success on foreign soil is to employ local people.

Analog Devices Inc. has achieved global success in a highly technical field by picking up local managers, training them extensively and then empowering them to hire and manage more local talent. Likewise, global sales of Bausch & Lomb improved dramatically after putting the local managerial talent to good use.

4. Geocentrism:

Geocentrism assumes that management candidates must be searched on a global basis, without favouring anyone. The best manager for any specific position anywhere on the globe may be found in any of the countries in which the firm operates. Such a staffing policy seeks the best people for important jobs throughout the organisation, regardless of nationality. It helps to build a stronger and more consistent culture and set of values among the entire global management team.

'Team members here are always interacting, networking and building bonds with each other, as they move from assignment to assignment, around the globe and participate in global development activities'. Colgate-Palmolive is an example of a company that hires the best person for the job regardless of nationality. It has been operating globally for more than 55 years, and its products are household names in more than 175 countries.

Fully 60 per cent of the company's expatriates are from countries other than the United States and two of its last four CEOs were not US nationals. Moreover, all the top executives speak at least two languages and important meetings routinely take place all over the globe.

International Human Resource Management – Challenges

According to P. V. Morgan, International HRM is the result of an interplay among the three dimensions — human resource activities, types of employees and countries of operation. The complexities of operating in various countries and employing different national categories of workers is an important variable that differentiates domestic and international HRM, rather than any major differences between HRM activities performed.


Broadly stated, IHRM is "the process of procuring, allocating and effectively utilising human resources in a multinational corporation ". When compared to domestic human resources management, the scope of IHRM is very wide.

For example, while compensating people in India, the American MNC must keep in mind the expectations of locals, the competitor's compensation structure, taxation problems of repatriates, TCN's aspirations and a host of other issues that have a bearing on the psyche of employees possessing different skills and having different cultural backgrounds (both within and outside the country).

IHRM, thus, requires a much broader perspective, encompasses a greater scope of activities and is subject to much greater challenges than is domestic HRM.


International HRM can be a challenging exercise because of fairly obvious reasons:

I. Integration Issues:



It is difficult to push the right button at the right time, especially when managers operate from headquarters separated by distance. Controlling operations of subsidiary companies in different parts of the globe through remote control can be really taxing — especially in coordinating effort and put the same on track in sync with the established policies of a company.

II. Heterogeneous Functions:



International HRM can be very challenging when one takes a look at what international HR managers are supposed to handle in terms of variety and complexity — including issues relating to international hiring, placement, culture-specific training, compensation relating problems, administrative services to expatriates, carrying out appraisals from time to time, offering growth opportunities to the talented ones, putting out fires with labour, resolving conflicts and maintaining health labour-management relations, etc.

The employees sent abroad on an assignment need to be taken care of in a special way. Their families too need to be taken care of including medical, educational, insurance, transportation benefits, etc. HR issues relating to the above are going to be impacted by a variety of factors which demand a closer examination.

International Human Resource Management – Issues

Some of the more basic issues involved in pertinent areas of global human resource management are explained below:

1. Staffing, Recruitment and Selection:



There are basically three ways to meet the requirements of manpower in foreign ventures. First, a foreign company may send persons of its home country to manage its affairs in the host country. Second, it can hire people of the host countries to meet its human resource requirements there. Third, it can also utilise the services of third country nationals. International HRM is now accepted as the key source of competitive advantage for international business.

In all cases, there have emerged certain norms regarding basic characteristics in international staffing. These are as follows – (i) cultural adaptability, (ii) strong communication skills, (iii) technical competence, (iv) professional expertise, (v) global experience, (vi) inter-personal skills, (vii) family flexibility and (viii) country or region specific considerations. Most of the multinational companies vie with each other to recruit candidates for technical and managerial positions from highly reputed technical and management institutes offering them lucrative compensation packages and try to retain the services of the most talented ones.

Some of the advantages of staffing from the home country nationals are as follows – (i) greater control over activities of the organisation, (ii) acquisition of experience in local markets; (iii) greater efficiency in implementing business strategy and (iv) adequate understanding of culture of the host country. The disadvantages include the following – (i) difficulty in adoption to the foreign environment, (ii) problems of family adjustability and (iii) friction resulting from language barriers.

The major advantages of staffing from amongst the host country nationals are as follows – (i) elimination or reduction of language barriers; (ii) better understanding of host country's laws and regulations; (iii) reduction of hiring cost and (iv) reduced compensation package. The disadvantages include- (i) poor

understanding of business objectives of host-country organisation and (ii) possibility of biases and favouritism in appointments.

The advantages of third country nationals in staffing are as follows – (i) better equipped with the use of international perspectives and (ii) possibility of low cost of hiring. Disadvantages are as follows – (i) poor understanding of political situations and national hostilities and (ii) resistance from the government and local people and functionaries in the organisation.

In India, major requirements of various categories of manpower needed by foreign companies are met by the people of the country itself. India has a bountiful of software engineers and analysts, technical and managerial personnel with adequate expertise and specialisation, skilled and unskilled workers. Most of the foreign MNCs operating in India utilise the services of the local people to manage their businesses in the country.

The use of information technology, Internet and the services of specialised and professional organisations have considerably made the task of hiring easy and convenient. Only in the case of top positions, the foreign companies generally prefer to fill them by personnel of their home countries.

Foreign companies having their business in India also have the advantage of not facing the rigours of laws related to management of human resources such as the Civil Rights Act of the USA, compulsions of co-determination of Germany and a few European countries and compulsory collective bargaining as in existence in the USA and a few European countries. Besides, they do not have to face the problems of visa restrictions, rigid immigration laws and regulation of supplies.

There are, however, legal constraints on dismissing, discharging, retrenching or otherwise separating specified categories of employees under the Industrial Disputes Act, 1947. Besides, most of these countries do not have to face problems of language and skill and expertise of personnel needed for manning positions at various levels.

These companies also have the advantage of outsourcing of specific operations, the facilities of which are in abundance in the country.

The Indian companies having their businesses abroad do not have to face many problems in recruitment and selection of suitable candidates for their enterprises as a sufficient number of qualified and competent people with managerial and technical skills and specialisation are available in the country for foreign assignments.

They can conveniently be sent to countries having English as the major language. Many of the Indian students acquire efficiency in different foreign languages, which do not only enhance their career prospects, but also contribute to the success of the enterprises in the host countries.

Only in a few cases, both the Indian and foreign companies avail of the services of third-country nationals.

2. Training and Development (T&D):



Training and Development is an important area which calls for special attention in international human resource management. Although a sufficient number of qualified people with requisite academic background is available in India, they need suitable training to develop skills and capabilities commensurate with requirements of jobs assigned to them.

Different foreign and Indian companies have their own specific areas of operations, and their needs for equipping employees with essential capabilities vary. In the situation of fierce competition among firms, it becomes imperative for them to keep their employees at the level of maximum efficiency.

It is the task of training and development programmes to ensure that employees at all levels of organisational hierarchy are effectively trained and developed keeping organisation's objective at the forefront. Some more notable areas of T&D programmes in international businesses comprise the following – (i) language efficiency, (ii) understanding of the social and political environment of the host countries; (iii) awareness of the cultural and social environment; (iv) adaptability to changing situations; (v) efficiency in the use of the computers, Internet and other electronic devices and (vi) the needs of employees' career development.

As the extent and dimension of competition, technology job requirements, market conditions and government policies change, so also it is necessary to arrange for suitable training programmes on a continuing basis. Some of the methods used for training of managers and executives in international perspective comprise job rotation training, simulation, conferences, case study and Internet-based training.

Many reputed companies have started laying increasing emphasis on professional development in order to enable employees to achieve their career-related goals. T&D programmes must also cover proper understanding of legal framework of the host countries including labour and social security laws and those related to compensation and personnel matters.

3. Compensation:



In international human resource management, compensation issues are of vital importance. Companies engaged in foreign businesses must offer lucrative compensation packages to all categories of employees in order to attract and retain talented and competent personnel.

It must also be emphasised that labour cost has increasingly become an important component of the total cost of business operations. Although the use of improved technology in various areas of business activities has tended to replace manpower by electronic and other devices, the total expenditure on wages and salaries has continued to rise.

While formulating compensation policies and determining compensation packages, it is necessary to give due consideration to the standard of living, prevailing rates of remuneration, statutory regulation of wages and fringes benefits, cost of medical care and income tax laws of the host countries. People of various countries prefer to work in gulf countries as their emoluments are income-tax free.

Labour laws of many countries also lay down minimum standards related to paid holidays, vacation time pay, maximum daily and weekly hours, minimum rates of wages statutorily fixed, liability of the employers in regard to social security benefits and payment of gratuity and bonus. As there are wide variations in practices in different countries of the world, international human resource management must take into account the implications of these variations.

Other pertinent aspects that deserve particular attention in international compensation management, especially in regard to higher positions, include the following – remuneration paid by competing firms; consistency with international standards; need for career development of employees; simplicity in administration; and stability in the retention of talents with a view to maintain the services of talented and indispensable executives. Many MNCs have started offering stock ownership and equity-based compensation, long-term incentives, profit-sharing and team-based remuneration to them.

4. Performance Appraisal:



Regular performance appraisal of various categories of functionaries in foreign business is also important in international human resource management. It is rather very difficult for the home- country management to evaluate performance of employees working abroad. The task of performance appraisal of such employees may be entrusted to competent appraisers of the host country.

However, the home-country management may formulate guidelines and lay down the standards for key jobs. Certain guidelines for appraisal may be related to objectives of assignment, emphasis on quantifiable measurement for the assignment, converting qualitative behaviour into quantifiable measurements, evaluating employees' performance on these measurements and making calculations of return on investment (ROI).

It is always desirable to provide feedback which can be helpful in making appraisal objective and transparent. Foreign companies sometimes have to face the problem of biases and prejudices by host-country appraisers, impact of unforeseen situations and also group-pressures. Many foreign companies have

started increasing adoption of 360° appraisal. Email has generally been helpful in making both the appraiser and appraisee aware of the relevant issues in performance appraisal.

Certain Other Areas in International Human Resource Management:

A specific area deserving attention in international human resource management is the standards set by international and regional organisations in regard to the use of human resources. A particular mention may be made of the role of the ILO, European Union, (EU), South Asian Association for Regional Cooperation (SAARC), Association of South East Cooperation (APEC) and BRICS (Brazil, Russia, India, China and South Africa).

The ILO creates international standards of labour in the forms of Convention and Recommendation. Conventions are obligation-creating instruments. The member states ratifying a Convention are under the obligation to give effect to its provisions by enacting labour law or under collective agreement or in other ways. The MNCs operating in foreign countries must abide by the provisions of ratified Conventions as embodied in labour law, collective agreement or other instruments.

Similarly, the European Union also creates norms in various areas related to the use of human resources in the member countries. Some of these norms are related to industrial relations, workers' participation in management and rights and obligations of employers and unions. Some of the norms adopted by organisations in the Asian countries also have direct or indirect relevance to the use of human resources.

The areas of activities in domestic and international human resource management are not dissimilar, but the international HRM requires revamping and modifying them taking into account the dissimilarities in the cultural, political, economic and legal environment of the countries in which they operate.

An alternative to this is to send multilingual communications. It implies that anything transmitted to employees should appear in more than one language to help the message get through. While there are no hard- and-fast rules in sending

such messages, it appears safe to say that such a message should be transmitted in the languages the employees understand to ensure adequate coverage.

III. Economic Diversity:

Economic diversity is expressed in terms of per capita income of different countries where a global company operates. Economic diversity is directly related to compensation management, that is, paying wages/salaries and other financial compensation to employees located in different countries.

One of the basic principles of paying to employees is that “there should be equity in paying to employees.” However, putting this principle in practice is difficult for a global company because its operations are located in different countries having different economic status. In such a situation, some kind of parity should be established based on the cost of living of host countries.

Diversity of various types in a global firm suggests that HRM practices have to be tailor- made to suit the local conditions.

deteriorating and unfavorable economic conditions prevail. Without such power or flexibility, the employer may not be able to adjust to changing business conditions.

The power to manipulate wages and salaries does not mean that the employer can do anything at the will. In fact, such power places a greater degree of responsibility on the employer. This responsibility includes coming out with an equitable compensation system for a given economic situation.

The flexible wage system has certain principles in common. The basic wage and salary component of the system reflects the worth of the job. Usually, a job evaluation exercise is used to assess the relative worth of jobs in a company. Thus inequities in the existing compensation system must be removed, if the flexible wage system is going to be successful. The company’s performance and productivity measures are considered in setting aside funds for the distribution of

wages and salaries to increase, payments. Individual s performance is assessed through performance appraisal as a criterion for distributing payments to individual employees.

An important and critical element in the flexible wage system is the assessment of the individual's performance. Along with this is the need to convince the individual that the assessment is fair and objective. Without an effective appraisal system, a flexible wage system will not be a flexible wage system.

The flexible wage system and its accompanying appraisal system should not be used as a tool to justify one's actions. Rather, it should be used to demonstrate fairness. Now days, new models are being developed for more fair distribution of wages and salaries across the globe, taking Globalization into consideration. It is worth keeping an eye on the models and strategies for Wage and Salary Administration.

Effectively Manage Your Global Workforce

A management solution helps reduce labor costs and increase productivity while complying with complex international labor laws and meeting employee expectations.

Increasing global competition, regulation and worker expectations are driving the need for global workforce management among multinational and international manufacturers alike.

Multinational corporations have long felt pressure to control labor expenditures and improve productivity to avoid losing business to foreign competitors with lower labor costs. Now, as local markets emerge, companies in developing nations, such as India and China, find themselves fending off competition from surrounding nations with even lower labor costs. Workforce management systems give manufacturers visibility into productivity and labor costs for production facilities worldwide.

These challenges are compounded by the complexities of compliance with an ever-growing array of international labor laws and growing employee expectations in developing economies. Global workforce management systems simplify compliance by automating manual processes. In addition, by improving

productivity, workforce management systems help manufacturers grow so they can offer workers the greater opportunities, pay and benefits necessary to retain top talent.

Yet successfully implementing a global workforce management solution requires that manufacturers understand and manage the unique challenges of managing the global workforce.

Why is Global Workforce Management Challenging?

As manufacturers seek to implement global workforce management, they face three unique challenges: Cultural differences, language and currency differences and regulatory variations.

