

# INTRODUCTION AND OVERVIEW OF DOMESTIC HRM AND IHRM

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## 1.0 OBJECTIVE

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- Introduction to the concept of International HRM and the differences between domestic and international HRM
- Being an effective and efficient HR professional
- Four concentric circles of HR professionalism
- Introduction to the dynamic environment and roles of HR managers

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## 1.1 INTRODUCTION

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International Human Resource Management (IHRM) is involved with the management of employees in the three nation categories i.e. parent/home country, host country and third country. Simply it can be said as IHRM is done at international level. So, staffs are placed and work outside national boundaries. It deals with several external factors such as government regulations of foreign country. There is greater complexity involved in handling different people from different countries as they work outside the national boundaries.

Domestic Human Resource Management (DHRM) is involved with the management of employees in only one or single country. Simply it can be said as DHRM is done at national level. So, staffs are placed and work within the national boundaries. It deals with few and limited external factors so it is less complicated as compared to IHRM due to less influence from external factors. It is relatively easy to handle the employees as they belong to same country and all employees works inside the national boundary.

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## 1.2 DIFFERENCE BETWEEN IHRM VS HRM

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It emerges that international HRM practices have to be different from those of domestic HRM. It is characterized by more and varied HR activities, need for broader perspective, more involvement in employees' personal lives, high emphasis on change in employee mix, high risk exposure, and more external influences. Let us go through the discussion of these characteristics and identify how international HRM differs from domestic HRM.

- **More and Varied HR Activities:** As compared to domestic HRM, in international HRM, there are more and varied HR activities. In international HRM, the volume of the same HR activities which are relevant for domestic HRM too increases because these activities have to be performed in a different context.

For example, when employee is chosen for an international assignment, he needs additional training which would enable him to adjust in the new environment. This training will be in addition to training meant for skill development for performing the job effectively. There are many HR activities in which this type of situation emerges.

This will be taken up while going through the discussion of international HR activities. Variety in HR activities exists in international HRM because many activities are undertaken which are performed in international HRM only, for example, managing visa and completing various formalities which are necessary for an employee to perform job in an overseas location. There are several such activities.

- **Need for Broader Perspective:** As compared to domestic HRM, international HRM requires much wider perspective in respect of almost all HR activities. It implies that HR managers have to consider a variety of factors in making decisions on any issue of international HRM. Many of these factors are not relevant in the case of domestic HRM.

For example, while fixing international compensation packages, HR managers have to take into account the cost of living of different international locations to bring some kind of parity among employees working at different locations. Similarly, fringe benefits have to be provided to suit conditions of different locations. There are many such activities which require much broader perspective.

- **More Involvement in Employees' Personal Lives:** As compared to domestic HRM, HR managers are required to have more involvement in employees' personal lives in the case international HRM. This higher level of involvement is required to ensure that the employees are suitably placed in an international location with which they are not well familiar. This lack of familiarity may be on a number of factors like housing, health care practices, meeting of legal requirements of host country, etc.

In many cases, the number of such factors may be quite large. In order to take care of such factors, many organizations prefer to have a special unit in their HR department, known as 'International Human Resource Service'. The basic logic behind creation of such a unit is to provide specialized service which is relevant only in the case of international HRM.

- **High Emphasis on Change in Employee Mix:** In international HRM, high emphasis is placed on change in employee mix particularly in terms of nationality of employees. Very often, it happens that when an organization establishes a business in a foreign country, it recruits more number of employees from the country of its origin.

However, in order to have a favourable image in the country of its operations, it recruits and develops local (host country) personnel. As a result, over the period of time, the proportion of local employees becomes sizeable. This strategy is adopted by most of the multinationals. This process is taken on gradual basis.

- **High Risk Exposure:** There is high risk exposure in international HRM as compared to domestic HRM. The risk involved may be of

different types (political, regulatory, etc.) in an international business. However, HR-related risk may be in the form of lack of suitable HR practices meeting local requirements, social-cultural risk in the form of non-acceptance of parent country nationals as employees, etc.

Such risk may have serious consequences in many cases like social boycott of parent country nationals, kidnapping of employees or harassing them in other forms, and in extreme case, takeover of the business by the local government on the plea of not meeting local HR-related conditions. Therefore, HR managers have to be careful in making decisions on issues of international HRM.

- **More External Influences:** A maxim of managing a business is-farther away a business goes, more influences it has to face. This is true for international HRM too. As compared to domestic HRM, international HRM activities are influenced by a variety of external factors. HR managers are required to deal with a new set of socio-cultural milieu, political and legal system, etc.

Not only they have to change their mind set to work in this new set but they have to train the employees to adjust with the new set. In fact, effectiveness of HR depends to a very great extent on the degree of such an adjustment.

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### **1.3 THE PROFESSIONALISM OF HRM**

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In order to understand what HR professionalism is we first have to break down what it means to be a professional. The term professional could be an individual who is a qualified member of a professional body, someone who continuously updates their knowledge, is competent, and uses their skills in practice. Professionalism could be interpreted as the use of specialist knowledge necessary to perform a particular type of work or role.

One way the CIPD measure professionalism is through their code of conduct which can be broken down into 4 sections as shown below:

1. Professional Competence and Behaviour
2. Ethical Standards and Integrity
3. Representative of the Profession
4. Stewardship.

These codes of conduct apply to everyone who is registered with the CIPD regardless of size, sector or specialism. These particular areas help in maintaining and being an effective and efficient HR professional.

#### **1.3.1 AN EFFECTIVE AND EFFICIENT HR PROFESSIONAL**

To be effective and efficient as a HR professional there are many skills that need to be learned and developed. The below list outlines some of the key skills required:

- Effective time keeping skills
- Project management skills being
- Analytical and critical thinking
- Good communication skills
- Ability to build and manage relationships.

An effective technique for HR professionals is to use an “outside in” approach where business trends are identified by looking at competitors or other businesses and seeing how they can be utilised internally. Having the company’s priorities in mind is key, as well as being able to give a good service to your customers. HR should look at both individual abilities as well as organisational capabilities in order to maximise their outputs. HR should look at achieving sustainable and integrated solutions rather than isolated activities like staffing and compensation programs. Past HR practices should be developed and adapted to become more efficient and effective in current practices.

### 1.3.2 THE THINKING PERFORMER

The Thinking performer is one of four different types of people within an organisation .These four types of people are:

- 1) The Lifetime Liability – the employee who neither performs nor thinks.
- 2) The Wish-List Dreamer – the thinking non-performer who if he has ideas, keeps them to themselves.
- 3) Automated Bureaucrat – the non-thinking performer who does what he’s told and no more.
- 4) Thinking Performer – the ‘strategic activist’ employee who adds value through continuous challenge and self-imposed improvement goals.” (CIPD, 2007).

A HR professional should always aim to be a Thinking Performer who is proactive in driving their business forward whilst adhering to organisational rules and regulations. The status quo should be challenged in order to improve current practices and find the most effective solutions. As a HR professional you should understand your customers in order to develop services that meet their needs and therefore meets your organisational goals. Feedback via word of mouth, mystery shoppers and surveys should also be sought as this is a key component of understanding your customers (CIPD, 2007).