Cultural Differences

Expectations for roles within the workplace have a significant impact on the success of a workforce management implementation. For example, if a company's structure is strictly hierarchical, with rigidly defined roles and responsibilities, empowering operators with decision making authority will deliver fewer benefits than in companies with a more horizontal approach. Companies must align the tools they provide with their corporate culture or risk facing the uphill battle of changing their culture before they can benefit from the tools. Since cultures can vary from one location to the next within the same company, manufacturers must strike the right balance between standardization and localization.

Currencies and Languages

Workers and managers will need to interface with the workforce management system in the language of their choice. The system should also enable manufacturers with operations across multiple countries to make "apples-to-apples" comparisons of costs, productivity, and time. Because currency exchange rates fluctuate constantly, a global workforce management system must incorporate real-time data from online currency transfer websites.

Regulatory Requirements

Complying with varied international regulations in a systematic manner to avoid fines and penalties is a daunting task. The Fair Labor Standards Act in the U.S., the Factory Act in India and the Labor Law of the Peoples' Republic of China all impact how employees work, and their rights surrounding pay and required reports. Yet these laws vary widely. Understanding how these will impact staffing, time tracking as well as auditing and reporting requirements will reduce compliance exposure. Automating compliance by embedding legal requirements into scheduling and payment processes is the best way for manufacturers to ensure compliance and their ability to readily retrieve audit information.

Considerations When Implementing Workforce Management

The success of a global workforce management implementation will depend first and foremost on how well the manufacturer understands their requirements and manages expectations. In particular, they must:

Understand their Environment and Culture

Before beginning a global workforce management implementation, manufacturers need to fully understand the legal and business requirements for all countries of operation as well as the business processes they wish to automate.

Manufacturers must also be aware of cultural differences that will impact adoption. For example, workers may have some interest in automating data entry, but too much automation may be seen as invasive and evidence of management mistrust.

Be Realistic about the Rate of Change

The pace of system adoption is likely to differ from one location to the next. For example, manufacturers can't expect the same results across India, China and the United States. They therefore need to develop change management processes

and set realistic expectations both locally and at corporate headquarters for how quickly they can implement workforce management.

To understand a location's ability to change, it's necessary to understand its motivations. For example, in a joint partnership between a private foreign company and a state-owned enterprise, the private company may focus on achieving high productivity and low costs while the state's priority may be full employment. Up-front agreement on goals and compromises will reduce time-to-value.

Change is Easier if Employees Share in the Benefits

Too often, companies implement systems for the right reasons, but don't educate employees on the reasons for the change or take the time to identify or explain the expected benefits. This is particularly problematic for a workforce management implementation because it often requires additional data collection, which can seem like unproductive work to an already busy employee.

To successfully adopt workforce management, management needs to over communicate what they're doing, why they're doing it and how employees will benefit. For example, if employees realize that understanding exact labor costs will improve pricing practices, resulting in more business for the factory-and thus greater job security-most employees will gladly cooperate.

What to Look for in Technology

When choosing a workforce automation system, manufacturers should look for a system that provides an immediate ROI and is easy to use:

Fast ROI

Workforce management offers immediate ROI by enabling savings in the following areas:

- **Controlling Labor Costs** -- A workforce automation system lowers costs from the first clock-in by eliminating payroll inflation due to employee fraud. In addition, by automating complete payroll processes -- from gathering clock times to approval processes to sending information to the payroll processor-the system eliminates the need for supervisors to make interpretations that often favor employees and ensures strict compliance with corporate policies.
- **Improving Workforce Productivity** -- The highly granular information a workforce automation system provides helps managers spot waste in work processes so they can improve productivity. For example, a manager can see when workers punch in and when they actually begin work. If the time lag is excessive, the manager can investigate possible causes-perhaps workers spend too much time gathering tools before they can start work-and should implement a 5S program.
- **Minimizing Compliance Risk** -- A global workforce management system can capture relevant regulatory requirements up front and provide alerts to ensure that you comply with regulations consistently.

Ease of Ownership

A global workforce management system should be easy to localize, yet provide consolidated access to all information. An exception-based system that requires supervisors to take action only when they need to make a decision leaves time for more important activities. In addition, the system should be easy to operate and maintain without IT intervention whenever a change is necessary.

As manufacturers achieve access to comparable material and transportation costs in a global economy, the quality and efficiency of their workforce becomes one of their last sustainable competitive advantages. While managing people is a tremendous challenge for any company, the right workforce management system can simplify the process dramatically.

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GLOBALIZATION

'Globalization' was the by-word of the 1990s; it was to herald the creation of both world-wide markets and trans-national enterprises. Its theoretical origins are of great interest to contemporary debate. Adam Smith's generalization that 'the division of labour depends on the extent of the market', is as valid today as it was in 1776.

Marx, too, foresaw globalization as an eventual outcome of capitalism. But not all economists see globalization as a wholly deterministic phenomenon; some see it as both an endogenous as well as an exogenous factor 'determined in its pace by governments, firms and other social actors, but influencing in its turn the behaviour of these same actors' (Kogut and Gittelman, 1997:220).

Economies of scale and scope do seem to depend on globalizing markets to obtain the benefits of globalization (namely, its yang rather than its ying), hence Multinational Corporations (MNCs) strive to buy and sell as far and wide as they can. The World Trade Organization (WTO) seeks to shape the 'rules of the game' to make this easier. The intention is to extend the global markets beyond goods to services and to parts of the world where they did not reach because of the 'Developmental State'. This project has its admirers (see The Economist Special Survey- 'The Case for Globalization', 29 September, 2001:1-34) where the 'good old invisible hand' is invoked. Critics may on the other hand believe globalization to be a form of 'neoimperialism' and to be reviled. John Gray, a political theorist at the LSE, goes further and thinks that the era of globalization, based on the West's values, in particular America's assumptions, that everyone wants to live as they do, is 'a recipe for unending conflict, and it is time it was given up' (cited in The Economist, 30 September, 2001:14).

Globalization may be seen as one end of a dimension of economic integration, with the nation-State as the other. The latter in Asia has been pivotal in the economic growth process as epitomized in the 'Developmental State'. This raises

particular problems in the Asia-Pacific 6 context. Neo-classical economists have argued that Asia grew because of market forces (Krueger, 1995); others attacked this view, pointing to selective government intervention (Amsden, 1989; Wade, 1990). Most of the Asian Pacific countries have arguably been 'statist' in their development strategies, with some exceptions like Hong Kong. Here, the People's Republic of China (PRC) is the most extreme case at the other end of the spectrum, with its own highly specific institutional framework 'with Chinese characteristics', at the present time.

China's vast population and vast labour-force, the largest in the world (see Warner, 1995) puts human resources high on the agenda as far as WTO entry is concerned. We explore later in the article the implications for employment, unemployment, IR and HRM for that country and its neighbours. The recent Asian financial crisis for many revealed the possibly 'dark' side of globalization (its ying) and exposed widespread structural and institutional problems (see Drysdale, 2000) but 'there was no single story of East Asian growth' and 'no single set of problems that contributed to the different crises' (2000:1). But there were common features, such as the lack of inadequate regulation and transparency and so on. Some national features had not been effectively changed by globalization factors and the role of governments had not been fully reformed to cope with the new 'rules of the game' involved. Precisely how far globalizing trends had progressed by the crisis-year 1997 is moot but clearly there has been a substantial advance, say, on 1987. International trade was probably more liberalized by the former date than the latter, not only in volume but also in terms of value.

Interregional trade was also growing within the Asia-Pacific region as in other parts of the world. Inter-dependence between Asian economies and G7 ones was advancing but not always symmetrically. Some Asian countries had major trade surpluses and/or substantial foreign exchange reserves⁴. Whilst China made substantial progress vis a vis WTO entry, we are nonetheless as yet not on the verge of a situation where global markets in goods and services begin to be effectively implanted in the region as a whole. Highly industrialized Asian countries like Japan, for example, may experience the effects of globalization very differently from the least industrialized cases, such as Indonesia. Some nation-States have more open frontiers politically; here the effects of globalization will be greater, more so in the case say of South Korea vis a vis the PRC. Socially, the effects of global trends are more easily felt in, for example, urban Hong 7 Kong

than in rural Malaysia. Keeping a nation's distinct identity may not necessarily be prejudiced by international trade, however. Japan has retained its own way of doing things since it entered world markets. Globalization directly confronts 'statism', as WTO entry or expansion is mooted. However, other forces that impelled national systems towards 'soft convergence' like ILO protocols have been around for some time⁵. Not all countries have signed up to international labour codes and where they have they are unevenly implemented. Even national labour legislation may not be easily enforced, say on issues like child labour (see Cahn, 2001). If spreading industrialization and technological change make for comparable super-structures, it would follow that we would see common patterns across the region. Globalization, in a modified version of the 'convergence hypothesis' (see Kerr et al, 1973 for the original formulation), may be seen to lead to international economic competition.

This formulation suggests globalization presents common problems and comparable organizational solutions for enterprises wherever they were located. De-regulation and privatisation would also follow in their train. We will argue in this article that this scenario is less than likely, given our research in the field over many years (see Maurice et al, 1980). To argue that all Asian economic systems, including the Chinese one, have or are likely to converge seems to be too bold an assertion to justify, given the empirical evidence available (see Redding, 1990). Prima facie, there may have been common economic, social and political problems across the region as devaluations led to bankruptcies and downsizing but it is vital to underline that the specifics have varied greatly from economy to economy (see Godement 1999). In this context, we must assert once again that the 'devil', as always, is in the details. We would conjecture here that 'hard convergence' (see Warner, 2000a) is the least probable outcome here.

Hence:- Proposition 1: Globalization will be likely to have, in the short- and medium-term at least, a partially divergent and uneven impact on AsiaPacific Region economies. LABOUR-MARKETS Labour-markets are only one of many factor-markets associated with the economic processes but they are the ones that touch human beings the most directly. If globalization occurs, it will inevitably feed into such markets and since labour is one of the major resources of Asian countries, the labour-market will be one of the first to register the effect of changes⁸ in economic parameters. There are both long-term as well as short- and medium-term effects here. Recent work (for example Rowley and Benson, 2000)

points to 'the unevenness and contrasts in the way globalization impacts on labour and its organization' (2000:1). Critics regard globalization as being part of a 'zero-sum game' where the benefits in the labour-market are not evenly distributed between the players and least so where the MNCs are concerned. Where there is labour surplus in the economy, as in large countries like China and Indonesia, the imbalance of benefits may be most vividly seen. If China has one advantage, it is that its population growth is stable compared with other countries in Asia as a whole but even so it has to run to stand still in terms of job-creation. If some parts of the emerging economies of the Asia-Pacific region have been globalized and partially liberalized however, many of their labourmarkets have remained local, at least in the short-term. The classic 'dual labour-market' has prevailed in many national contexts where a small percentage of the workforce was employed by MNCs, with the rest employed by local national firms [or in agriculture]. Where there has been export-led growth, there would have been a higher percentage of the labour-force 'plugged into' the globalized economy and international markets. The geographical distribution of labour-markets has also been uneven, with some doing better than others as economic growth has created a demand for labour there. Growth is rarely geographically evenly spread around. The range and variety of labour-markets in the region is vast; they extend from highly structured ones like the urban Japanese or South Korean, to loosely structured examples like the rural Chinese or Indonesian ones. Some are fairly 'developed' ones, as in Singapore or Taiwan; others remain 'nascent' since their economies like that of the PRC have only recently been 'marketized'. The less developed the labour-market, the less the impact of globalization and liberalization.

Hence:- Proposition 2: Globalization will be likely to have, in the short- and medium-term at least, a partially liberalizing if uneven impact on AsiaPacific labour-markets. EMPLOYMENT Advocates of the WTO argue that liberalized international trade will increase both employment and incomes amongst trading-partner nations, presenting neo-Ricardian arguments to justify this. If you exchange goods and services where you have a comparative advantage, then both parties will benefit equally (more or less).

MODULE – II

LEADERSHIP TRAINING AND DEVELOPMENT

Leadership training is a must for every company because it is one of sure-fire ways of building effective leadership, and delivering exceptional business results.

Each organization has a unique culture and, therefore, a unique concept of leadership. However, as Vroom and Jago (2007) observe:

“Virtually all definitions of leadership share the view that leadership involves the process of influence”

Without a doubt, great leaders are capable of influencing others in many ways.

They are a source of motivation and inspiration; a powerful force that drives positive culture changes and keeps teams moving forward.

But, the question is, can people learn to be leaders?

And do existing leaders need ongoing training?

Let's define leadership training.

What is Leadership Training

Leadership training and development helps identify high-potential individuals that are likely to become leaders and extends the capabilities and knowledge of individuals who already perform leadership roles.

Leaders may need training in both soft and hard skills, depending on your organization's current challenges.

For example, new and coming leaders may need to develop skills such as listening, conflict resolution and time management, so that they can step in their role.

Senior leaders, on the other hand, may need training to keep up with new trends and technologies such as Artificial Intelligence and Virtual Reality, so that they can better define the company's overall vision.

Why Invest in Leadership Development and Training

The first compelling reason is growth. If your leaders are not committed to constant personal and professional development, your organization will eventually stagnate.

This was articulated in the Law of the Lid, the first lesson of John C Maxwell's **The 21 Irrefutable Laws of Leadership**, which states that leadership ability is a lid to the organization's effectiveness.

The second compelling reason is change management. According to a recent report by [Harvard Business School](#), three powerful forces are redefining the nature of work and create a need for leadership training:

- **Rapid globalization:** By 2025, the majority of the Forbes Global 2000 public companies will be headquartered in emerging markets. This will require leaders to develop new skills to overcome physical and cultural boundaries and lead teams across borders.
- **Rise of remote workers:** Within a decade, half of the US workforce will comprise of contractors and freelancers. Leaders will need to learn not just how to manage dispersed teams, but also how to engage and unite them.
- **Generation gaps:** Gen Y (Millennials) and Gen Z are rising to leadership positions and bringing in new ideas related to work and learning. This puts pressure on traditional leadership approaches and requires training to overcome differences.

Finally, the third compelling reason to invest in training leaders is the leadership gap—the fact that organizations are struggling to fill leadership positions.

These reasons make leadership development not just important, but also something to include in your ongoing Employee Training.