### 1.3.3 CIPD PROFESSIONAL MAP

To understand how professionalism can be conveyed in a HR role we can refer to the CIPD professionalism map below:

“The 2013 Map defines the building blocks of effective people management practice ... that underpin good practice regardless of specialism. It’s also

flexible, so you can choose what to focus on depending on your area of work, the level of accountability you have in your role, and your career development ambitions.” (CIPD (n.d), 2013)

The CIPD map above is broken down into the following sections (CIPD, 2013):

1. **Insights, strategy and solutions** – This is to help establish an understanding of the organisation and use these insights to tailor strategy and solutions to meet organisational not only for short term goals but also for long term.
2. **Leading HR** – Lead the way for a Hr professional by acting as a role model, by helping further your contributions either in Hr or across other areas of the business as well as developing and measuring others across the organisation.
3. **Organisation design** – Ensure the organisation is designed to deliver maximum impact both for the present goals and the future.
4. **Organisation development** – This can be done by Identifying organisational and individual capability and use this to help align strategy, people and processes to optimise effectiveness and achieve organisation goals.
5. **Resourcing and talent planning** – Ensure that the organisation has the right resource, capability and talent as well as an active effective strategy to achieve ambitions now and in the future.
6. **Learning and development** – By working on your own as well as organisational capability and knowledge to meet current requirements, and create a learning culture to embed capability development.
7. **Performance and reward** – Help create and maintain a high-achieving culture by delivering programmes that reward and recognise key employee capabilities, skills, behaviours, experience and performance, and ensure that reward systems are fair and cost-effective.
8. **Employee engagement** – Work to strengthen the relationships between employees colleagues and their work so that they make a greater contribution towards organisational objectives.
9. **Employee relations** – Ensure that the relationship between the organisation and its employees are managed appropriately effectively and efficiently underpinned by organisation standard, polices and ultimately by relevant law.
10. **Service delivery and information** – Ensure that you have customer-focused HR delivery across the entire service and a implementing processes and project management to enable effective and cost-efficient HR service delivery as well as analysing its utilisation.

### 1.3.4 FOUR CONCENTRIC CIRCLES OF HR PROFESSIONALISM

The four concentric circles help show you where HR professionalism can be slotted into, these are:

- 1) Managing self
  - 2) Managing in groups/teams
  - 3) Managing upwards
  - 4) Managing across the organisation
- 1) Managing self refers to the ability to manage your own skills knowledges and behaviours by keeping them up to date. Without these skills your relationships with colleagues or other individuals may not be as effective.
  - 2) Managing in groups or teams could involve working with other HR professionals or other colleagues to help solve organisational problems or working with other key stakeholders.
  - 3) Managing upwards, as a HR professional we are required to work closely with our managers and senior professionals within the organisation. Without this any organisations strategies or plans will struggle to be implemented across the wider organisation.
  - 4) The last circle of professionalism refers to 'managing across the organisation'. Once a plan has been created it is then up to the HR professionals to set these plans into motion across their organisations (Taylor, 2016, p75).

### 1.3.5 PROVIDING EXCELLENT SERVICE

In order to be successful in HR one key element is to make sure your customers are getting what they need. This could be by replying to queries within a timely manner, being able to be flexible with customers and expanding your knowledge to help give customers what they want. Friendliness is also key in HR as you have to be someone who your customers want to approach for any HR related queries. To provide a high-quality service to customer a HR professional should give transparent and accurate information to their customers. While implementing any communications or solutions it is necessary to comply with the policies and procedures set out within the HR role.

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## 1.4 INTERNATIONAL TRENDS IN THE LABOUR FORCE

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The labor market is where the demand and supply of labor interact. That is an example of a factor market, which is a market for production factors transactions.

In this market, businesses demand labor services offered by households. As compensation, they pay salaries or other forms of benefits such as insurance and pension plans.



To pay for households, businesses sell products. And, households spend some proportion of their income on businesses' products and save the rest. In economics, you can draw the flow of demand, supply, and income into a diagram, which we call a circular flow of income.

In the labor market, businesses compete to recruit quality workers. Meanwhile, workers compete for the most satisfying compensation and jobs.

- The International Labour Organization (ILO) released the World Employment and Social Outlook Trends 2022 (WESO 2022), providing a comprehensive assessment of how the labour market recovery has deployed across the world.
- It reports a slow and uncertain recovery, as the pandemic continues to have a significant impact on global labour markets, with different national approaches to tackle the crisis.

The report examines the impacts of the crisis on global and regional trends in employment, unemployment, and labour force participation, as well as on job quality, informal employment and working poverty.

It analyses global patterns, regional differences and outcomes across economic sectors and groups of workers, and offers labour market projections for 2022 and 2023.

**The main outcomes are the following:**

- **Global labour markets struggle to recover:** the Covid-19 pandemic dominated the global economy also in 2021 and recovery is following different patterns across geographies and sectors. ILO expects total hours worked globally in 2022 below the pre-pandemic level when adjusted for population growth, corresponding to a deficit of 52 million full-time equivalent jobs (assuming one week of work). Global unemployment is expected to reach 207 million in 2022, exceeding the 2019 level by about 21 million. The outlook is most negative for Latin America and the Caribbean and South-East Asia. These provisions have deteriorated since the projections made in the previous edition of World Employment and Social Outlook.
- **Pandemic disruptions, structural deficiencies and new risks reduce the potential for decent work to be created:** the impact of the crisis also depends on structural deficiencies and inequalities between countries. In many developing countries, informal enterprises have been less able to access formal lines of credit or Covid-19-related government support. There is the need for concerted policies to accelerate labour market recovery, tackle inequalities and return the global economy to a path of sustainable growth.
- **Labour market recovery is unequal and incomplete:** Labour market recovery is faster in high-income countries and unequal within countries. The pandemic has started to induce economic changes that



could become structural, with enduring implications for labour markets, deepening various forms of inequality, from exacerbating gender inequity to widening the digital divide.

- **Temporary work as a buffer in times of economic uncertainty:** as in previous crises, temporary employment created a buffer against the shock of the pandemic. While many temporary jobs were terminated or not renewed, alternative ones were created, including for workers who had lost permanent jobs. On average, the incidence of temporary work did not change.
- **Prevention of long-lasting damage requires a comprehensive human-centred policy agenda:** the WESO Trends also offers a summary of key policy recommendations aimed at creating a fully inclusive, human-centred recovery from the crisis at both national and international levels. They are based on the Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis that Is Inclusive, Sustainable and Resilient, that was adopted by the ILO's International Labour Conference in June 2021. Recovery will require the successful implementation of four key pillars: inclusive economic growth and development, protection of all workers, universal social protection, and social dialogue.

#### 1.4.1 WHAT ARE THE TYPES OF THE LABOR MARKET

The labor market can be a primary market or a secondary market.

- The primary market is for permanent full-time workers.
- The secondary market is for temporary or part-time workers.

The supply of labor can come from internal or external to the organization.

- Internal market is common for large or multinational companies. In this case, supply and demand take place within an organization. Companies move employees from one business unit to another.
- External markets occur in open markets, where businesses compete with each other (including competitors) for labor.

In the internal market, management has more in-depth knowledge about the labor supply quality, including related to the skills, talents, strengths, and weaknesses of their employees. Another advantage is that the company is quite free from market pressures because it is determined internally. Lastly, internal recruitment can reduce retention among existing staff.

However, external talent brings more ideas than internal staff. Also, open markets provide more alternatives for selecting prospective employees. It also offers more power in salary negotiations.

#### 1.4.2 HOW DOES THE LABOR MARKET WORK?

The labor market works similar to the goods market. It's just that the roles of business and household are reversed.

In the goods market, economists use price as the primary determinant of the quantity supplied and the quantity demanded of a good. In the labor market, wages represent labor services' price and determine the demand and supply of labor.

In the labor market, businesses and households meet to transact labor services. Firms represent the demand side, and households represent the supply side.

Supply-demand interactions determine the level of wages and employment. Higher salary encourages more labor supply. But, it reduces the demand for labor. The equilibrium wage rate is reached when the quantity of labor supplied equals the labor demanded.

### **1.4.3 LABOR DEMAND**

Demand for labor increases as wages fall. And vice versa, demand falls as wages rise. As a result, the labor demand curve has a downward slope (negative slope).

The law of diminishing marginal return explains the negative slope of the labor demand curve. The law says, when a company employs more workers, each additional worker contributes less to output. Because additional workers contribute less to additional output, businesses are willing to increase the workforce only when wages fall.

The change in the wage rate causes the labor demanded to move along the curve. Meanwhile, changes in factors other than wages shift the curve to the right or left. Such factors include:

Changes in production level, in the aggregate, it is measured by economic growth.