1. Develop a culture of learning

Your leadership development initiative won't get employee and executive buy-in if your organization doesn't value learning and development. That's why the success of any corporate training program depends on your culture of learning (or lack thereof).

One of the ways to create a corporate learning culture is to enable [knowledge sharing](#). Recognize and reward the employees who are working to develop new skills and encourage their peers to follow suit.

2. Define learning objectives

First, consider the leadership gaps that your organization may face—either in recruitment or succession. Do you have difficulty hiring or promoting new leaders? Are any senior leaders expected to retire soon?

Second, take into account your organization's strategic objectives. For example, if you're planning to expand in a new market, you may want to focus on developing the right leaders to meet this particular goal.

Third, reflect on the leadership traits and skills that your organization values. Understanding what your best leaders have in common will help you decide what your future leaders should be learning.

Finally, pinpoint your audience. Is your training for managers? For senior executives? Or for rising leaders? This will help you determine what methods and activities to employ.

3. Create the right mix of leadership training methods

Certainly, each leadership program requires a tailor-made plan that fits with the organization's unique corporate learning needs.

What is common to the best programs, though, is that they use diverse learning methods. Here are the ones used most often:

- **One-on-one learning.** For example, pairing senior executives with leaders who have just taken on a new role can be very effective, especially if your goal is [knowledge transfer](#) or succession. This was confirmed by Dr Sydney Finkelstein, Tuck School of Business at Dartmouth College, who studied world-class leaders for 10 years to determine what sets them apart. In a recent article for [Harvard Business Review](#), he says, "One big surprise was the extent to which these star managers emphasize ongoing, intensive one-on-one tutoring, of their direct reports, either in person or virtually, in the course of daily work."
- **Group learning.** This approach can come in various flavors, involving both internal and external activities. Group-based learning can be used to
 - identify employees with leadership potential
 - train future leaders to understand group dynamics
 - tackle real-world challenges

- enable leadership team development—those already in management can form a peer group to help each other develop new skills, improve interpersonal communication and break functional silos

Self-directed learning. It's true that leaders can't grow in isolation but self-directed learning has its place in your training. This form of corporate learning and development can, for example, be used to teach soft skills such as communication techniques and strategic thinking.

The advantage of self-directed learning is that participants can progress at their own pace, using the provided learning materials, guidelines, exercises and self-assessment tools.

4. Include experiential training

Leadership Development expert at Edge Training Systems, emphasizes the importance of experiential training for leaders stating "*leaders cannot be created or fabricated. They can, however, be developed and nurtured – which is what your leadership program should do. As you build your program, consider situations you can pose to your participants that will push them to grow and learn.*"

Enabling leaders-in-training to practice what they have learned creates those “a-ha” moments when they understand how specific skills or knowledge can be used in a real-world situation.

If they are currently employees, this could mean placing them in charge of a big project; if they are middle-level managers, it could mean shadowing an executive.

Whatever the case, it's important to enhance your real-world practical exercises with continuous feedback, coaching and mentoring.

5. Define success

As with any other type of corporate learning and development, your training needs a definition of “success”. So, before launching your program, determine how you will measure its impact. Some key indicators you may want to track are:

- The number of participants who successfully completed the program
- The number of participants who were promoted
- What peers say about each participant's leadership development (you can use an employee evaluation form such as the 360 Skills Assessment for this)

- Whether the employee's responsibilities increased
- Whether the leadership skills you taught helped employees become more effective at their current jobs

Understanding these areas will help you assess the effectiveness of your leadership skills training and create a better roadmap for future initiatives.

Now that you have the main components of a leadership development program, let's explore specific training ideas and activities.

Leadership Training Activities for Employees

Leadership training activities should focus on preparing employees to move from managing self to managing others. An emerging leader development program can include:

- **Self-assessment exercises** to build self-awareness and identify areas of improvement
- **On-the-job training** such as taking charge of a functional project to increase responsibility and accountability.
- **Mentoring and coaching** from experienced leaders to help the employee become familiar with the organizational management and leadership style.
- **Group activities** to allow emerging leaders to grow together, connect across organizational functions and develop a management mindset
- **Remote training programs** will most likely become an emerging trend after the COVID-19 crisis. By creating an online program you enable employees that are on a leadership track to learn at their own convenience.

The way you structure mentoring, coaching and on-the-job training depends heavily on your learning objectives, so it's something that will be unique to your organization. Corporate training programme.

Leadership Development Activities for Managers

When training supervisors, managers or directors, the focus shifts from developing to enhancing current leadership skills. At this point in their journey, leaders typically aim to become better at influencing others, operating strategically, bringing teams together and leading other leaders.

Leadership development programs for middle-management often features the following types of activities:

- **Learning from exposure.** This technique enables managers to deepen their insight by connecting with senior executives in their organization and industry experts.
- **On-the-job training** to practice solving high-level issues or understand other business functions.
- **360-degree assessments** to identify areas of improvement and how they show up to others.
- **Coaching and mentoring** from higher-level leaders or executives to gain a deeper understanding of the business.
- **Providing coaching or mentoring** to emerging leaders. This helps strengthen important leadership skills for managers such as interpersonal communication skills.

Two of these approaches deserve more attention—learning from exposure and on-the-job-training.

Learning from exposure

According to [Deloitte](#), exposure is a key practice to embed in any corporate training and development program.

It's especially [useful](#) in corporate management training because it helps these leaders gain more perspective on the business and the industry.

Some of the activities in this area include joining professional or industry associations, creating internal leader networks, participating in round table discussions and accountability groups.

On-the-job training

This enables managers to expand their technical skills and business knowledge. The activities that could be organized include:

- **Action learning** to practice solving high-level business problems together with leaders from other functions.
- **Volunteering a board role** in an industry association to build connections and practice influencing a large organization.
- **Taking on a strategic project assignment** to practice leading other leaders and their teams.
- **Taking on a cross-functional or cross-level assignment** to develop new skills and gain experience working across business units.

Leadership Development Activities for Executives

Unlike managers, C-suite leaders are not expected to manage groups of employees.

Their day-to-day job is making strategic business decisions. That's why corporate training for these leaders should focus on developing a vision for the future and driving action through entire business units.

Senior leadership development programs can include the following types of activities:

- **Individual executive coaching** to help solve complex business issues and advance personal development.
-
- **Executive team coaching** to enable the top-level leaders to identify their shared vision and work in alignment.
-
- **360-degree assessments** to identify one's leadership style and potential areas of improvement.
- **Executive education programs** to stay current on the latest technological advancements and gain critical industry-specific skills.

Conclusion

Corporate leadership development and training is critical to any organization that wants to dominate its industry.

With the rapid pace of change in the business landscape, companies need to find a sustainable strategy to continuously develop new leaders and enhance the skills of the current ones.

A successful leadership training program is rooted in a strong culture of learning and sharing knowledge. The rest is getting clear on your learning objectives and choosing the right activities for your current and future leaders.

PARADIGM SHIFT OF INTERATIONAL HRM:

In the current disruptive environment, HR heads are being elevated from administrators and recruiters to playing a crucial role in retaining talent and removing roadblocks in achieving business goals

Disruption is an oft-used term, but the fact is that while we are witnessing massive change today, tumultuous times were being experienced over the last three decades as well. Earlier, opportunities were limited as compared to availability of qualified talent and, therefore, not always commensurate with competence. The balance of power was strongly in favour of the companies and chief human resource officers (CHROs) simply needed to focus on industrial relations.

With the opening up of opportunities, there has been a paradigm shift in the roles for CHROs who now have to nurture their human resources in a way that gives life to the oft-made statement that human capital is our most important resource.

CEOs have recognised the importance of quality talent to achieve business outcomes and CHROs are expected to assist in corporate strategy and transform HR practices in a world of continuous change. From occupying a seat at the senior leadership table to having importance in the strategic and executive team, the role of the CHRO has evolved.

According to a McKinsey research, CEOs worldwide see human capital as a challenge. For India to capitalise on its demographic capital, CHROs are being elevated from administrators and recruiters to playing a crucial role in corporate decision-making. They are now more aligned with the business and hold the strategic responsibility of hiring and retaining talent.

Emerging trends will have a larger impact on the organisation's workforce and its future. A few focus areas on which CHROs will have to be prepared and strategise in advance can be identified as:

New and agile organisational structure:

With the dynamic work environment and the global economic scenario, CHROs are steering efforts towards formulating workforce models that are agile, based on real-time business requirements and pro-actively anticipate talent needs. They are looking at changing hiring strategies and creating work environments with a balanced mix of employees — permanent, contract, consultant and freelancers.

Employees as internal customers: Employees are being viewed as internal customers who have to be segmented into groups, based on which all activities from recruitment to talent management can be formulated. Technology makes it possible to view employees as separate individuals and not using appropriate technology will result in the companies lagging behind.

Retention mechanisms keeping up with the pace of change:

Today, classical talent retention mechanisms need to be overhauled. Earlier, in a traditional organisation, the process of identification of talent would take a couple of years. But today, if the organisation is not agile, by the time the organisation is ready to treat different segments of talent differently, the talent has already moved on.

Legacy processes such as annual appraisals and three-year talent management cycles are becoming obsolete; people need quick feedback and most talent take a fairly early call on whether this is the place for them. This is one area that

traditional CHROs have to work on and align the HR process cycles to the much faster response time expected today.

Adding value:

CHROs are prepared to recommend actions that create value for the organisation. Recognising employees' hidden talents or unlocking the true potential are helping companies become more flexible with their human capital. In this cut-throat competition, CHROs are displaying capabilities that were previously not cultivated. Rapidly adapting digitisation and strategically managing change are making the CHROs future value creators.

Focus on culture and diversity:

Culture and diversity are very important areas of responsibility for CHROs. Company culture has taken the limelight and CHROs are expected to serve as custodians of culture, designing highly engaging and healthy workspaces.

Further, given that diverse companies tend to outshine the less diverse ones, this should be a business priority for organisations and CHROs. Diversity is needed in every sense — age, gender, sexual orientation, background and ethnicity.

Outcome-driven approach:

An organisation's success highly depends on the fit between the company's goals and its people. CHROs are crucial in crystallising the requirements of the job and finding and retaining the right employee for it. CHROs' presence in the top level management meetings is becoming imperative to consider whether the key performance indicators, budgets and the talent assignments align with business objectives and will help in delivering desired outcomes.

The aim is to keep moving towards creating a continuous improvement process that builds morale and improves productivity, with room for agility.

Finding the problem statement:

Workforce of a company is a major deciding factor in defining the company's success. If the company is not able to achieve its business goals, it could also be a people problem, amongst others. Such analysis and insights are expected to come from the CHROs. Looking beyond external factors to analyse the internal environment and team dynamics can help overcome roadblocks in achieving business goals.

With the advent of Artificial Intelligence, robotics, blockchain and Internet of Things, customers have higher expectations from companies to deliver quick and easy solutions for their problems. This has led to the need for highly engaged teams and a shift from the hierarchical leadership.

The mandate for CHROs has become a tall order and forward thinking HR leaders are already analysing data and predicting the future bringing together the combination of strategy, insights and vision.

MODULE-III

GLOBAL HUMAN RESOURCE PLANNING:

Global HR planning **should be responsive to both the shortterm and long-term needs and plans of the org and its worldwide operations. ... In effective global HR planning there should be a logical flow from strategy to work demand to labour supply, with each step consistent with and responsive to the previous step.**

GLOBAL HUMAN RESOURCE PLANNING

Understanding Human Resource Planning

Human resource planning allows companies to plan ahead so they can maintain a steady supply of skilled employees. That's why it is also referred to as workforce

planning. The process is used to help companies evaluate their needs and to plan ahead to meet those needs.

Human resource planning needs to be flexible enough to meet short-term staffing challenges while adapting to changing conditions in the business environment over the longer term. HRP starts by assessing and auditing the current capacity of human resources.

Challenges of Human Resource Planning

The challenges to HRP include forces that are always changing, such as employees getting sick, getting promoted, or going on vacation. HRP ensures there is the best fit between workers and jobs, avoiding shortages and surpluses in the employee pool.

To satisfy their objectives, HR managers have to make plans to do the following:

- Find and attract skilled employees.
- Select, train, and reward the best candidates.
- Cope with absences and deal with conflicts.
- Promote employees or let some of them go.

Investing in HRP is one of the most important decisions a company can make. After all, a company is only as good as its employees, and a high level of [employee engagement](#) can be essential for a company's success. If a company has the best employees and the [best practices](#) in place, it can mean the difference between sluggishness and productivity, helping to lead a company to profitability.

Steps to Human Resource Planning

There are four general, broad steps involved in the human resource planning process. Each step needs to be taken in sequence in order to arrive at the end goal, which is to develop a strategy that enables the company to successfully find and retain enough qualified employees to meet the company's needs.

Analyzing Labor Supply

The first step of human resource planning is to identify the company's current human resources supply. In this step, the HR department studies the strength of the organization based on the number of employees, their skills, qualifications, positions, benefits, and performance levels.

Forecasting Labor Demand

The second step requires the company to outline the future of its workforce. Here, the HR department can consider certain issues like promotions, retirements, layoffs, and transfers—anything that factors into the future needs of a company. The HR department can also look at external conditions impacting [labor demand](#), such as new technology that might increase or decrease the need for workers.

Balancing Labor Demand With Supply

The third step in the HRP process is forecasting the employment demand. HR creates a gap analysis that lays out specific needs to narrow the [supply of the company's labor](#) versus future demand. This analysis will often generate a series of questions, such as:

- Should employees learn new skills?
- Does the company need more managers?
- Do all employees play to their strengths in their current roles?

Developing and Implementing a Plan

The answers to questions from the [gap analysis](#) help HR determine how to proceed, which is the final phase of the HRP process. HR must now take practical steps to integrate its plan with the rest of the company. The department needs

a [budget](#), the ability to implement the plan, and a collaborative effort with all departments to execute that plan.

Special Considerations

The goal of HR planning is to have the optimal number of staff to make the most money for the company. Because the goals and strategies of a company change over time, human resource planning is a regular occurrence. Additionally, as globalisation increases, HR departments will face the need to implement new practices to accommodate government labor regulations that vary from country to country.

The increased use of remote workers by many corporations will also impact human resource planning and will require HR departments to use new methods and tools to recruit, train, and retain workers.