- Changes in production processes and technological advances
- Quality of human resources
- Number of companies in the market
- Government regulations such as local labor recruitment and wage policies

### **1.4.4 LABOR SUPPLY**

The law of supply also applies to the labor market. As wages rise, the labor supplied increases. Conversely, a reduction in wages reduces the labor provided. Hence, the labor supply curve is upward sloping (positive slope).

The concept of the marginal rate of substitution explains why the labor supply curve slopes upward. Economists assume that workers spend their time on two things: work and leisure. The two are interchangeable, meaning that there is less time relaxing when more time is spent working. Free time is relatively scarce, and therefore individuals are willing to work if they receive higher wages.

Changes in wages affect the labor supplied to move along the curve. Meanwhile, shifts in the labor curve are influenced by factors other than wages, such as population, immigration, worker expectations, and income levels.

### **1.4.5 EQUILIBRIUM IN THE LABOR MARKET**

As in the product market, the labor market equilibrium occurs when the quantity supplied matches the quantity demanded. At that point, the number of employed workers and the equilibrium wage are determined.

A higher wage than the equilibrium wage indicates an excess supply. Workers will compete for available jobs and inevitably receive low salaries. This, in turn, drives demand. The process continues until demand equals supply.

Conversely, when wages are below equilibrium, there is a shortage of supply. Cheaper wages keep production costs low, which encourages businesses to increase output. They then recruited more workers. Because wages are still low and there is a shortage of supply, companies agree to offer higher than current wages to attract more workers.

But, in the short term, wages may not change so quickly to equilibrate the market because of the rigidity that results from the employment contract. Also, government controls, such as minimum wages, can limit wage reductions.

Furthermore, at high wage levels, workers may be reluctant to work more. They prefer to replace work time with free time (unpaid time). Thus, instead of increasing supply, higher wage increases lead to a decrease in labor supply. Therefore, if you plotted it on a graph, it would form a backward-bending supply curve of labor.

### **1.4.6 WHAT ARE THE FACTORS THAT AFFECT THE LABOR MARKET?**

Apart from wage levels, many factors influence the labor market. Among the factors that influence the supply of labor are:

- Population growth, including factors such as birth and death rates. Higher population growth means greater the potential labor supply.
- Age distribution. The supply increases if the population is mostly composed of people of productive age.
- Labor mobility, including geographic mobility and occupational mobility. The first is related to the ease with which workers can move locations, which is influenced by factors such as wages, transportation networks, housing (housing), and career opportunities. The second term is related to movement from one position to another, which is influenced by factors such as education and skills.

- Net immigration is the difference between people who come to a country (immigrants) and people who leave the country (emigrants).
- Globalization increases labor mobility between countries.
- Availability of education and training centres affects the supply of qualified workers.

Meanwhile, the demand for labor depends on factors such as:

- Business profits are usually related to the conditions of the business cycle. The demand for labor decreases during an economic recession. In this period, business profits fall because aggregate demand decreases. Businesses stop hiring and choose to rationalize workers as they cut production. Conversely, the demand for labor increases during economic expansion.
- Minimum wages. Some companies offer low wages to support low operating costs. But, because the government imposes a minimum wage, they cannot do it. Hence, the minimum wage limits their demand to recruit workers.
- Wage subsidies. For example, the government provides incentives or wage subsidies for companies that employ or retain older workers. The purpose of subsidies is to compensate for the gap between wages and productivity of older workers.
- Policy on the recruitment of local labor. It affects demand because it reduces the flexibility of firms in choosing workers.
- Production processes and technological advances. Automation, for example, reduces the need for labor to operate production machines.
- Quality of human resources. Some jobs require more professional qualifications, so when the quality of local human resources does not meet the criteria, domestic labor demand is also low.
- Number of companies. More companies mean more demand for labor.

#### **1.4.7 WHAT ARE THE LABOR MARKET INDICATORS?**

You can find statistics on the labor market at the central statistics agency, the World Bank, the OECD, or other agencies. You will probably come across a myriad of variables about the labor market. In the following, I will try to summarize key observed labor indicators.

- Unemployment rate is the ratio of the number of unemployed people to the total labor force. The numbers go up during a recession and fall during an economic expansion. Changes in the unemployment rate affect aggregate demand because it impacts the income and consumption of goods and services by the household sector.

- Labor force is the number of people who have jobs or are actively looking for work. Its growth can be used to measure a country's potential GDP.
- Labor force participation rate. You can calculate this by dividing the labor force by the total working-age population. Together with the unemployment data, we can figure out how many people are actually unemployed.
- Labor productivity measures how much output a worker can produce in an hour. For aggregate figures, you can calculate this by dividing GDP by the aggregate number of hours worked. Like the growth of the labor force, increasing productivity can also increase a country's potential GDP.
- Average weekly hours in manufacturing. These statistics often move up and down before the economy changes direction. Early in a recession, businesses are more likely to cut overtime than laying off their labor. That's because the recruitment cost is more expensive. But, if the recession is still going on, and maybe getting worse, they have more confidence to cut their workforce.

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## **1.5 THE IMPACT OF THE ENVIRONMENT, COMPETITION AND THE DYNAMICS OF THE LABOUR FORCE ON HRM**

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The environment has a significant impact on human resources since it has driven businesses to focus on hiring skilled individuals. It also influences the amount of technical progress and the degree of salary disparity between regions. It also has an indirect impact on human resources through influencing the internal environment, such as the company's culture, policies, procedures, and goals.

### **1.5.1 THE IMPACT OF THE ENVIRONMENT ON HUMAN RESOURCES MANAGEMENT**

In the workplace, human resources is a department responsible for managing all aspects of the workforce. The human resources environment is one of the elements of the social environment that includes everything related to human resources and the benefits they provide. HRM refers to the administrative responsibilities related to recruitment, development, and protection of the employees to carry out an organization's work and reach its goals.

A human resource's external environment' contains many factors. These factors are beyond the boundaries of the organization and beyond the control of human resources, and therefore any change of these elements constitutes a danger to the organization, we attribute this to the fact that the organization is not separate from the outside world, but rather it's an open

system that Impact and is affected by the outside world, and thus the emergence of opportunities and threats.

Consequently, it is critical for human resources strategic planning to consider external factors to make human resources decisions more efficient and effective in the face of challenges and opportunities, The following are some of the external factors:

- **Technological factors:** Innovations and developments in technology alter the way businesses operate since they enable them to grow, better their image with stakeholders, and so generate more revenues, as well as the opportunity to raise employee compensation.

As a result, individuals with a technical talent that allows them to use technology in their work are becoming more valuable, and this includes employees in various departments, including human resources officials.

As it has become possible to carry out various human resources management processes electronically, technological development helps human resources to develop their way of working and their management of the human element, such as the development of selection processes, recruitment, training, performance evaluation, and determining salaries and wages.

Technological development contributes to reducing human resources costs, for example, the organization may find, as a result of its use of new technology, that it needs two workers instead of three, and remote work reduces the costs of space and transportation.

Employees who are successful in utilizing old technology may be dissatisfied with technological change and progress since it is different from what they are accustomed to, and the need for employees with high technical abilities may grow, as will the expense of employee training.

- **Economics factors:** The organization is affected by various economic factors, such as the general economic situation, economic policies, GDP, and inflation, and the changes that occur in the organization as a result of various economic factors are reflected in the change in human resources management, for example, the deterioration of the economy contributes to an increase in unemployment rates, forcing human resources management to reduce the number of employees.

This means that when it comes to human resources planning, it's critical to consider not only the current economic situation and how it's changing, but also to prepare for economic downturns and crises at both the local and global levels.

Because of globalization, the world has become more interconnected, the local economy is influenced by the global economy. The larger

the country's economy and the more open it is to the world, the greater its impact on the global economy, which means that the global economy has an impact on human resources management.

- Labor market: Organizations demand people with certain talents to carry out their tasks, resulting in fierce rivalry for qualified manpower. To compete in this market, the company must improve and plan its human resources management, and it may benefit from training courses to improve its competitiveness.

Individuals demonstrate their ability to create the supply side of the labor market despite demographic differences such as gender, the salary they demand, marital status, and educational attainment.

New people enter the labor market regularly, but experienced workers retire, necessitating the search for a qualified replacement. This necessitates career succession planning, and it is possible to benefit from Advanced Selection, Interviewing, and Recruitment training course to learn how to deal with this challenge even better.

- Employer requests: Human resources differ from one industrial sector to another, as each has its own set of characteristics, necessitating the adaptation of human resources management to these characteristics, as well as the training and recruitment of employees to suit them.

Similarly, the changes that organizations are facing necessitate changing human resources management's requirements for the workforce required to meet these changes, as well as training current employees on new skills to adapt to these changes. Such as continuous employee development and empowerment training course.

- Legal factors: The legal environment comprises numerous government-enacted legislation that the human resources department must follow. If the human resources department fails to consider the legal elements of its job, it may face issues with the legal authorities, which might lead to the organization's closure.

The business is in danger of new regulations requiring human resources management to adapt to change to avoid difficulties with the government, which might have an impact on all human resources management operations.

### **1.5.2 HOW DOES A COMPETITIVE ENVIRONMENT AFFECT BUSINESSES?**

Your competitors can directly affect your business and the decisions you make. Let's imagine two online clothing stores that pose a threat to each other in terms of business development and profit. One of them decides to conduct a flash sale before Christmas and provide their customers with 40% off sitewide. The other store will also need to come up with a great offer to attract leads and customers, raise sales, sell unpopular products and, as a result, gain revenue.



Similarly, if one coffee company brings out a new product to the market, their competitor will need to consider growth hacking. Thus, competition can be beneficial as it motivates companies to get better and improve their products.

A competitive environment also has a positive effect on customers. Businesses often offer high-quality goods at an affordable price to win the attention of consumers. Besides, companies have to bring out their products through innovations. However, competition can sometimes complicate the existence of a business. Let's take two companies within one location, for example. If one of them sets low prices and discounts, it will be difficult for the second company to compete.

Now that you know how a competitive environment influences your business and customers, it's time to proceed to the types of competition that define the relations between and among sellers and customers.

### 1.5.3 TYPES OF COMPETITIVE ENVIRONMENT

It's essential to understand what types of competitive environments there are to assess the economic environment in business. You should know how companies and markets function so that you can analyse industry and market news, policy changes, and legislation in the future. Let's distinguish the main types of competitive environments and review each of them in detail.

- **Pure competition.** In a perfectly competitive environment, many small companies produce similar products, and many consumers buy them. These manufacturers are small, and thus they can't influence the price, defined by supply and product demand. For example, when a farmer brings dairy products to the local market, this person can't change the market price and agrees with the going one.
- **Monopolistic competition.** In this environment, many manufacturers produce different products, although they might serve the same purpose. Customers can distinguish the products because of the differences in quality, features, etc. Businesses actively use advertising to promote their products and convince consumers that they are not like other products and have better quality. Companies in monopolistic competition are price makers, which means that they can influence the product price. However, to justify the price increase of their products, they should offer something exclusive to be unlike other businesses, for example, improve the quality of their goods.
- **Oligopoly.** In this market model, there's a small number of businesses, usually two or more. It's considered stable as companies don't compete but collude to obtain high market returns. Firms set and keep prices high together or under the leadership of one particular company. In an oligopoly, profit margins are higher than in a more competitive environment. However, the main problem of this market structure is that businesses often face a prisoner's dilemma, an

incentive to cheat and act in their interests at the expense of other companies.

- **Monopoly.** There's one company that produces a unique product. This manufacturer doesn't face any competition, and the product doesn't have any substitutes. Also, a monopolist decides on the product's price and sets barriers for new companies to enter the market.

Perfect competition, monopolistic competition, oligopoly, and monopoly are the four main market structures you should be aware of when entering the market. Now it's time to move to the competitive environment analysis.

#### **1.5.4 COMPETITIVE ENVIRONMENT ANALYSIS**

To develop a great marketing strategy, you need to understand your competitors and their tactics. At this point, you need a competitive analysis framework to reach your business opponents. Let's discuss several most popular frameworks.

- **SWOT Analysis.** You can assess the external and internal factors that influence your company. This framework helps you identify competitive advantages, compare your opponents' strong and weak sides on different marketing channels, and define your further marketing steps.
- **Strategic Group Analysis.** This framework characterizes the strategies of all strong competitors in various strategic dimensions. It allows you to identify your competitors' positions in the competitive environment and the factors that bring your business a profit. It also enables you to identify the key aspects of success and assess your position among competitors.
- **Porter's Five Forces.** The basis of this framework lies in exploring the competitive market forces in the industry and helping define the industry's strengths and weaknesses. It involves five elements: new entrants, buyers, suppliers, substitutes, and competitive rivalry. These five influence the level of competition in your industry.
- **Growth-Share Matrix.** By using this framework, you can decide which products are worth investing in according to their competitiveness and attractiveness within the market. It's particularly useful for large companies since it helps them define their product portfolios and decide which products are worth continuing to invest in and which are no longer worth it.
- **Perceptual Mapping.** This framework allows you to see the position of your product against the alternatives of your competitors. It enables you to understand how your customers perceive your product compared to competitors' and whether your positioning strategy matches your target audience. It can also help you find the gaps you need to resolve.

To fully understand different market structures, let's walk you through some examples.

### **1.5.5 EXAMPLES OF COMPETITIVE ENVIRONMENT**

Every business plan of even a small firm contains a section about competitive environment analysis. As you already know from the information above, it includes all the external factors that influence your business and the product or service you offer.

Let's take electronics, for example. Samsung is a company founded in South Korea that specializes in electronic and smart appliance technology. Their competitors include Apple, Sony, Huawei, Intel, and many more, which is why Samsung's team tries to create a product that is better than competitors' alternatives using innovations that can attract prospects.

Changes in technology or the way customers buy products can influence the types of competitive environments. For example, Amazon changed products' distribution and customer expectations. Introduced innovations influenced the number of consumer goods companies and opened markets for small firms that previously had no opportunity to compete with more prominent companies.

Your business can find itself in different types of competitive environments. That's why it's critical to understand the difference between them and be ready to assess industry and market news, policy changes, and legislation.

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## **1.6 INTRODUCTION TO THE DYNAMIC ENVIRONMENT AND ROLES OF HR MANAGERS**

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Human resource management is responsible for the recruitment, selection, training, and motivation of the organization's employees. Human resource management (or HRM) is therefore concerned with the fundamental task of defining and analysing jobs in organizations. Other HR tasks include:

- Planning human resource needs within the organization
- Staffing the organization's needs (once those needs have been identified)
- Compensating and motivating employees
- Appraising employee behaviour and providing effective and constructive feedback
- Enhancing the human potential within the firm
- Improving the workplace environment and using the human resource capital within the organization to reach strategic goals
- Maintaining effective work relationships
- Globalizing the human resource management function within the firm

Although the HRM department in many organizations does not perform all of these functions, the last three decades have seen a trend moving in this direction. We will now discuss each of these functions in greater detail.

### **1. Planning HR Needs**

The planning function of human resource management involves two major activities: strategic planning and short- and medium-range planning. These two activities include the process of planning and synchronizing HR needs with the strategic mission of the firm. Such strategic objectives may include increasing market share, revenue growth, product or service diversity, profit margins, and planning for financial obligations, etc. Planning activities are also essential for effectively performing numerous other critical HR activities. For example, HR planning will help the organization better understand how many and what type of employees the organization will need in the future. HR planning also addresses how the firm obtains and trains future human capital.