LONG TERM HR PLANNING

Under **long term** planning, management has ample time to make required adjustments by taking necessary steps. **Long term** manpower planning covers a **longer** period say 15 to 20 years or so, for meeting manpower requirements of a concern.

Long-Term Manpower Planning:

Under long term planning, management has ample time to make required adjustments by taking necessary steps. Long term manpower planning covers a longer period say 15 to 20 years or so, for meeting manpower requirements of a concern.

Following steps are suggested in case of long term manpower planning:

(i) Projecting Manpower needs:

The first important step in long- run manpower planning is to develop that organisational structure that will meet future manpower requirements in the best possible manner. The basic aim is to keep pace with the changes in future. Due to rapid technological advancement at present, it is not an easy task to predict accurately future jobs needed for the organisation.

That some firms claim that executive manpower needs are too intangible to forecast, that management cannot be defined or planned for in any constructive manner.” —Edwin. B. Flippo

It may be pointed out that if the process of manpower planning is systematically undertaken, it brings about the desired results.

An analysis of the under mentioned problems in the process of manpower planning may be helpful in projecting the future manpower need of an organisation.

- (a) Rate of loss of manpower due to retirement, separation, resignation and retrenchment must be predicted and need for replacement must be kept in mind.
- (b) That some firms claim that executive manpower needs are too intangible to forecast, that management cannot be defined or planned for in any constructive manner.” —Edwin. B. Flippo
- (c) It may be pointed out that if the process of manpower planning is systematically undertaken, it brings about the desired results.

- (d) An analysis of the under mentioned problems in the process of manpower planning may be helpful in projecting the future manpower need of an organisation.
- (e) (a) Rate of loss of manpower due to retirement, separation, resignation and retrenchment must be predicted and need for replacement must be kept in mind.

(ii) Inventory and Analysis of Manpower:

Manpower inventory and analysis involves the appraising of personnel by cataloguing their characteristics by incorporating their educational and professional qualifications. The personnel inventorying includes the counting of number of persons available at present.

It does not include counting of employees only but extends to the determination of personnel to be inventoried, systematic and detailed appraisal of those individuals (after cataloguing them) and a detailed study of those who possess good potential for development.

It can be concluded that manpower inventory and analysis provides valuable information pertaining to present and future employees in the organisation. The information may not be completely accurate but is valuable and provides basis for the recruitment, selection and training processes to be followed in the organisation in the days to come.

(iii) Recruitment and Selection:

Long term manpower planning establishes the processes of recruitment and selection on proper lines. It brings about scientific recruitment and selection

methods, which in turn helps in appointing the best type of employee in the organisation.

(iv) Development and Training of the Employees:

Manpower planning is concerned with development and training of employees to take up new and challenging tasks and responsibilities. Well trained employees are invaluable assets for the organisation.

GLOBAL RECRUITMENT OF HUMAN RESOURCES

International or global recruiting is a [method of recruiting](#) that, among other of its features, can be very specialized and niche, e.g., in targeting overseas senior talent, or focused on capitalizing on lower labor costs in other regions.


Similarly, it can be part of a systematic campaign—for example, the Japanese government-sponsored initiative to promote "Global Jinzai Management", i.e., global human resource/human asset management, for the purpose of training, habituating, assigning and recruiting both domestic and foreign talent to, for and from overseas markets. One of its drivers is that globalization has created the need for management talent with knowledge of local markets, local contacts, global networks, and the ability to localize products and services.

Organizations looking to expand internationally must often source local management talent without having direct knowledge or experience in the area and will therefore turn to local HR or global recruiting experts for assistance.

In competitive fields, sometimes the most qualified candidates are not found within the geographical confines of one's own country. It is for this reason that global recruitment can be a crucial part in hiring the best individuals for your business. Advancements in technology allow for

interviews to be conducted via telephone or the Internet just as would be done with domestic applicants. When using indirect marketing strategies, there are many agencies that specialize in international recruitment.

Beyond the wider applicant pool, hiring outside of your own country can often be cost-efficient as the pay rate in other countries is at times substantially less than it is within one's own borders. This is particularly true with workers that are able to work abroad. By allowing employees to work from their own location, there is also a decreased need for office space and supplies, which can be a great method for cost-reduction. Another advantage of international recruiting is found when evaluating the estimated tax costs of international employees who work in their home regions.



Global or international recruiting can be part of an organizational globalization strategy, e.g., outsourcing or global market expansion, or be merely an isolated instance of having to look abroad for the right talent to fill a niche, irrespective of whether the candidate will relocate or work remotely. Even when the candidate relocates, it may be possible for the employer to enjoy a wage-cost benefit when that new employee has much lower salary expectations than his or her counterparts that would otherwise be recruited from within the employer's region.

Hiring overseas talent can be delegated to HR experts or onsite associates in the target region or managed from the employer's base. Delegation to others who know the candidate culture, the region's job market, local compensation and other expectations there, important cultural differences and the protocols of cross-cultural or local communication may be the smartest route in hiring-especially when the host employer has little familiarity or expertise in dealing with workers there.

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MODULE-IV

GLOBAL WORK FORCE TRAINING AND DEVELOPMENT:

INTRODUCTION

Training and development describes the formal, ongoing efforts that are made within organizations to improve the performance and self-fulfillment of their employees through a variety of educational methods and programmes. In the modern workplace, these efforts have taken on a broad range of applications— from instruction in highly specific job skills to longterm professional development. In recent years, training and development has emerged as a formal business function, an integral element of strategy, and a recognized profession with distinct theories and methodologies. More and more companies of all sizes have embraced "continual learning" and other aspects of training and development as a means of promoting employee growth and acquiring a highly skilled work force. In fact, the quality of employees and the continual improvement of their skills and productivity through training are now widely recognized as vital factors in ensuring the long-term success and profitability of small businesses. "Create a corporate culture that supports continual learning," counseled Charlene Marmer Solomon¹⁵ in Workforce. "Employees today must have access to continual training of all types just to keep up.... If you don't actively stride against the momentum of skills deficiency, you lose ground. If your workers stand still, your firm will lose the competency race."

1 PHILOSOPHY OF TRAINING

According to S Chandra¹⁶, management of the organization firmly believes that human assets unlike other asset cannot be depreciated and must necessarily be appreciated over entire tenure. Therefore training is regarded as investment and not a cost. Even longterm intangible gains such as attitude change, are to be considered as valuable returns. Training is considered as vehicle for effective communication and coordination. Training is catalytic in any man management matrix for cohesiveness, compatibility, and cooperation in every organizational endeavour.

Management proclaims Training & Development direction as permanent part & parcel of operational process and not some experiment in isolation. Management

is fully committed to lend its total support to training tasks and is dedicated through intense involvement in every phase of this activity.

CONCEPT OF TRAINING

It is about developing employees as an individual to make them capable and confident in their jobs, and consequently in their life. Thus it is an organized process for increasing the knowledge and skill of the employees. Consequently it is a process aimed at changing the behavior in such a way that the consequence would be useful for the upliftment of the organization.

According to Wayne F Cascio¹⁷ , —Training consists of planned programme designed to improve performance at the individual, group, and /or organizational levels. Improved performance, in turn, implies that there have been measurable changes in knowledge, skills attitude, and/or social behavior.

Training is considered as a tool for HRD. Training has immense potential in transfer and utilization of latest technical know-how, leadership development, organization of people, formation of self-help-groups, mobilization of people as well as resources, empowerment of resource-poor rural mass, entrepreneurship development, etc., which are considered essential components of HRD.

According to C B Memoria, —Training is a process of learning a sequence of programmed behavior. It is application of knowledge and it attempts to improve the performance of employee on the current job and prepares them for the intended job. Training is a short term process utilizing a systematic and organized procedure by which non managerial personnel acquire technical knowledge and skills for a definite purpose. Training refers to instructions in technical and mechanical operations, like operation of some machine/equipment. Training is for a specific job related purpose.

CONCEPT OF DEVELOPMENT

Development is related to enhancing the conceptual skills of the employee, which helps individual towards achieving maturity and self actualization. In the words of Michael Armstrong¹⁹ — Employee development, often referred to as human resource development (HRD) is about the provision of learning, development and training opportunities in order to improve individual, team and organizational performance.

Development is defined by Alan Mumford²⁰ as an attempt to improve managerial effectiveness through a planned and deliberate learning process. According to Bernard M Bass & James A. Vaughan²¹ Development implies the nature and change induced among employees through process of education and training. In the words of Harold Koontz and Cyril O. Donnel Managerial development concerns the means by which a person cultivates those skills whose application will improve the efficiency and

effectiveness with which the anticipated results of a particular organizational segment are achieved.

—In the field of human resource management, training and development is the field concerned with organizational activity aimed at bettering the performance of individuals and groups in organizational settings. It has been known by several names, including employee development, human resource development and learning and development.|| Rosemary Harrison

NEED FOR TRAINING

As Price has observed, a training need exists when there is a gap between the present performance of an employee or group of employees, and the desired performance. Growing business performance is a journey, not an end. The success of business operations depends upon the ups and downs of the employee performances. Hence, the HR managers started looking for the methods to boost the performance and efficiency of its workforce to carry out the work today, and to train them for meeting tomorrow's goals. Training programmes were developed many years ago, but now-a-days, it has become a crucial factor in

companies with certain objectives in mind. Training and development practices should boost up performance and develop the skills, knowledge and expertise of the employees.

TRAINING OBJECTIVES

According to Saiyadain²⁷, the objectives of training differ according to the employees belonging to different level of organizations. The basic objective of training, however, is to establish a match between man and his job. This training is designated to improve the knowledge, skills and attitude and thus, equip the individual to be more effective in his present job or prepare him for future assignment. However individual's growth should not be taken as an end. From this point of view of an organization, individual's growth is a means to organizational effectiveness. The principal objective of training and development division is to make sure the availability of a skilled and willing workforce to an organization. In addition to that, there are four other objectives: Individual, Organizational, Functional, and Societal.

Individual Objectives –

They help employees in achieving their personal goals, which in turn, enhances the individual contribution to an organization.

Organizational Objectives – They assist the organization with its primary objective by bringing individual effectiveness.

Functional Objectives – They maintain the department's contribution at a level suitable to the organization's needs.

Societal Objectives – They ensure that an organization is ethically and socially responsible to the needs and challenges of the society. Following can be briefly summarized as training objectives.

To create constant awareness in the minds of all sections of employees of the mission of the industry, its objective and goals.

To encourage self-development to achieve organization goals with a sense of belonging and commitment to organization and thereby ensuring development of a proper work ethos in the Industry and fostering of team spirit.

To identify the training needs of the entire personnel in industry in keeping with the corporate plans and in consultation with the user departments. To impart knowledge and skills necessary for performing the job efficiently and effectively and to keep the employees to acquire necessary conceptual, technical, human and managerial skills in the areas of decision-making and problem-solving.

To make available in adequate number sufficiently trained manpower to meet the diverse needs of a rapidly growing industry.

To organize special training programmes to improve employment opportunities as well as career prospects of persons belonging to SC/ST, minorities, handicapped, exservicemen, etc.

To organize training activities as aids to: o Career Planning and growth o Succession planning. To educate and equip the employees to respond to the expectations of customers, and to accept responsibilities to attain a sense of achievement.

To achieve effectiveness of training through tapping the in-house training facilities as well as sources available externally in a balanced manner so as to develop internal faculty support at all levels and disciplines.

TRAINING & DEVELOPMENT POLICY

Training and Development Policy - Definitions Training and development policies are the organization's demonstration of organizational quality. As such, an effective modern training and development (or learning and development) policy

is an increasingly important part of any organization's visibility and image in the eyes of its customers, staff, potential new employees, and the market as a whole. 47 Training policies vary greatly because they are liable to be very specific for the organization. Broadly, a good training and development policy will cover the training aspects. There is no set or definitive order. Other people and organizations will have different ideas. The challenge in developing an effective training policy is including all the key issues but at the same time keeping it concise and compact, so employees will read and refer to it.

. A training policy is a set of principles. A policy is more fixed and concise A policy provides the principles and system on which the training methodology can be built. A policy reflects philosophy and values and fundamental aims. Based on training policy training manuals are prepared and they contain operating procedures, instructions and supporting notes that are specific to the training concerned. Most training manuals are more liable to change than a policy, and this flexibility for changing and updating content is an important aspect in deciding the overall system for producing and administrating training manual documentation, which is best addressed and defined in the training policy.

According to Saxena & Kakkar,²⁸ the formulation of proper training policy becomes essential with the need for planning to suit the changing business environment. Absence of training policy results in low productivity and unhealthy results. In actual practice it is noticed that training managers are just interested in conducting training programmes as a routine exercise without specific goals required for organization.

A general tendency is to conduct more and more training programmes in rapid succession without ensuring the validity, the up datedness, in formativeness and efficacy of training activities based on ground realities. Therefore it is right time for a suitably training policy be formulated by each organization which should be broad based and which should clearly identify the persons by level who should be selected for training in the larger interest of the organization who when and for which training programme.

The policy should have the objectivity, fairness and detailed outlook. What types of personnel attend the right type of training programme then the dynamics of training is achieved. On the other hand if the staff is not suitably nominated they will find training irrelevant in spite of well researched input.

NATIONAL TRAINING POLICY

In the light of the development in the area of training, A National Training Policy has been developed in 1996 by Government of India. The Policy was necessitated because of the lag between expectation from the society and orientation of civil service system. The change has occurred from civil service regulatory oriented to development oriented task and responsibilities in addition to regulatory functions it has traditionally performed. Apart from being an important component of HRD, training is most cost effective method of improving effectiveness of personnel in an organization. The NTP covers employees directly working under both Central and State Government.

The NTP Outlines a common thrust of training objectives that covers all the organization, service and functional groups. The NTP is firmly a declaration of training and spells out the objectives, strategy, contents and modality to be followed in the field of training. The NTP's emphasis on the position of training manager in each government department for training of the employees is expression of the practical situation of the recognition of the training needs to meet the specific goals and objectives of T&D in each department or organization. According to Saxena & Kakkar³⁰, the salient features of NTPs are

Training for all – Training would be imparted to all range of civil services starting from lowest and cutting edge to highest in policy making.