### **2. Staffing the Organization's Needs**

Once the organization's human resource needs have been linked to the organization's strategy, positions must be filled. Staffing involves recruiting job applicants (also known as candidates), and then selecting the most appropriate applicants for the available jobs. It should be noted that staffing applies both to external candidates (those not currently employed by the firm) and internal candidates (those currently employed by the firm). While engaging in the process of recruitment, it is important that the organization cast a wide net to ensure a full and fair search for potential job candidates. Recruiting is an extremely important HR function, because if organizations don't attract a wide range of candidates, they will be less likely to successfully fill organizational needs. Once candidates have been identified, they must be selected for the job. Common selection techniques include obtaining completed application forms, interviewing candidates, reviewing education and formal training verifications, and administering various formal and informal tests to determine fit and potential with the organization. All selection procedures must comply with various pieces of federal and state human rights legislation. The goal of the selection process should be to create a match between a candidate's ability and the requirements of the job.

### **3. Compensating and Motivating Employees**

Once employees are on the job, it becomes necessary to determine how well they are doing and to reward them accordingly. There are several important aspects of compensation. For example, employees are generally rewarded on the basis of the value of the job, their personal contributions, and their performance. Although rewards based on performance can increase an employee's motivation to perform, other forms of compensation are given simply for being a

member of the organization. Those rewards that are directly linked to performance on the job are often referred to as direct compensation. On the other hand, compensation that is given simply for being a member of the organization is often referred to as indirect compensation.

#### **4. Appraising Employee Behaviour**

A performance appraisal (also known as a performance review, performance evaluation, or career/development discussion) is a method by which an employee's job performance is evaluated. Although many managers and employees avoid performance appraisals, they are critically important for both measuring and monitoring an employee's contribution. Performance appraisals are frequently the basis for promotions, trainings and raises, as well as terminating employees. As such, it is critically important that they accurately reflect the performance of employees. For example, if an employee is chronically absent, can't get along with co-workers, or is consistently late to work, the employee's performance appraisal should reflect those things.

#### **5. Enhancing Human Potential**

Over the last several decades, the HRM field has seen a substantial interest in both formal and informal training and development. A number of studies even suggest that many millennials entering the workforce today are more concerned with the ability to grow and develop personally than they are with their direct compensation. In today's global and chaotic environment, many firms use training and development activities to remain competitive.

#### **6. Improving the Workplace Environment**

Many organizations today strive to improve the quality of work life, implementing productivity improvement programs as well as improving health and safety at work. While in the past the primary health and safety focus was on the physical work environment, there is now a growing concern about the psychological work environment. Many firms realize that their strategic and competitive advantage is directly impacted when the employees' work environment is poor. Similarly, many organizations, such as Google, are doing all they can to build a creative and open workplace.

#### **7. Maintaining Effective Work Relationships**

After an organization has hired the employees it needs, it must take good care of them. In addition to compensation and a healthy and safe environment, firms must provide conditions that will make it attractive for employees to stay. As part of this function, organizations must establish and maintain effective working relationships with employees. Over the last several decades, employees have gained substantial rights within the workplace. As a result, employment

decisions such as discharges, layoffs, and demotions must be made with care and good reasons. It is absolutely critical that management be aware of employee rights and not violate them. The HR manager is in an excellent position to inform managers about these rights.

## 8. Globalizing HRM

As the world becomes more interdependent and the easy exchange of information becomes commonplace, it is of paramount importance that HR managers learn from the HR practices, policies, and activities of other countries. Furthermore, as organizations become more global, it is essential that organizations develop and implement HRM policies with international applicability, also making them relevant to employees from diverse cultures and backgrounds.

In analysing these eight separate HR functions and activities (planning, staffing, compensation/motivation, performance appraisal, training and development, improving the workplace, relationship building, and globalization), it is important to view them independently as well as together, as many HR functions directly influence each other. In other words, performance in one activity often depends on the performance of another. It should be noted that in most work environments, all HR functions and activities operate within the constraints of the internal and external environments (discussed in Section 1.4). As such, all eight functions should be viewed as a unit, necessarily interrelated, and subject to a multitude of forces and events that help shape an organization's HR policies. Finally, in order to help the firm achieve its organizational and strategic goals, human resource (HR) policies and practices must be congruent with the organization's overall strategy.

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## 1.7. SELF-ASSESSMENT QUESTION

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### FILL IN THE BLANK

1. IHRM is involved with the management of employees in the three nation categories i.e. \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.
2. HR should look at both \_\_\_\_\_ as well as organisational capabilities in order to maximise their outputs.
3. \_\_\_\_\_ can be done by Identifying organisational and individual capability and use this to help align strategy, people and processes to optimise effectiveness and achieve organisation goals.
4. \_\_\_\_\_ Work to strengthen the relationships between employees colleagues and their work so that they make a greater contribution towards organisational objectives.
5. \_\_\_\_\_ refers to the ability to manage your own skills knowledges and behaviours by keeping them up to date.

6. \_\_\_\_\_ as a HR professional we are required to work closely with our managers and senior professionals within the organisation.
7. The \_\_\_\_\_ is for permanent full-time workers.
8. The \_\_\_\_\_ is for temporary or part-time workers.
9. \_\_\_\_\_ is the difference between people who come to a country and people who leave the country.
10. Many small companies produce similar products, and many consumers buy them is known as \_\_\_\_\_
11. Many manufacturers produce different products, although they might serve the same purpose is known as \_\_\_\_\_ environment.
12. The planning function of human resource management involves two major activities \_\_\_\_\_ and \_\_\_\_\_
13. \_\_\_\_\_ are frequently the basis for promotions, trainings and raises, as well as terminating employees.

#### TRUE OR FALSE

1. DHRM is involved with the management of employees in only one or more country.
2. The term professional could be an individual who is a qualified member of a professional body, someone who continuously updates their knowledge, is competent, and uses their skills in practice.
3. Past HR practices should be developed and adapted to become more efficient and effective in current practices.
4. The Lifetime Liability – the thinking non-performer who if he has ideas, keeps them to themselves.
5. Automated Bureaucrat – the non-thinking performer who does what he's told and no more.
6. Managing in groups or teams could involve working with other HR professionals or other colleagues to help solve organisational problems or working with other key stakeholders.
7. Internal market is common for smaller or national companies.
8. External markets occur in open markets, where businesses compete with each other (including competitors) for labour.
9. Higher population growth means greater the potential labour supply.
10. Availability of education and training centres does not affects the supply of qualified workers.
11. A competitive environment also has a positive effect on customers.
12. In an oligopoly, profit margins are lower than in a more competitive environment.



13. A monopolist decides on the product's price and sets barriers for new companies to enter the market.
14. The goal of the selection process should be to create a match between a candidate's ability and the requirements of the job.
15. Once employees are on the job, it becomes necessary to determine how well they are doing and to reward them accordingly.

### **WRITE SHORT ANSWERS**

- Q1. What is international HRM?  
Q2. How is domestic HRM different from international HRM?  
Q3. What is the impact of HRM with regards to technology?

### **ANSWERS**

### **FILL IN THE BLANK**

1. parent/home country, host country and third country.
2. individual abilities
3. Organisation development
4. Employee engagement
5. Managing self
6. Managing upwards
7. primary market
8. secondary market
9. Net immigration
10. Pure Competition environment.
11. Monopolist Competition
12. strategic planning and short- and medium-range planning.
13. Performance appraisals

### **TRUE OR FALSE**

False (1, 4, 7, 10, 12)

True (2, 3, 5, 6, 8, 9, 11, 13, 14, 15)

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## **1.8 SUMMARY**

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International Human Resource Management (IHRM) is involved with the management of employees in the three nation categories i.e. parent/home country, host country and third country. Domestic Human Resource Management (DHRM) is involved with the management of employees in only one or single country.

As compared to domestic HRM, in international HRM, there are more and varied HR activities. In international HRM, the volume of the same HR

activities which are relevant for domestic HRM too increases because these activities have to be performed in a different context.