Integrated Approach –

If training is to improve organizational effectiveness, it is necessary that institutional departments are set up within each organization for overseeing the training function as an integral part of the personnel management system. For

this purpose, each department can have an officer designated as training manager, whose job it will be to ensure an integrated approach to training. Training manager will be actively involved in various activities leading to organizing of training programmes such as analysis of training requirements, the design of training programme, the selection of training institution and evaluation of training.

Once a trainer, always a trainer – The expertise of such person should be available even after he leaves the training institutions and goes back to his line department. He can be used as resource person in a network of training institutions.

National Training Council – A National Training Council headed by the minister in charge of personnel, public grievance is set up for advising the government on training policy as well as issues concerning implementation.

Coordination Committee of Directions –

A high powered committee headed by secretary (Personnel) will assist the national training council. The committee will generally oversee operation of training policies.

. Earmarking of Budget –

Each department attached office as well as other organizations, funded by public exchequer, to set apart minimum suitable percentage of budgetary provision for training purpose.

Human Resource Development – Members of the civil services shall be encouraged to undertake research and consultancy activities by availing study leave.

TRAINING METHODS

Training methods are tools which attempt to create learning climate for the participants. These methods are related to learning objectives for participants. Methods are the means enabling participants to learn what is expected of them in order to know their roles and functions in the organization. Methods depend upon three principle components of the objectives of training, i.e. knowledge, skills and attitude. In some cases of training, it may be pure information giving that is imparting knowledge. In other cases it may be social and technical skill development, and in some other it would be an attempt to bring attitudinal change in the participants. In some programmes these components may be found in varying degrees. In one the emphasis may be on imparting knowledge, in another knowledge plus skill development and in some other these two plus attitudinal change. Before selecting methods of a particular programme, one has to look into the content that is to be delivered, the learning that is to take place and objectives of the training. Once the content of the modules are clear, choosing the appropriate methods becomes uncomplicated. The following is a brief overview of typical methods of training.

ORIENTATIONS

Orientation training is vital in ensuring the success of new employees. Whether the training is conducted through an employee handbook, a lecture, or a one-on-one meeting with a supervisor, newcomers should receive information on the company's history and strategic position, the key people in authority at the company, the structure of their department and how it contributes to the mission of the company, and the company's employment policies, rules, and regulations.

LECTURES

A verbal method of presenting information, lectures are particularly useful in situations when the goal is to impart the same information to a large number of people at one time. Since they eliminate the need for individual training, lectures are among the most costeffective training methods. But

the lecture method does have some drawbacks. Since lectures primarily involve one-way communication, they may not provide the most interesting or effective training. In addition, it may be difficult for the trainer to gauge the level of understanding of the material within a large group.

CASE STUDY

The case method is a non-directed method of study whereby students are provided with practical case reports to analyze. The case report includes a thorough description of a simulated or real-life situation. By analyzing the problems presented in the case report and developing possible solutions, students can be encouraged to think independently as opposed to relying upon the direction of an instructor. Independent case analysis can be supplemented with open discussion with a group. The main benefit of the case method is its use of real-life situations.

ROLE PLAYING

In role playing, students assume a role outside of them and play out that role within a group. A facilitator creates a scenario that is to be acted out by the participants under the guidance of the facilitator. While the situation might be contrived, the interpersonal relations are genuine. Furthermore, participants receive immediate feedback from the facilitator and the scenario itself, allowing better understanding of their own behavior. This training method is cost effective and is often applied to marketing and management training.

SIMULATIONS

Games and simulations are structured competitions and operational models that emulate real-life scenarios. The benefits of games and simulations include the improvement of problem-solving and decision-making skills, a greater understanding of the organizational whole, the ability to study actual problems, and the power to capture the student's interest.

COMPUTER-BASED TRAINING

Computer-based training (CBT) involves the use of computers and computer-based instructional materials as the primary medium of instruction. Computer-based training programmes are designed to structure and present instructional materials and to facilitate the learning process for the student. A main benefit of CBT is that it allows employees to learn at their own pace, during convenient times. Primary uses of CBT include instruction in computer hardware, software, and operational equipment. The last is of particular importance because CBT can provide the student with a simulated experience of operating a particular piece of equipment or machinery while eliminating the risk of damage to costly equipment by a trainee or even a novice user.

WEB-BASED TRAINING

WBT is an increasingly popular form of CBT. The greatly expanding number of organizations with Internet access through high-speed connections has made this form of CBT possible. By providing the training material on a Web page that is accessible through any Internet browser, CBT is within reach of any company with access to the Web. The terms "online courses" and "web-based instruction" are sometimes used interchangeably with WBT

SELF-INSTRUCTION

Self-instruction describes a training method in which the students assume primary responsibility for their own learning. Unlike instructor- or facilitator-led instruction, students retain a greater degree of control regarding topics, the

sequence of learning, and the pace of learning. Depending on the structure of the instructional materials, students can achieve a higher degree of customized learning. Forms of self-instruction include programmed learning, individualized instruction, personalized systems of instruction, learner-controlled instruction, and correspondence study. Benefits include a strong support system, immediate feedback, and systematization.

AUDIOVISUAL TRAINING

Audiovisual training methods include television, films, and videotapes. Like case studies, role playing, and simulations, they can be used to expose employees to "real world" situations in a time-and cost-effective manner. The main drawback of audiovisual training methods is that they cannot be customized for a particular audience, and they do not allow participants to ask questions or interact during the presentation of material.

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audience, and they do not allow participants to ask questions or interact during the presentation of material.

TEAM-BUILDING EXERCISES

Team building is the active creation and maintenance of effective work groups with similar goals and objectives. Not to be confused with the informal, ad-hoc formation and use of teams in the workplace, team building is a formal process of building work teams and formulating their objectives and goals, usually facilitated by a third-party consultant. Team building is commonly initiated to combat poor group dynamics, labor-management relations, quality, or productivity. By recognizing the problems and difficulties associated with the creation and development of work teams, team building provides a structured, guided process whose benefits include a greater ability to manage complex projects and processes, flexibility to respond to changing situations, and greater motivation among team members.

APPRENTICESHIPS AND INTERNSHIPS

Apprenticeships are a form of on-the-job training in which the trainee works with a more experienced employee for a period of time, learning a group of related skills that will eventually qualify the trainee to perform a new job or function. Apprenticeships are often used in production-oriented positions. Internships are a form of apprenticeship that combines on-the-job training under a more experienced employee with classroom learning.

JOB ROTATION

Another type of experience-based training is job rotation, in which employees move through a series of jobs in order to gain a broad understanding of the requirements of each. Job rotation may be particularly useful in small businesses, which may feature less role specialization than is typically seen in larger organizations .

COUNSELLING

The latest trend catching up in the corporate HR across the world is 'Employee Counselling at Workplace'. In the world of ever increasing complexity and the stress in the lives, especially the workplaces of the employees, employee counselling has emerged as the latest HR tool to attract and retain its best employees and also to increase the quality of the workforce. Employee counselling can be explained as providing help and support to the employees to face and sail through the difficult times in life. At many points of time in life or career people come across some problems either in their work or personal life when it starts influencing and affecting their performance and, increasing the stress levels of the individual. Counselling is guiding, consoling, advising and sharing and helping to resolve their problems whenever the need arises. Technically, Psychological Counselling, a form of counselling is used by the experts to analyze the work related performance and behaviour of the employees to help them cope with it, resolve the conflicts and tribulations and re-enforce the desired results. analyze the work related performance and behaviour of the employees to help them cope with it, resolve the conflicts and tribulations and re-enforce the desired results.

MENTORING

Mentoring is a relationship in which a senior manager in an organization assumes the responsibility for grooming a junior person. Technical, interpersonal and political skills are generally conveyed in such a relationship from the more experienced person. A mentor is a teacher, spouse, counselor, developer of skills and intellect, host, guide, exemplar, and most importantly, supporter and facilitator in the realization of the vision the young person has about the kind of life he wants as an adult. The main objective of mentoring is to help an employee attain psychological maturity and effectiveness and get integrated with the organization. In a work situation, such mentoring can take place at both formal and informal levels, depending on the prevailing work culture and the commitment from the top management. Formal mentoring can be very fruitful, if management invests time and money in such relationship building exercises.

TRAINING & DEVELOPMENT IN INDIA

The business environment in India has gone through many rapid changes in the recent past. The Government of India has brought about these changes in the form of globalization liberalization and privatization.

Organizations not willing to change may not survive in the fierce competition. Imparting training to the employees is important to organizational development. In India, attention has been given by the industry, government as well as training institutes towards a systematic development of their employees. As a consequence of the awareness of management training in the country, there has been a growing need to find ways and means to determine the efficiency and effectiveness of training activity, from the point of view of organizational improvement.

Indian Industry is presently on a fast development track. Improved technology and techniques are being imported from developed countries. In the context of globalization, human resource development with proper training to the workforce is required to meet the challenges in future and to win the global competitive advantage.

Indian companies have become innovative not only in how they recruit but also in whom they recruit and where they look for talent. Most of them have developed a recruitment philosophy to hire for overall skill and aptitude rather than specialized domain and technical skills. They rely on training and development to bridge skill gaps. Instead of hiring only from top engineering universities, technology companies recruit from second- and third-tier colleges all across the

country and also in arts and science schools. Similarly, companies in the banking and hospitality industries hire from call-centers and the information technology sector. Diversity programmes are also being implemented, both out of necessity and social purpose. Women and older workers in particular are being targeted by technology companies and call centers, which are also reaching out to rural and disadvantaged communities.

In the technology sector, new-recruit training programmes typically span two to four months. In other industries programmes range from two to four weeks. The training curricula are generally highly sophisticated and teach not only the required technical skills but also the basics of topics like industry operations, customer management, communications, and team building. Formal induction training is typically followed by on-the-job training programmes in which employees are assigned specific tasks under the supervision of trainers and managers.

What is global training?

If you've worked for a multinational company, you've most probably heard of the term 'global training.' While the term itself is very self-explanatory, there is a big difference when you compare it to the usual Online training

The differentiating factor is that your content and strategies have to be designed to cater to a much wider audience – as opposed to a specific employee group or workforce demographic.

With teams composed of workers from all over the world, your global training and development strategies have to be attuned to address the learning needs of all learners. This is the point where issues arise – designing effective training and development approaches for a diverse workforce.

Issues and Challenges of Managing a Global Workforce

There are expected challenges when you train employees from different parts of the globe. While the advantages of having a diverse workforce will always trump its drawbacks, things do get 'lost in translation' when you employ global training and development strategies.

For example, sending a distinct message through global training and development programs can be quite a tedious task. Your learners speak different languages, come from different cultures, and live in different time zones.

There is also the obstacle of high training costs. The cost of training a global workforce will always be much higher than that of training employees locally. Technology can also be another factor because not every region has the technological capacity to handle online courses or training materials.

Strategies for Training Your Global Workforce

When you handle a global workforce, you need to formulate global training and development strategies to address the aforementioned challenges. In this process, there are four things that you might want to think about.

These four considerations will greatly determine your approach to global training and will also map out your priorities. Each option has its own pros and cons too. So, you might want to take a closer look at each option and examine the possible repercussions before committing to a specific strategy.

Strategy 1: Standardized Approach for ALL Topics

The first strategy is to implement one learning approach for all topics that will apply to all regions. Your course delivery and design will follow one standard method – online learning, for example. Moreover, all courses will utilize one language and will all have the same content.

This approach makes content creation easier and less costly because a team from global headquarters can take care of the entire training process. This does come at the expense of addressing the different contexts of your learners. However, when you're working on a tight budget on a very short timeline, this option becomes the only choice – most of the time.

Strategy 2: Standardized Approach for EACH Topic

means that every course is still standard across the entire enterprise – local or overseas.

Every topic though can differ in the method of delivery. This gives you more flexibility when it comes to designing courses. For example, some topics can be taken through a learning management system while others can be a mix of on-the-job learning and face to face instruction.

Taking on this strategy makes course creation less complicated as each course will be delivered in one standardized approach. The main challenge is ensuring that

the same message is conveyed throughout all Another strategy entails using one learning approach for each topic across all regions. This regions.

Always take note that there are preferred learning methodologies for every region or culture. When it comes to learning approaches, what successfully works for one region doesn't necessarily mean it will be successful in another. Also, note that you would need to ensure that facilitators from all regions are calibrated when it comes to the delivery of the courses.

Strategy 3: Standardized Learning Objectives, Bespoke Regional Approach and Content

The third strategy is to implement one set of learning objectives using different methodologies and content for employees in all regions.

This does seem like an obvious choice. Learning objectives and required skills should come standard across the entire organization – no matter where employees are in the world.

Moreover, content should also be further customized to address specific languages and cultures.

For example, a course on Quality Compliance is dictated by global HQ. North American and Australian sites will utilize an online learning method through an LMS. The course for Southeast Asian sites, on the other hand, will be delivered through face-to-face instruction.

This approach is more time-consuming and would require a greater amount of resources to execute. Each region would need to have a dedicated team or point person whose biggest responsibility is translating the learning objectives into approaches and content that are more relevant to the learners.

Strategy 4: Bespoke Learning Objectives and Content per Region

The fourth strategy is to implement different learning goals and content in all regions – with direction from global HQ’s training and development team.

This means that every course is customized to suit a specific need of a target audience or region. From the learning objectives, to the approach and content, everything will be tailor-fit to the learners. The global training team would take on more of an ‘auditor’ role – ensuring that learning objectives, approaches, and content still fit into the organization’s requirements.

While this is another very obvious choice, this option requires a tremendous amount of collaboration between teams separated by geographical differences. To add, a lot of effort is required to pull this off – with most of the time and resources usually spent in the back-and-forth between the local and HQ training teams.

Another dilemma is giving complete autonomy to your regional learning teams. Since most topics will be dependent on a region’s learning needs, each region can, therefore, have its own collection of courses. Global headquarters might find it challenging to keep track of everything that’s going on.

Is online learning the answer to implementing effective global training and development strategies?

We’ve emphasized how online learning through an LMS can be one of the instructional methods for a global workforce. However, is it the answer to making your training and developing your global workforce more effective?

No and yes. No because an LMS is not a ‘magic pill.’ But also yes, because having an LMS can make things easier.

For example, getting an LMS can produce tremendous savings on training costs. Instead of sending trainers (or learners) all across the globe, you can move all your training online. When it comes to global training and development strategies, an LMS solves issues on location, time, and even language.

Having an LMS for also allows you to scale your courses. You get to reach more people with less cost, effort, and resources as compared to traditional face-to-face training. Moreover, an LMS will also allow you to track training completion, issue certifications, and manage your learners easier.

Having an LMS does not guarantee that you get to address each of your global learners' needs nor does it promise to make your courses more effective.

What it does give you, though, is an advantage by providing a medium to easily reach out to your global audience. That, in itself, is already taking a great, big step, in the right direction when it comes to training and developing your global workforce.

Conclusion

Unfortunately, there is no silver bullet when it comes to global training.

So, when you choose a global training strategy to implement, always remember to put three big things into consideration: your resources, your learners, and the role of your global training team. Your strategy needs to balance these three aspects to ensure that you get the most out of your global training and development programs.

How Does Globalization Affect the Way a Workforce Is Managed

Globalization has affected work force management in ways that have still yet to be fully measured. The process isn't complete and will continue changing as the needs of companies change. However, globalization has already had a marked impact on how companies manage their workforces. Companies must be more culturally aware, not only because their own staff may be diverse, but also because they may work with or partner with companies from across the world.

For some companies, globalization means thinking about where they hire for certain positions. Because pay scales are different across the world, certain positions may be better suited for hiring abroad. This does mean that HR has more work to do in order to manage the different pay structures and benefits that employees in different countries may receive.

On top of that, management styles may need to adjust depending on where workers are located. For example, India typically prefers a top-down approach to management, but other workers from other countries may not feel the same way. Your management approach will need to be flexible in order to meet the needs and expectations of a diverse workforce.

Common Challenges of a Global Workforce

Global expansion is a goal for many organizations and a reality for others. Having company locations in many countries can help increase the reach, influence, and of course revenues of an organization while bringing different perspectives and ways of working into the mix. However, there are many challenges to global work force that must be taken into consideration in order to keep productivity, systems, and the quality of company services consistent across borders.

Linguistic Diversity

Language barriers are the number one most commonly cited challenge to training a global workforce. In Europe, there are over 230 languages spoken and in Africa there are over 2,000 languages spoken, with variations in dialect causing different connotations even among areas that speak the same language.

To overcome language barriers, it may be helpful to hire several employees from the new area that speak both the local language and the language that the bulk of the organization's training materials are in. These employees can be invaluable when translating and restructuring the materials, training a new workforce for the area, and taking customer calls.

Cultural Differences

Cultural differences may make it difficult for companies to understand the motivations and expectations of employees in an area. There are business ethics courses and cross-cultural communication courses that can be extremely helpful in training and managing workforces in different countries. Having a deep understanding of cultural norms and tailoring training to accommodate these customs can help to make training much more effective than attempting to translate and use existing training guides.

High Training Costs

Before expanding globally, it is very important to understand that training a global workforce will be much more expensive than training a team at home. Training programs must be reconstructed with sensitivity to cultural customs, effective metaphors and language, and the ability to be clearly communicated online or by a traveling training team.

Many organizations make the mistake of allocating a small budget for cross-border training, which can cause major issues when it comes to workforce competency, employee retention, and productivity in the newly established location.

Deficient Technological Infrastructure

Using online solutions may seem to be an effective method for training a global workforce, but it is critical to have an in-depth understanding of the technological infrastructure in the area. Not all countries are highly technologically advanced, so employee access to training materials may be limited to what is provided at the new location. It may be necessary to dispatch training teams or provide team members with devices that can be used for communication and training.

Time Zone Differences

Time zone differences can hinder the effectiveness of using webinars and collaboration for training. For best results, time zone differences should be taken into consideration ahead of time, so that training can be scheduled for times that make sense to the location. Making training modules available anytime or dispatching training teams to the area for a period of time may help to overcome time zone challenges.

What Is an Expatriate

An expatriate, or ex-pat, is an individual living and/or working in a country other than his or her country of citizenship, often temporarily and for work reasons. An expatriate can also be an individual who has relinquished citizenship in their home country to become a citizen of another.

Understanding Expatriates

An expatriate is a migrant worker who is a professional or skilled worker in his or her profession. The worker takes a position outside his/her home country, either independently or as a work assignment scheduled by the employer, which can be a company, university, government, or non-governmental organization. If your employer sends you from your job in its Silicon Valley office to work for an extended period in its Toronto office, you would be considered an expatriate or "expat" after you arrive in Toronto.

Expats usually earn more than they would at home, and more than local employees. In addition to salary, businesses sometimes give their expatriate employees benefits such as relocation assistance and housing allowance.

Living as an expatriate can be exciting and present an excellent opportunity for career advancement and global business exposure, but it can also be an emotionally difficult transition that involves separation from friends and family while adjusting to an unfamiliar culture and work environment. Hence, the reason behind the higher compensation offered to these migrant workers.

Advantages and Disadvantages of Becoming an Expatriate

Living and working in another country for an extended period of time can have its benefits. These can range from new experiences and adventure to more practical considerations like a lower cost of living or being closer to extended family abroad. Depending on where you settle, you may also get government perks like free healthcare and education and more favorable taxation.

There are also some potential drawbacks. Regarding taxation, unless you fully relinquish your American citizenship, you will still need to file tax returns each year and may need to pay taxes to Uncle Sam, even on income earned in your new country.

You'll also be a long way from home, potentially. This can make seeing friends and family more difficult, and time zone differences can also interfere with finding a good time to link up by phone or video chat. Learning a new language and customs can also be difficult for some, and certain items or products that you like may not be available where you live. And remember that not all countries enjoy the same level of political and economic stability that the U.S. does.

PROCESS OF PERFORMANCE MANAGEMENT

Performance management is a communication process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization. More than just an annual performance review, performance management is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals. There is much more to performance management than the annual performance review meeting. Performance management is a continuous process of planning, coaching and reviewing employee performance.

OVERVIEW:

The planning phase is a collaborative effort involving both managers and employees during which they will:

- ïi Review the employee's job description to determine if it reflects the work that the employee is currently doing.
- ïi Identify and review the links between the employee's job description, his or her work plan, and the organization's goals, objectives and strategic plan.
- ïi Develop a work plan that outlines the tasks or deliverables to be completed, the expected results and the measures or standards that will be used to evaluate performance.
- ïi Identify critical areas that will be key performance objectives for the year. The choice of areas may be determined by the organization's strategic plan, by the employee's desire to improve outcomes in a certain part of his or her job or by a need to emphasize a particular aspect of the job.
- ïi Identify training objectives that will help the employee grow his or her skills, knowledge and competencies related to the work.
- ïi Identify career development objectives that can be part of longer-term career planning.

What Is Performance Management

Performance management is the process of continuous feedback and communication between managers and their employees to ensure the achievement of the strategic objectives of the organization.

The definition of performance management has evolved since it first appeared as a concept. What was once an annual process is now transitioning to continuous performance management. The goal is to ensure that employees are performing efficiently throughout the year, and in the process, address any issues that may arise along the way that affect employee performance.

“Most workers perceive their organization’s performance management approach as confusing, subjective, and infrequent,” said Kathi Enderes (vice president, Talent, and Workforce Research Leader) and Mathew Shannon (senior research analyst) at Bersin, Deloitte Consulting LLP, in an exclusive with HR Technologist.

This is the current state of performance management. However, it doesn’t have to be that way. Automation now plays a significant role in performance management, and many of the processes involved can be streamlined so that employee performance can be strategically managed. This is the age of continuous performance management and here’s everything you need to know about it.

Performance management differs from talent management in that the latter is a set of initiatives taken to engage employees to retain them. Performance management, on the other hand, is an initiative that guides employees towards establishing and achieving their goals in alignment with the organization’s immediate and overarching goals.

Why is performance management important

1. Performance management supplements the annual performance review.

This prepares both employees and managers about what to expect during the annual appraisal. It keeps both the manager and the employee in the loop about ongoing changes to the performance management process, what both can do to streamline it, and how performance overall can be improved.

2. To employees, continuous performance management indicates that managers value them

. Employees believe that their managers are interested in their work and care about their goals and any issues they may face in the course of their job. They also become more open to receiving constructive feedback.

The Performance Management Cycle

The performance management process or cycle is a series of five key steps. These steps are imperative, regardless of how often you review employee performance.

1. Planning

This stage entails setting employees' goals and communicating these goals with them. While these goals should be disclosed in the job description to attract quality candidates, they should be communicated once again when the candidate becomes a new hire. Depending on the performance management process in your organization, you may want to assign a percentage to each of these goals to be able to evaluate their achievement.

2. Monitoring

In this phase, managers are required to monitor the employees performance on the goal. This is where continuous performance management comes into the picture. With the right performance management software, you can track your teams performance in real-time and modify and correct course whenever required.

3. Developing

This phase includes using the data obtained during the monitoring phase to improve the performance of employees. It may require suggesting refresher courses, providing an assignment that helps them improve their knowledge and performance on the job, or altering the course of employee development to enhance performance or sustain excellence.

4. Rating

Each employees performance must be rated periodically and then at the time of the performance appraisal. Ratings are essential to identify the state of employee performance and implement changes accordingly. Both peers and managers can provide these ratings for 360-degree feedback.

5. Rewarding

Recognizing and rewarding good performance is essential to the performance management process, as well as an important part of employee engagement. You can do this with a simple thank you, social recognition, or a full-scale employee rewards program that regularly recognizes and rewards excellent performance in the organization.



Key features of effective performance management software

Any software should be chosen with the following considerations in mind:

- **Customization:** It should be customizable to suit your organizations industry and performance management strategy.
- **Transparency:** It should be able to eliminate the confusion that both managers and their teams experience in the process of performance management.
- **Objectivity:** It should be able to offer objective metrics on which managers can base their performance evaluation.
- **Frequency:** It should allow for real-time, instant feedback and periodic employee ratings.

- **The 10 key features of performance management software**

- **1. Dynamic goal-setting:** The employees goals should be aligned with the organizations goals. The solution should allow the option to change the goal as and when needed.
- **2. Communication on the fly:** A good performance management solution provides interaction between team members and managers effortlessly at any time with an in-built chat feature. A quick chat with team members or managers can keep communication transparent and effortless.
- **3. Scheduling tools:** It should allow scheduling for team members to complete tasks, plan meetings, and collaborate with other team members. This works as an excellent tool for employees who work out on the field or remotely.
- **4. Continuous performance evaluation:** Managers should be able to set up automated self-assessment and general evaluation questionnaires

delivered in the flow of work through the PMS. This gives managers a clear view of how employees perceive their performance on the job and whether they are on track to achieve their and the organizations goals.

- **5. Recognition tool:** The PMS should have a platform where managers can shout out to their team members for doing well. Further integration with an email to give direct, instant feedback is another great feature that can motivate employees and enable positive employee engagement.
- **6. 360-degree feedback:** Feedback from multiple sources or 360-degree feedback is essential for effective performance management. It significantly reduces the bias that can arise from the evaluation of an employee by just one person. The tool should be able to offer the option of feedback collection from team members, reporting managers, reports, and peers from other teams.



- **7. Project performance tracking tools:** It should offer tools such as timesheets that help track how employees use their time, and whether their input matches the expected output and outcome.
- Artificial intelligence-powered tools use features such as advanced natural language processing, which track project-related keywords through email and other communication to gauge progress on a project. These tools can enable more objective performance evaluations.
- **8. Performance comparison:** Managers should be able to track the performance of all employees in their team or those assigned to a specific project. The tool should go further and be able to generate a performance report automatically, providing data on the metrics you have customized it to evaluate.
- **9. Automated reminders and notifications:** A gentle nudge to employees/managers to remind them of deadlines, notifications that indicate progress on a particular project, and general updates to changes in

the process can improve an employees experience with performance management.

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- **10. Data security:** This level of granular data about individual employees should be safeguarded with a robust firewall in place. Always ensure that any tool you shortlist offers a robust data security and protection feature.
- Whats critical in the implementation of a performance management system is that both managers and employees are trained to use the system for maximum efficiency. Choose a PMS from a vendor who offers ongoing support and helps both managers and their team members use the software optimally.



S M A R T GOALS

Often, the most difficult part of the planning phase is developing clear and appropriate language to describe performance objectives and measures or indicators of success. Supervisors need to ensure that the performance objectives are a good representation of the full range of duties carried out by the employee, especially everyday tasks that take time, but are often not identified as significant accomplishments. The objectives and indicators need to be S.M.A.R.T.

SPECIFIC- S

Clearly specify the task to be done, when it must be completed, who is to accomplish it, and how much is to be accomplished.

MEASUREABLE- M

Use multiple measures if possible, for example, quantity, quality, time frame and cost. Ask questions such as: How much? How many? How will I know when it is accomplished?

ATTAINABLE- A

Ensure there is a reasonable path to achievement and an excellent chance that objectives will be accomplished.

RELEVANT- R

Goals should be aligned with the organization's overall mission or strategy. Goals measure outcomes, not activities.

TIME BASED- T

Set a clear time frame for achieving performance objectives/goals. In most cases, objectives must be completed by the end of the performance review period.

Set Performance Standards

While goals tell employees what they have to do, performance standards tell them how well they have to do it.

Listed below are some principles of writing good standards that can be used effectively to evaluate employee performance:

Quality: addresses how well the work is performed and/or how accurate or how effective the final product is.

Quality refers to accuracy, appearance, usefulness or effectiveness.

Quantity: addresses how much work is produced. A quantity measure can be expressed as an error rate, such as number or percentage of errors allowed per unit of work or as a general result to be achieved. When a quality or quantity standard is set, the criteria for Exceeds Standards should be high enough to be challenging, but not so high that it is unattainable.

Timeliness: addresses how quickly, when or by what date the work must be produced. Timeliness standards should be set realistically.

Cost-effectiveness: addresses dollar savings to the organization or working within a budget.

Cost-effectiveness standards may include such aspects of performance as maintaining or reducing unit costs, reducing the time it takes to produce a product or service or reducing waste. Manner: addresses the way or style in which a task is performed or produced.

Teamwork

A team player is one who puts personal goals second to team goals and works in coordination with other members of a group or team to reach a common goal.