As compared to domestic HRM, international HRM requires much wider perspective in respect of almost all HR activities. It implies that HR managers have to consider a variety of factors in making decisions on any issue of international HRM. There is high risk exposure in international HRM as compared to domestic HRM. HR managers are required to deal with a new set of socio-cultural milieu, political and legal system, etc

The term professional could be an individual who is a qualified member of a professional body, someone who continuously updates their knowledge, is competent, and uses their skills in practice. To be effective and efficient as a HR professional there are many skills that need to be learned and developed. A HR professional should always aim to be a Thinking Performer who is proactive in driving their business forward whilst adhering to organisational rules and regulations.

The labour market is where the demand and supply of labour interact. The Covid-19 pandemic dominated the global economy also in 2021 and recovery is following different patterns across geographies and sectors.

The environment has a significant impact on human resources since it has driven businesses to focus on hiring skilled individuals.

The human resources environment is one of the elements of the social environment that includes everything related to human resources and the benefits they provide.

The planning function of human resource management involves two major activities: strategic planning and short- and medium-range planning. Once the organization's human resource needs have been linked to the organization's strategy, positions must be filled.

There are several important aspects of compensation. A performance appraisal (also known as a performance review, performance evaluation, or career/development discussion) is a method by which an employee's job performance is evaluated.

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## 1.9 KEY WORDS

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International Human Resource Management (IHRM): is involved with the management of employees in the three nation categories i.e. parent/home country, host country and third country.

Domestic Human Resource Management (DHRM): is involved with the management of employees in only one or single country.

The Lifetime Liability: the employee who neither performs nor thinks.

The Wish-List Dreamer: the thinking non-performer who if he has ideas, keeps them to themselves.

Automated Bureaucrat: the non-thinking performer who does what he's told and no more.

Thinking Performer: the 'strategic activist' employee who adds value through continuous challenge and self-imposed improvement goals.

Managing self refers to the ability to manage your own skills knowledges and behaviours by keeping them up to date.

Managing in groups or teams could involve working with other HR professionals or other colleagues to help solve organisational problems or working with other key stakeholders.

Managing upwards, as a HR professional we are required to work closely with our managers and senior professionals within the organisation.

Primary market: is for permanent full-time workers.

Secondary market: is for temporary or part-time workers.

Internal market is common for large or multinational companies. In this case, supply and demand take place within an organization.

External markets occur in open markets, where businesses compete with each other (including competitors) for labor.

Labour Demand: the amount of labour that employers seek to hire during a given time period at a particular wage rate.

Labour Supply: the amount of labour, measured in person-hours, offered for hire during a given time-period.

Equilibrium labor market: the labor market equilibrium occurs when the quantity supplied matches the quantity demanded.

Population growth: including factors such as birth and death rates. Higher population growth means greater the potential labor supply.

Age distribution: The supply increases if the population is mostly composed of people of productive age.

Labor mobility: including geographic mobility and occupational mobility.

Net immigration: is the difference between people who come to a country (immigrants) and people who leave the country (emigrants).

Globalization: increases labor mobility between countries.

Availability of education and training centres affects the supply of qualified workers.

Business profits are usually related to the conditions of the business cycle.

Minimum wages: Some companies offer low wages to support low operating costs.

Wage subsidies: The purpose of subsidies is to compensate for the gap between wages and productivity of older workers.

Production processes and technological advances: Automation, for example, reduces the need for labour to operate production machines.

Quality of human resources: Some jobs require more professional qualifications, so when the quality of local human resources does not meet the criteria, domestic labor demand is also low.

Number of companies: More companies mean more demand for labour.

Unemployment rate: is the ratio of the number of unemployed people to the total labor force.

Labor force: is the number of people who have jobs or are actively looking for work.

Labor force participation rate: You can calculate this by dividing the labor force by the total working-age population.

Labor productivity: measures how much output a worker can produce in an hour.

Average weekly hours in manufacturing: These statistics often move up and down before the economy changes direction.

Pure competition: In a perfectly competitive environment, many small companies produce similar products, and many consumers buy them.

Monopolistic competition: In this environment, many manufacturers produce different products, although they might serve the same purpose.

Oligopoly: In this market model, there's a small number of businesses, usually two or more.

Monopoly: There's one company that produces a unique product.

SWOT Analysis: You can assess the external and internal factors that influence your company.

Strategic Group Analysis: This framework characterizes the strategies of all strong competitors in various strategic dimensions.

Porter's Five Forces: The basis of this framework lies in exploring the competitive market forces in the industry and helping define the industry's strengths and weaknesses. Growth

Share Matrix: By using this framework, you can decide which products are worth investing in according to their competitiveness and attractiveness within the market

Perceptual Mapping: This framework allows you to see the position of your product against the alternatives of your competitors.

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## SELECTING AND MANAGING INTERNATIONAL WORKFORCE

### Unit Structure

- 2.0 Objective
- 2.1 Introduction
- 2.2 The influences of cross cultural issues on organisations
  - 2.2.1 What are the Cross-Cultural Teams?
  - 2.2.2 The Challenges of Managing a Cross-Cultural Team
  - 2.2.3 Tips to foster cross-cultural working relationships
- 2.3 Selection, evaluation and coaching of international employees
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    - 2.3.1.2 Staffing Approaches
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  - 2.3.3 Performance Evaluation System
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- 2.4 Developing Planning, Communications and Intercultural skills to manage a cross cultural workforce
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- 2.6 Compensation and performance measure: an international perspective
  - 2.6.1 What Is Performance and Compensation Management?

## 2.6.2 What Are the Four Types of Compensation?

## 2.6.3 What Is Performance Compensation?

## 2.7 Self-Assessment questions

## 2.8 Summary

## 2.9 Key words

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# 2.0 OBJECTIVE

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### To Learn:

- What are the cross-cultural teams?
- The challenges of managing a cross-cultural team
- Tips to foster cross-cultural working relationships
- The 4 essentials of cross-cultural training
- How to manage a multicultural team what is cross-cultural communication?
- How to effectively coach employees?
- What is the focus of employee coaching?
- What is employee coaching?
- Performance evaluation system
- Criteria for selecting expatriates.

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# 2.1 INTRODUCTION

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Whenever an organization expands its operations to other countries, it tends to become multicultural and will then face the challenge of blending various cultures together. The managerial personnel entering another nation need to adjust their leadership styles, communication patterns and other practices to fit their host country. Their role is to provide fusion of cultures in which employees from both countries adjust to the new situation seeking a greater productivity for the benefit of both the organization and the people of the country in which it operates.

When managing a global workforce, there are a variety of important factors to consider that you may not otherwise think about when managing a fully domestic team. With employees working from countries all across the world, here are a few elements to keep in mind:

**Cultural differences:** Global workforces comprise employees from a variety of geographic locales that subscribe to different cultural norms in terms of workplace conduct, productivity expectations and management styles. When managing a global workforce, it's essential to be mindful of and respect these differences.

**Language barriers:** While some team members from countries around the world may speak English depending on their professional background and

education, others may speak different languages. This can create a language barrier that may impact communication efficacy, so managers often need to accommodate language variances.

**Time zones:** Employees in global locations often work according to varying time zones, which can significantly affect an organization's ability to communicate in a timely manner, make projections of productivity and have a cohesive workflow. With this, it's important to design workflow with consideration of employees' respective time zones.

**Collaboration challenges:** It can often be challenging for employees who work in various time zones and have cultural differences or language barriers to collaborate with one another. Therefore, managers of global workforces often need to be purposeful in designing opportunities for streamlined collaboration.

**Community gaps:** In a global workforce, it's common for employees to work remotely or in different offices. This can create gaps in an organization's community, so it's important for managers to offer engaging opportunities for social connection and team-building regularly.

**Employment regulations:** Countries around the globe have different employment regulations regarding factors like hiring processes, benefits, time off and holidays. With this, managers must be careful to adhere to each of these regulations so that organizations fully comply.

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## 2.2 THE INFLUENCES OF CROSS CULTURAL ISSUES ON ORGANISATIONS

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Cross culture in the business world refers to a company's efforts to ensure that its people interact effectively with professionals from other backgrounds. Like the adjective cross-cultural, it implies a recognition of national, regional, and ethnic differences in manners and methods and a desire to bridge them.

### 2.2.1 WHAT ARE THE CROSS-CULTURAL TEAMS?

Cross-cultural teams are global teams that include people who come from different cultures and unique experiences. Companies fail to consider these fundamental differences within a team, leading to conflicts and frustration that can be easily thwarted once you gain a quick understanding of the individuals in a team.

These differences can stem from communication styles and individual frame of references. For example, members in some countries are willing to work more than the stipulated hours of work, even working remotely from home. On the other hand, workers in different countries may not consider working beyond the said hours except in emergency situations, and their mobile devices are switched off when they leave the office.

Another major difference of style in a cross-cultural team is the communicating pattern of each team member. While some team



members vociferously voice their unfiltered opinions and ideas, those from hierarchical cultures tend to think a lot before raising their voice. So, how can you make sure that in such a team all the ideas of the members are heard equally and manage the team effectively?

### **2.2.2 THE CHALLENGES OF MANAGING A CROSS-CULTURAL TEAM**

Though teams are now an accepted norm in planning, strategizing and operating throughout several organisations, team management is still in an evolving phase. On top of it, when you unleash an additional element of diversity, it results in various challenges.

#### **HERE ARE THE TOP BARRIERS IN MANAGING A CROSS-CULTURAL TEAM:**

##### **1. COMMUNICATION AND EXPRESSION**

The nuances of communicating in a way such that everybody is on the same page is a key concern in cross-cultural teams. Everybody might be speaking the same language and be well-versed in English, but certain forms of slang or colloquialism can often be misinterpreted.

Teamwork is a collective onus and all members have to understand the direction of the discussions clearly. Communication problems are often found in virtual teams where there is no face to face interaction.

For instance, it could be an international virtual team or virtual teams within the same country or city that have to collaborate and finish a task. In either case, both teams have to make their email and telephonic conversations as clear as possible to mitigate any misunderstanding.

They also have to develop a working style of responding promptly to queries, for if this is not happening, it can get really confusing. Care has to be taken with a cross-cultural mix of people with regards to the words used. Even mildly sarcastic comments or jokes can be taken seriously by a team member and result in a conflict.

For instance, your German counterparts may not appreciate your attempts at small talk, as they usually prefer to get down to business immediately. Also, making a Hitler joke might land you in serious trouble!

##### **2. INFORMATION GAPS**

Everybody should be on the same wavelength to stay on top of data and process flows. There should be no manual effort to reconcile information from different sources. Each and every team member needs to have access to the right resources at the needed time to collaborate and complete their tasks.

This especially becomes a challenge with virtual cross-cultural teams. Having a common software with access to a shared database and enabling the sharing of files, online chats, scheduling and jointly tracking projects becomes very important. Effective means to share resources and access resources in a timely manner is a challenge.

#### **i. WORK STYLE**

Every team member has a unique work style that is predominantly dictated by their culture. Some work cultures value individual contribution and foster individual opinions.

All fingers are not the same. This also applies to employees who are individuals with distinct personalities. With unique styles, individualistic team members tend to come out as aggressive while the not-so individualistic ones merge into the team and may seem to contribute less. Despite the differences in the work style, it is vital to filter and get the best out of every team member's work style.

#### **ii. INFLUENCES**

There can be chances that a section or group of the team has similar cultural identity or homogeneity. They may attempt to dominate the process and try to influence the entire team to swing their way. As a result, it can create unnecessary tensions and a frustrating environment for other team members.

Team and group dynamics can be a major concern in a cross-cultural team. This can lead to unnecessary group politics and conflicts within a team.

#### **iii. MOTIVATION FACTORS**

Normally, companies have a single-threaded motivation and rewards system that is largely determined by the norms and values of the company. It does not account for the distinct motivational factors of a cross-cultural team.

The motivators for employees can range from tangible benefits of increments, bonus, incentives, career progression and intangible benefits that include recognition, job satisfaction, encouragement, etc.

It is important to recognise what motivates each individual to excel in their role so that you can drive them aptly towards performance. In the absence of a proper catalyst, the team members may lack enthusiasm and be less engaged at work.

How to Manage a Cross-Cultural Team?

### **2.2.3 TIPS TO FOSTER CROSS-CULTURAL WORKING RELATIONSHIPS**

#### **c. GET TO KNOW EACH TEAM MEMBER**

It is essential for the team leader to take the time and get to know each team member. Learn about their story and journey. This will help you analyse individual skills and leverage the knowledge to help the group. You might uncover specialised skills that can be beneficial to everyone and also understand the personality of the member at the same time.

#### **d. ADOPT FLEXIBILITY**

According to a book named the Cultural Map, scheduling and decision making are two key workplace values that greatly vary across cultures. Assessing these values can go a long way to understand the priorities of your team members. For example, different cultures prioritise either flexibility or a linear time construct to finish a task.

#### **e. PROMOTE OPEN COMMUNICATION**

Give every team member a chance to voice their opinions. An open communication line is essential for greater efficiency. Otherwise, team members feel under-appreciated and dominated by either the management or the dominant players in the group.

When attempting to reach a consensus through virtual meetings, plan ahead and ensure to send the agenda well in advance to actively solicit each team member's opinions.

#### **f. ENCOURAGE TEAM BUILDING ACTIVITIES**

When a mix of cultures is trying to come together in a team, organisations should make every effort to create opportunities for casual interactions. Happy hours, team outings, lunch and learn, birthday parties, pantry banter, etc. help employees to bond with each other despite their differences. Encourage team members to interact during their downtime and through social events.

#### **g. LISTEN ACTIVELY**

Don't let faulty assumptions and biases to govern your decision making. For instance, the Mumbai team is never responsive, the Singapore members don't take directions well or the Chennai team wastes many hours in the morning waiting for the Dubai office to wake up.

These types of biases can eradicate trust and prevent collaboration. Instead, a leader should pause and attempt to understand why certain locations or members of a team operate differently. If you overlook

the local cultures, considerations, needs that impact each team member, it can lead to unnecessary friction.

Ask questions, listen to your team members and develop the flexibility to manage across different cultures. Listen and enquire more to learn different ways to motivate and mobilise groups with different thought processes.

**h. CREATE A STRUCTURE FOR SUCCESS**

When you have a multicultural team, you are bound to have different work styles. This doesn't mean everybody should go haywire and work according to their own methodology. It is up to the leader to establish clear norms and help the members to adhere.

Rather than imposing a style, leaders should take the necessary steps to explain the importance of certain norms and train the members to partake in these efforts. When establishing the norms, try to implement practices from multiple cultures to create uniformity.

**i. ADDRESS CONFLICT IMMEDIATELY**

If a conflict ensues regardless of your efforts, make sure to address it promptly before it is too late. Understand different cultural perspectives at play and try to resolve the conflict by taking the middle path. A leader should serve as a cultural bridge to connect different members of the team and bring unison.

**j. CREATE A CROSS-CULTURAL AWARENESS PROGRAM**

You can teach your members how to interact with others in different regions and countries effectively. Training and awareness can include sessions on greetings, business etiquette and dining customs. This will help to dissolve the tension and educate members on the prevalent cultural styles of other team members.

This will also enable you to identify and embrace cultural differences rather than ignoring them altogether. Organisations will be able to create resilient global teams and better relationships with clients, customers across the globe.

**k. DEVELOP A TEAM IDENTITY AND CLEARLY DEFINE ROLES AND RESPONSIBILITY OF MEMBERS**

In a team, it's important that all members understand the common goal. Having a shared goal and a common purpose will give your team an identity that can bring them together. At the same time, clearly outline the expectations of each team member and let everyone know that their contribution matters.

Break down the common goal into actionable steps that define each member's role and responsibilities. This way, everyone will

collaborate and work together without stepping on each other's territory.