Examples of behaviors that might be rated Meets Standards include:

Offers to help and pitches in to get the job done

Does not hesitate to praise and give credit to the project team for a job well done

Keeps others informed and up-to-date about tasks or projects ï Gives support to others by providing detailed instructions or clarifications

Works effectively with others to resolve common issues or problems ï Listens to and seeks input from others on how to complete work assignments or accomplish goal

Problem Solving Initiative

Employees are expected to take initiative to efficiently solve all kinds of problems related to their work.

Examples of behaviors that might be rated Meets Standards include: ï Solves problems timely

Identifies the causes of problems and finds the necessary resources and information to resolve them

Uses experience to recognize immediate problems and issues

Breaks problems down into lists of tasks, issues or activities

Sets priorities on tasks and activities that compete for attention

Recognizes when information is missing, incomplete or inaccurate

Understands and is able to discuss the logical sequence of events when solving problems or working on a project

Revises priorities based on changing needs or new requests

Leadership

Leadership is the art of leading and influencing others to deliberately create a result that wouldn't have happened otherwise.

Examples of behaviors that might be rated Meets Standards include:

Sets priorities to align work with and in support of agency or division goals
Plans and leads meetings to ensure that issues are discussed and agendas are followed

Provides others with timely and accurate feedback

Accesses resources in a timely manner

Recommends changes in work methods to improve performance within the agency or division

Solicits the opinions, ideas, and recommendations of others in improving the work situation

Workforce Performance Management: Efficiency and Effectiveness

A proper understanding of how to automate and improve the effectiveness of workforce processes is significantly impeded by the lack of leadership and investment in global organizations. Assessing the potential of workforce management practices to automate and improve the processes and performance

of employees is rapidly becoming a top issue for finance and operations executives. Industry and corporate conversation in human capital management, talent management, and pay-for-performance initiatives must be translated into processes and systems for improving employee life-cycle management. Ventana Research recommends that you assess your processes, re-evaluate your systems investments into ERP and human resource (HR) operational systems, and accelerate the adoption of workforce performance management.

The finance and operational management gap in this critical human capital investment is beginning to change as a new optimism in the importance of workforce management has begun. Business operations and finance have a direct responsibility to manage employee actions and costs, but now must address performance and process improvement more seriously. The lack of alignment between processes and systems in supporting employee-centric programs has kept large global organizations from fully leveraging their human capital.

Organizations need to determine where to link their process and system investments for optimal workforce management. ERP providers are trying to influence you to invest in their HR, finance, and performance management systems, while best-of-breed workforce management and pay-for-performance providers are focused on complementing your investments. Many workforce management applications are available through a hosted application service that reduces costs and resources required to deploy these applications.

To take a workforce management initiative seriously, you must fully assess the following segments within your organization:

Recruit and Hire Management: Ability to centrally manage and improve the process for a new or replacement employee in an organization

Compensation Management: Ability to centrally manage compensation and analysis to optimize workforce and employee satisfaction

Incentive Management: Ability to centrally define strategies for incentives and rewards and measurement of outcomes on expected performance improvement

Goals Management: Ability to centrally manage objectives of employees and compare performance to objectives in order to reach the desired outcomes on an annual or initiative basis

Learning Management: Ability to centrally define, manage and track the impact of training and education programs outcomes on employee performance

Competency Management: Ability to centrally manage competencies in the organization and be able to leverage them across the organization

Performance Measurement: Ability to provide flexible reporting and analysis of employees from a cost and performance perspective to determine their potential and value

Organizations will need to determine how to bring these functional capabilities into a workforce process and performance improvement environment. The imperative to assess your ERP transaction-centered systems and determine your workforce management direction will be a competitive differentiation.

GLOBAL PERFORMANCE MANAGEMENT

As more multinational companies (MNCs) expand their international operations, they are becoming more exposed to, and gaining experience in, the diversity of cultures, customs and practices in each country in which their subsidiaries are located. It is also argued that multinational companies are one of the vehicles diffusing these practices, because one important activity of a global MNC is to transfer its practices around the world. However, these MNCs rapidly fall into the dilemma of having to decide whether to globally standardize their human resource management approach or to locally adapt their human resource policies. The issue of convergence versus divergence becomes a major concern for these companies. According to prior research, HRM (human relations management) practices in MNCs are shaped by the active interaction of opposing pressures for internal consistency and for isomorphism with the local institutional environment. Moreover, many HR practices are very sensitive to institutional and cultural differences. Among these practices, we mention the performance appraisal (PA). Performance

appraisals are used as tools to ensure consistency in information between MNC headquarters and subsidiaries, to maintain control and to encourage the desirable behavior of employees working in subsidiaries dispersed around the world. However, the degree of standardization of performance appraisals is debatable. Some researchers consider it more beneficial to standardize, while others claim that the process should be adapted to the context and the strategy of the MNC.

Performance appraisal is a key element of performance management and can be defined as “the process of identifying, observing, measuring and developing human resources in organizations”. International performance appraisal refers to the HRM process that enables an MNC to evaluate and continuously improve the performance of employees, in order to reach clearly predefined goals that serve to improve the overall progress of the company. Use of standardized performance appraisal can lead to a reduction in inconsistencies in information between the parent company and the subsidiary in the foreign country. However, it is an extremely complex process, as there is no written-in-stone method of assessing the performance of employees in distant countries. Environmental factors and differences in subsidiary companies and their countries, such as the difference in societal, legal, economic, or physical demands, can affect the performance appraisal process greatly. There are many other variables to consider when evaluating in a different country, such as language barriers, differences in values, and differences in cultures that make the process even more difficult.

Hence, any person evaluating the performance of an employee in a subsidiary company should take into account the cross-cultural interpersonal qualities, the employee’s sensitivity to foreign norms, laws and customs, and the adaptability of employees to uncertain and unpredictable conditions that may arise. International performance appraisal is a topic that attracts the attention of practitioners and academics; however, most research has concentrated on expatriate performance appraisals. Standardization of performance appraisal practices in foreign subsidiaries versus the localization of those practices to fit the subsidiary country is an important debate that has been discussed in the literature. Despite the fact that MNCs strive for consistency in their HR

practices across subsidiaries, those practices are shaped by local customs, and subsidiaries usually hire employees from the host country's labor market, making it difficult for them to diverge from local norms. Moreover, when transferring "foreign best practices" to MNC subsidiaries, national values may present some initial barriers.

As a result, many advocates of localization consider that locally customized activities are more effective. Many consider that performance appraisal is the practice that is mostly affected by culture, and it has been classified as the most difficult to transfer across cultures. In other words, it is identified as the most "culture-bound" HR practice. Recent research on performance appraisals in China revealed that western appraisals couldn't be applied in a standardized way and didn't have a positive effect in the Chinese setting, due to the inability of employees to set their own objectives and development plans, the negative perception employees had about the fairness of the performance appraisal system and the inability of managers to take ownership of the performance reviews. Other studies used Hofstede's cultural dimensions to explain that in high power distance countries, performance appraisal only concerns employees but not managers. In such countries, only managers are the source of evaluating employees. In low power distance countries, performance appraisal concerns employees from all ranks, and multiple source evaluation techniques are widely used. One example is the 360-degree system, which uses a variety of raters. This method requires low power distance and high levels of participation. This appraisal method is also not appreciated in highly collectivist countries because it is believed to harm group harmony. In individualistic cultures, performance criteria are usually objective and quantitative, focusing on the individual's productivity. In collectivist cultures, loyalty takes precedence over productivity, so poor performers are protected if they maintain harmonious relations with the group.

Performance appraisal methods also vary across cultures. When it comes to collectivist cultures and high power distance cultures, the method used is usually informal and unsystematic and involves subjective factors. The 360-degree performance appraisal method, for example, cannot be applied equally in all cultures. In the Chinese culture, it is considered inappropriate for people in inferior positions (subordinates in the workplace) to express opinions counter to those of people in superior positions. Such a method is therefore

more suitable for cultures with low power distance and individualistic values rather than in collectivist and high power distance cultures. Moreover, different cultures may have different understandings of ratings. Arab culture, for example, is classified as high context and uses implicit messages. High context cultures and firms value flexibility, social harmony and cooperativeness.

The main challenge for HR managers is to make “explicit the implicit” through the use of formalized and “explicit” forms of performance appraisals. Several researchers have identified the difficulty of using explicit instruments in cultures that have long-held traditions of familial control, recognize the importance of face and practice diffuse values. On another note, the employee performance could be interpreted or valued in different ways due to differences in cultures, values and belief systems. For example, what is right/wrong or good/bad behavior could be interpreted differently by the individual collecting and evaluating the data, and this is due to cultural differences.

Even self-appraisal in collectivist countries is not appreciated because of the need for humility in self-presentation. In high power distance and collectivist cultures, feedback is usually initiated by the superior, who is considered trustworthy. It is indirect, non-confrontational, subtle and private. It is extremely rare to conduct face to face performance interviews in collectivist cultures. If the feedback is negative, it is usually not easy to give or receive. In cultures where the distinction between life and work space is blurred (i.e. diffuse cultures), negative feedback on one’s job performance is perceived as attacking the person’s personality. In such cultures, there is tendency to avoid giving negative feedback to save the employee from losing face. Even positive feedback is not well received in collectivist countries, since it may disturb group harmony and cause jealousy. The notion of giving feedback is not common and if given, it should be done in an indirect, private and non-confrontational way. For example, US-style performance appraisal processes are usually management by objectives (MBO). Employees work jointly with their boss to set objectives, assess their own performance, and comment on whether their boss has helped them achieve their targets or made things difficult for them. However, in Eastern countries, where open responses to seniors are discouraged, where admitting faults (by employees) or criticizing

(the employees) amounts to a loss of face and where criticizing the boss in front of that person would be seen as some sort of organizational suicide, the implementation of these performance appraisals would be different in subsidiaries operating in such countries. On the other hand, the person who gives the feedback in collectivist cultures should be in a senior position as well as respected for his/her wisdom and expertise. The feedback should also target a group rather than an individual.

Another important cultural factor is the loyalty to the superior that takes precedence over effective performance as measured by Western criteria in MENA (Middle Eastern and North African) countries. In collectivist cultures, loyalty to the in-group is also more important than productivity. High-performing employees within a group might be disliked by the group and thus might be perceived as disturbing the group harmony and/or might invoke jealousy. In this regard, “soft” performance criteria were highlighted in the Chinese appraisal context, such as loyalty, honesty, and maintaining a good interpersonal relationship with others.

It is clear that performance appraisal is “culture-bound”. However, the question remains: How can a standardized performance appraisal system be implemented in such a way as to ensure consistency across the multinational company’s subsidiaries while at the same time accommodating the cultural differences among subsidiaries?

Global Workforce Management: Compensation on a global scale, Current Trends and Considerations:

The global business environment is changing. As technology continues to help accelerate international expansion, more and more companies are reaping the rewards of an international presence. However, positioning your organization competitively involves creating a solid HR plan related to your workforce globalization.

For human resources professionals, obtaining and analyzing global HR data can provide some unique insights into these new markets, particularly as it applies to tailoring your workforce strategy and budget to your company's unique needs. After all, any critical expansion effort will involve shuffling around your talent, developing new international assignment policies and packages, and managing your employees across distant, challenging markets. The key here is catering to these local markets and having a deep understanding of different consumer demographics and trends.

Legislative Factors Impacting Global Talent Management

You can only globalize your workforce if you are able to operate within the local laws and regulations of many different countries. Naturally, there are several considerations that go along with this, many of which have a direct impact on HR strategic planning, including:

Minimum Wage Laws: You should be well versed in the pay regulations of any new countries you hope to operate within, or else you could possibly incur legal liabilities and other penalties. It's crucial to understand the various regional factors (like the pervasiveness of local labor inspectors and different approaches to compliance) and how they work together to shape the extent of enforcement — and the severity of punishments.

Local Employee Allowance Requirements: In many countries, companies are legally required to provide special allowances for designated functions. You will need the right data and insights to keep track of each country's statutory allowances to ensure that your compensation packages fall in line with local governance, while also maintaining competitive appeal.

Statutory Employee Benefits: While employee benefits serve roughly the same purpose everywhere in the world (that is, attracting and retaining talent), the benefits you will be *legally required* to provide can vary greatly. These could include anything from parental leave incentives to mandatory vacation time to even more obscure regulations. For example, did you know that in India, women are forbidden to perform factory work at night unless they have been granted special permission? That means no third shift work (or bonus pay) for women. Or, did you know that in Australia, employees could be entitled to as much as 12 weeks' salary after being fired? If you fail to comply with a country's statutory benefits, you could incur a number of penalties, ranging from fines to organizational dissolution.

Tax Laws: You should also ensure that any tax-related issues connected to international relocation/assignment or local pay are addressed. Tax burdens and other penalties can be greatly minimized if you manage your global workforce effectively, and that involves taking into account the specific standards and regulations of each new country.

It's for all these reasons (and plenty more) that organizations like to seek outside counsel to identify regulatory hazards during their workforce globalization efforts. Still, the complications don't stop there. You must also pay close attention to the many labor market disparities throughout the world if you want to truly succeed.

Local Labor Markets and Global HR Challenges

You should carefully analyze global HR data regarding local supply and demand, cost-of-living stats, unemployment rates, and other demographics before deciding whether or not a new market is a good fit for your company. Some important factors to account for:

Base Salary Differentials: Before sending an employee on an international assignment or attempting to attract local talent, take a moment to consider: What are the prominent pay trends of this new location? What is considered “attractive” to the local market? Base salary differentials can vary greatly based on job level, industry type, job function, and so on. Each of these can be further complicated by local labor market specifics like skill saturation, standard of living, and regional working conditions. As such, you should certainly seek out the aggregated local market data of any new area if you want to create the most affordable yet appealing compensation plans possible.

Market Spans of Control: Factors, such as physical size and exact job function, can help you determine the appropriate span of control needed for a new location. For example, if your international operations are to take place in a small call center, then you could probably get away with one supervisor overseeing all your employees. However, if there was a larger location in close proximity, then you could likely assign other high-level employees to oversee managers at several smaller outposts. Span of control expectations also vary across cultures, so geographic factors might play a significant role as well. If you wanted to understand the typical span of control of an office manager in Bulgaria or a manufacturing foreman in Germany, you should first reference specific market data before making any large and potentially costly decisions based on your own span of control assumptions.

Sending Talent vs. Sourcing Talent: Finally, you will need to consider how much organizational talent you will need to send overseas versus how much talent you can source from the local labor market. To do so, make sure you answer the following questions:

- *How will your workforce be determined?* If you are planning to relocate your existing talent, you must determine how many employees to send. Conversely, if you are not sending any existing talent, you will have to make sure that all your vacant positions can be filled locally. But first, you'll have to obtain a clear understanding of market-appropriate compensation and benefits packages to accurately benchmark for each new location.
- *What types of jobs will you need to fill, and what types of skills will your employees need to fill them?* You will need to be aware of the technical skills that are available (or lacking) in any new labor market before deciding on the most efficient way to fill your roles. Meanwhile, if you are relying on expatriate employees, make sure they have the proper skills required to thrive in a new or foreign environment. These skills could include anything from emotional intelligence to cultural adaptability to the ability to speak multiple languages, and they are all unique to the new particular job's location and industry.
- *How much should you pay?* International relocation pay rates are heavily influenced by the quality and cost of living of the local areas. Factors like local education quality and regional infrastructure should be taken into account, especially if the expatriate's family is expected to make the move too. And, be prepared to account for general lifestyle changes. After all, an employee moving to Singapore from New York might have a harder time adjusting than an employee moving from New York to Canada. As far as local talent is concerned, understanding the pay rates and compensation trends of your major competitors throughout the area can help you establish a viable workforce.

The Key to Successful Workforce Globalization

As you expand your operations, remember that your ability to create strategies that are globally consistent yet locally adaptable will be critical. After all, there is

no one trick that will work for every job in every location. At the end of the day, your global workforce management success will be fully dependent on your ability to reward the right talent with the right compensation packages, no matter the location.

7 Key Components of an International Compensation Programme

Components of an international compensation package, in addition to the normal salary and benefits offered in the home country, frequently include the following. These components are discussed below:

Components

1. Base salary:

For expatriates, the term base salary means the primary component of a package of allowances which are:

- (a) Foreign service premium,
- (b) Cost-of-living allowance,
- (c) Housing and utility allowance,
- (d) Basis for in-service benefits and pension contributions.

Base salary may be paid in home or local currency or in some hard currency like pound or dollar.

2. Foreign Service inducement/hardship premium:

Parent-country nationals often receive a salary premium as an inducement to accept a foreign assignment or as compensation for any hardship caused by the transfer. Such payments vary depending upon the assignment, actual hardship, tax paid to foreign governments and length of the assignment.

3. Allowances:

Various allowances are paid to expatriates depending upon the assignment. They include:

(a) The cost-of-living allowance (COLA):

It involves a payment to compensate the differences in expenditures between the home country and the foreign country.

(b) Housing allowance:

Implies that employees should be entitled to maintain their home-country living standards (or, in some cases, receive accommodations)

(c) Home leaves and travel allowances:

Is given to cover the expense of trips (usually once in a year) back home. These trips allow the expatriates the opportunity to renew family and business ties, thereby helping them to avoid adjustment problems when they are repatriated.

4. Education Allowances for Children:

Education allowances are given towards fees for the education of expatriates' children. Education allowances include items such as tuition, language class tuition, books, transportation and uniforms.

5. Relocation Allowances and Moving:

Relocation allowances usually cover moving, shipping; temporary living expenses, and down payments or lease-related charges.

6. Tax Equalisation Payments:

Many international compensation plans attempt to protect the expatriate from negative tax consequences by using a tax equalisation plan. Under this plan, the company adjusts an employee's base income so that the expatriates will not pay any more or less tax than if they had stayed in the home country.

7. Spouse Assistance:

To help guard against or offset income lost by an expatriate's spouse as a result of relocating abroad. Multinationals generally pay allowances in order to encourage employees to take up international assignments.

Ensuring smooth employee relations can be a challenge for any organization - let alone a globalized shared service structure having to deal with a number of different legislative frameworks and a variety of linguistic and cultural relationships. Yet it's a challenge which must be overcome; the old lesson that a happy workforce is a productive one is no less true today than ever, and while the tactics used on the ground may vary across geographies the strategic aims must remain the same: strong employee engagement working towards optimal productivity.

A key tension for shared services lies between corporate structures and policies, and local practices and legal parameters; aligning these two potentially quite different constructs, and keeping the gaps between them as small as possible, might not be a simple task but it's an unavoidable one in that a company at odds with its different environments will not achieve world-class status, while one that is able to work with its various local idiosyncrasies rather than against them is far more likely to succeed. Unsurprisingly the key to securing that success is talent.

Talent retention and development requirements are a major part of the core need for robust employee relations. Keeping your best people is a no-brainer in any and every part of the world, and a big paypacket isn't the only determining factor in a top employee's thought processes when he or she is faced with a new career opportunity (although a 2009 Society for Human Resource Management survey found that for 57% of employees pay's still "very important"). The creation of a secure and enjoyable working environment, with the possibility of personal professional development, is crucial for companies keen on keeping key talent - and the ability to bind different geographies together through a supportive and proactive corporate architecture creates opportunities for intra-organizational migration and advancement, and thence to the dissemination of fresh ideas and influences throughout the organization. In this way the geographical and cultural differences between distinct elements of the organization can become a great asset rather than the challenge they may originally have been.

"Give your top talent a good look at the ladder, and the possibility that they could climb right to the top; it's a quick win on a number of levels," says talent and resource specialist Seb Donovan. "And if they get the chance to see other aspects of the organization so much the better. The more familiar your top employees are with your company and its environment the more easily and effectively they can contribute towards eventual success."

An increasing number of globalised service delivery organizations are offering their curve-leading talent quarterly or even yearly postings to different corporate locations. Skills are much more transferable within an organization than outside it, and the more familiar the working environment, the simpler the adjustment from one location to another. This familiarity should include, of course, the "invisible blanket" of HR systems and structures supporting an employee making such an adjustment - and it should also feature consistency in the provisions companies make for the occasions when things go wrong in terms of ensuring homogeneity of grievance procedures, disciplinary issues and investigations, and separation agreements. In practice though this unity, and environmental homogeneity in general, are often well-nigh impossible to achieve.

Total homogeneity of processes isn't feasible in organizations operating in multiple languages but the laws of efficiency demand that at least a proximity to perfection in purely procedural terms should be a target for institutions whose very *raison d'être* are founded in process improvement, efficiency and effectiveness. However, when legislative frameworks and the relative strengths of organized labor vary so greatly from location to location, the temptation to differentiate employee relations practices and architectures is at least understandable and can be overwhelming (especially during negative economic climates: turning the screw somewhat on the workforce during a downturn, should that be corporate strategy, is a lot easier in locations with less entrenched and more industry-friendly labor legislation). A company that can minimize that differentiation whilst adhering to local requirements such as working hours, health and safety infrastructure, disciplinary and/or grievance issues and the like is one step closer to the unattainable.

Nevertheless while process homogeneity might be sought-after in some areas, great flexibility is required in others - as indeed it is even within non-globalized organizations. Applying a blanket and rigid homogeneity across all geographical locations would be catastrophic; what is sought is that aforementioned familiarity rather than an anyway-illusory global uniformity.

"The problem with global shared services that include any element of employee relations is that it is very difficult, yet vital, to recognize the differences in employment law, policies and procedures and culture that exists from one country to another," says Andy Cook of employee relations experts Marshall-James. "It is a misgiving to look upon employee relations as something

transactional that can be compartmentalized into a 'one size fits all' solution. This does not take account of the very fabric and relationships that make an organization work."

Companies will benefit from another variation on the talent theme: the importance of top employee relations talent in putting the corporate vision - whatever that may be - into practice. Implementation of any such vision or strategy on the ground - and this goes too for any serious change program - has to be carried out by those familiar with the corporate infrastructure, a knowledge and understanding which can only be generated within that infrastructure. It is immeasurably easier for those brought into the location to oversee change efforts, or to monitor and enhance that location's employee relations environment, to do so if they have a minimum of cultural and systemic disassociation to deal with. But if their very role is to implement the changes which will dampen any dissociating impulse, these individuals will not only have to represent the corporate vision but will have to find a way - the best way - to bind it to local custom.

Obviously this isn't a task for sub-optimal talent - and nor are those facing the teams which the corporate evangelists must create on-location. Establishing true synergy between corporate vision and local custom takes top local talent too (thus there needs to be a connection made very early on in the process of setting up in a new location between corporate employee relations specialists and someone or some entity which can act in an advisory capacity with regards to the local employee relations environment) - only in partnership at a personal and individual level will the partnership between location and organization reach fruition.

Global Employee Relations Issues

Several issues related to employee relations are often concerns in international situations. Health and safety issues may be of concern to employees overseas, and security has become a very difficult issue in certain areas of the world. The nature of labor unions and labor laws can be an important variable for managers from other countries when dealing with host-country national employees. Finally, maintaining the expatriate employee in an international position given the potential difficulties deserves attention. Global Health and Safety Safety and health laws and regulations vary from country to country, ranging from virtually

nonexistent to more stringent than in the United States. The importance placed on workplace safety varies among different countries. With more and more expatriates working internationally, especially in some of the less-developed countries, significant health and safety issues are arising, and addressing these issues is part of the HR role.⁴³ For instance, in many parts of the former Soviet Union, medical facilities are more primitive, treatment is not as available, and pharmaceuticals are less easily obtained. U.S. expatriates traveling to such countries as Turkmenistan and Tajikistan commonly take antibiotics, other medications, and syringes and needles with them in case they need them. Similar practices are recommended for those traveling or working in some African and lesser-developed Asian countries, including China. Another consideration is provision of emergency evacuation services. For instance, how to evacuate and care for an expatriate employee who sustains internal injuries in a car accident in the Ukraine or Sierra Leone may be a major issue. Many global firms purchase coverage for their international employees from an organization that provides emergency services, such as International SOS, Global Assistance Network, or U.S. Assist. To use such a service, an employer pays a membership fee per employee, and all employee travelers are given emergency contact numbers. If an emergency arises, the emergency services company will dispatch physicians or even transport employees by chartered aircraft. If adequate medical assistance can be obtained locally, the emergency services company maintains a referral list and will make arrangements for the expatriate to receive treatment. Legal counsel in foreign countries, emergency cash for medical expenses, and assistance in retrieving lost documents or having them reissued also are provided by emergency services firms.

International Security and Terrorism As more U.S. firms operate internationally, the threat of terrorist actions against those firms and the employees working for them increases. U.S. citizens are especially vulnerable to extortions, kidnapping, bombing, physical harassment, and other terrorist activities. In a three-month period in a recent year, several hundred terrorist acts were aimed at businesses and businesspeople. Many of these acts targeted company facilities and offices. Nevertheless, individual employees and their families living abroad must constantly be aware of security issues. Countries vary in the extent to which they are likely to see violence at the workplace. Figure shows the share of workers reporting violence on the job in different countries.

It should be noted, of course, that not all violence occurs at work. Kidnapping, murder, home invasion, robberies, and car-jackings are relatively frequent in some places. People who appear affluent are targets, and in some countries a

person can appear ostentatiously wealthy simply by wearing eyeglasses. Many firms provide bodyguards who escort executives everywhere. Different routes of travel are used, so that “normal” patterns of movement are difficult for terrorists to identify. Family members of employees also receive training in security. Children are told to avoid wearing sweatshirts with U.S. logos and to be discreet when meeting friends. In a number of countries schools for children of U.S. expatriates have instituted tight security measures, including sign-in procedures for visitors, guards for the grounds, and improved security fences and surveillance equipment. Firms themselves are taking other actions. For example, one U.S. firm removed its large signs from facilities in a Latin American country. Removal of signs identifying offices and facilities reduces the visibility of the firm and thus reduces its potential as a target for terrorist acts. Many international firms screen entry by all employees, and many use metal detectors to scan all packages, briefcases, and other items. Physical barriers, such as iron security fences, concrete barricades, bulletproof glass, and electronic surveillance devices, are common in offices.

Global Labor-Management Relations

The strength and nature of unions different from country to country. In some countries, unions either do not exist at all or are relatively weak. Such is the case in China and a number of African countries. In other countries, unions are extremely strong and are closely tied to political parties.⁴⁸ This is the case in some European countries. In still other countries, such as the United States and Great Britain, unions have declined in influence and membership during the last decade.

Some countries require that firms have union or worker representatives on their boards of directors. This practice is very common in European countries, where it is called co-determination. But signs of change in Europe are beginning to emerge.⁵⁰ Predictions are that in the next decade unions will have less power in Europe as competition worldwide forces change.⁵¹ However, union militancy is increasing in some lesser-developed countries, such as Brazil, Mexico, Poland, and Romania.

Differences from country to country in how collective bargaining occurs also are quite noticeable. In the United States, local unions bargain with individual employers to set wages and working conditions. In Australia, unions argue their cases before arbitration tribunals. In Scandinavia, national agreements with

associations of employers are the norm. In France and Germany, industry-wide or region-wide agreements are common. In Japan, local unions do the bargaining but combine at some point to determine national wage patterns. In spite of these differences, unions appear to have somewhat similar effects internationally in most situations regarding employment and provision of benefits.

Maintaining the Expatriate Employee

Problems associated with expatriate assignments have been noted throughout the chapter. Some interesting research on expatriates' psychological withdrawal from international assignments is reflected in the HR Perspective. Those problems are well-documented but not always dealt with very well by employers who need to send employees overseas. Yet, international strategies are threatened with ineffectiveness when those who are offered such international assignments refuse them or take them unwillingly.

Whether the problem is with the family, salaries, loss of visibility in the company, living conditions, danger, or whatever, the loss of good employees with international experience is a big issue for some organizations. For example, one executive noted that after spending three years of hard work overseas—generating millions of dollars in profit for the company—when it was time to come home, suddenly his supervisors were saying, “Where will we send him?” “What will he do?” “What will we pay him?” “Why won't he stay overseas?” Another notes that when his three years were over and he needed to come back to the United States because of his children's ages, his superiors quickly turned the discussion toward another three years abroad. In the end he became discouraged and gave up 18 years with the company to move to another firm in the United States. Behind the hype and the horror stories, there is one valid generalization about foreign assignments: They can pay professional and personal dividends, but they carry some real risks. The organizations that help their expatriates deal with the risks—and choose the right people for those very challenging assignments—ultimately share in the benefits with their successful employees.

MRE