## I. BUILD GREAT RAPPORT AND TRUST

Building work relations and trust cannot happen overnight. Take the steps to slowly build an environment for collaboration. Respect individual differences and understand them to build unity in a culturally diverse team.

## 2.3 SELECTION, EVALUATION AND COACHING OF INTERNATIONAL EMPLOYEES

### 2.3.1 INTERNATIONAL STAFFING APPROACHES

Organisations involved in international business can be divided into four types international strategies, Global, Multi-domestic, Transnational and International strategy.

When a MNE has identified their strategy they look to international markets for potential growth strategies. Management beliefs are a serious matter, because it decides how an organisation views itself in relation to it wants and needs to manage human resources in different countries. Employees who mix with the organisation's culture and have the ability to engage in the working environment, is extremely useful, for an international human resource manager in the selection process.

Nestle, for example, is hiring employees who have the necessary skills required to perform actual tasks and whose style, beliefs, and value system needs to be the same as the organisation. Factors such as local values and international trade theories need to be taken into consideration when managers create a strategy for international markets. Ethnocentric, polycentric, geocentric and region-centric is perspectives that managers themselves present and characterise into question.

### A. INTERNATIONAL STRATEGIES.



## 1. GLOBAL STRATEGY.

A firm using a global strategy sacrifices responsiveness to local requirements within each of its markets in favour of emphasizing lower costs and better efficiency. This strategy is the complete opposite of a multi-domestic strategy. Some minor modifications to products and services may be made in various markets, but a global strategy stresses the need to gain low costs and economies of scale by offering essentially the same products or services in each market.

Microsoft, for example, offers the same software programs around the world but adjusts the programs to match local languages. Similarly, consumer goods maker Procter & Gamble attempts to gain efficiency by creating global brands whenever possible. Global strategies also can be very effective for firms whose product or service is largely hidden from the customer's view, such as silicon chip maker Intel. Lenovo also uses this strategy. For such firms, variance in local preferences is not very important, but pricing is.

## 2. Multi- Domestic Strategy.

A firm using a multi-domestic strategy does not focus on cost or efficiency but emphasizes responsiveness to local requirements within each of its markets. Rather than trying to force all of its American-made shows on viewers around the globe, Netflix customizes the programming that is shown on its channels within dozens of countries, including New Zealand, Portugal, Pakistan, and India. Similarly, food company H. J. Heinz adapts its products to match local preferences. Because some Indians will not eat garlic and onion, for example, Heinz offers them a version of its signature ketchup that does not include these two ingredients. Outback Steakhouse uses the multi-domestic strategy in the multiple countries where it operates, adapting to local eating preferences but not lowering prices significantly.

## 3. Transnational Strategy.

A firm using a transnational strategy seeks a middle ground between a multi-domestic strategy and a global strategy. Such a firm tries to balance the desire for lower costs and efficiency with the need to adjust to local preferences within various countries. For example, large fast-food chains such as McDonald's and Kentucky Fried Chicken (KFC) rely on the same brand names and the same core menu items around the world. These firms make some concessions to local tastes too. In France, for example, wine can be purchased at McDonald's. This approach makes sense for McDonald's because wine is a central element of French diets. In Saudi Arabia, McDonalds serves a McArabia Chicken sandwich, and its breakfast menu features no pork products like ham, bacon, or sausage.

#### 4. International Strategy.

Firms pursuing an international strategy are neither concerned about costs nor adapting to the local cultural conditions. They attempt to sell their products internationally with little to no change. When Harley Davidson sells motorcycles abroad, they do not need to lower their prices or adapt the bike to local motorcycle standards. People in other countries buy a Harley particularly because it is different from the local motorcycles. Buyers want the American look and the sound and power of a Harley, and will pay for that differentiation. Belgium chocolate exporters do not lower their price when exporting to the American market to compete with Hershey's, nor do they adapt their product to American tastes. They use an international strategy. Starbucks and Rolex watches are other examples of firms pursuing the international strategy.

#### B. STAFFING APPROACHES.

Once the organisation has chosen their international strategy, they can now choose and apply one of four staffing approaches in order to manage their staff in an efficient manner in the organisation.

1. **Ethnocentric approach.** Countries with branches in foreign countries have to decide how to select management level employees. **Ethnocentric** staffing means to hire management that is of same nationality of parent company.

When a company follows the strategy of choosing only from the citizens of the parent country to work in host nations, it is called an ethnocentric approach. Normally, higher-level foreign positions are filled with expatriate employees from the parent country. The general rationale behind the ethnocentric approach is that the staff from the parent country would represent the interests of the headquarters effectively and link well with the parent country. The recruitment process in this method involves four stages: self-selection, creating a candidate pool, technical skills assessment, and making a mutual decision. Self-selection involves the decision by the employee about his future course of action in the international arena. In the next stage, the employee database is prepared according to the manpower requirement of the company for international operations. Then the database is analysed for choosing the best and most suitable persons for global assignments and this process is called technical skills assessment. Finally, the best candidate is identified for foreign assignment and sent abroad with his consent.

2. **Polycentric approach.** When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a polycentric approach. The purpose of adopting this approach is to reduce the cost of foreign operations gradually. Even those organizations which initially



adopt the ethnocentric approach may eventually switch over to the polycentric approach. The primary purpose of handing over the management to the local people is to ensure that the company understands the local market conditions, political scenario, cultural and legal requirements better. The companies that adopt this method normally have a localized HR department, which manages the human resources of the company in that country. Many international companies operating their branches in advanced countries like Britain and Japan predominantly adopt this approach for recruiting executives to manage the branches."

3. **Geocentric approach.** When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a geocentric approach. Companies that are truly global in nature adopt this approach since it utilizes a globally integrated business strategy. Since the HR operations are constrained by several factors like political and ethnical factors and government laws, it is difficult to adopt this approach. However, large international companies generally adopt the geocentric strategy with considerable success.

For international recruitment, especially on foreign soil, organizations generally use manpower agencies or consultants with international connections and repute to source candidates, in addition to the conventional sources. For an effective utilization of the internal source of recruitment, global companies need to develop an internal database of employees and an effective tracking system to identify the most suitable persons for global postings.

4. **Region-centric approach.** The **Geocentric Approach** is one of the methods of international recruitment where the Multi-National Companies recruit the most suitable employee for the job irrespective of their Nationality.

The Regio centric approach uses managers from various countries within the geographic regions of business. Although the managers operate relatively independently in the region, they are not normally moved to the company headquarters.

The Regio centric approach is adaptable to the company and product strategies. When regional expertise is needed, natives of the region are hired. If product knowledge is crucial, then parent-country nationals, who have ready access to corporate sources of information, can be brought in.

One shortcoming of the Regio centric approach is that managers from the region may not understand the view of the managers at headquarters. Also, corporate headquarters may not employ enough managers with international experience.

### 2.3.2 CRITERIA FOR SELECTING EXPATRIATES.

International human resource is a decisive factor of an organisation's position and is widely recognized as an influencing factor for failure and success of international business environments. International human resource involves developing human resource capabilities to meet the diverse needs multinationals organisations. Human resources and competitive international economy are cannot be easily too duplicated, as factors of production and can, therefore, provide a competitive advantage for the organisation.

For the human resource practitioner in charge, it can be challenging to determine what selection criteria to use when selecting employees for international assignments. The factors involved in the expatriation selection is, Technical Ability, Cross-Cultural Suitability, Family Requirements, Organisation-Specific Requirements, Language and MNE requirements. These factors are all related so they should not be revised separately. Technical Ability, Cross-Cultural Suitability and Family Requirements, are the factors related to the individual, and the Organisation-Specific Requirements, Language and MNE requirements are mostly influenced by the working situation they need to enter.

- **Technical Ability.**

For the selected candidate to perform a task, technical and the needed managerial skills is necessary. The assessment of the potential candidate is usually based on their previous working experience, where statements and evaluation records from the candidates superiors is available. When the candidate needs to solve a problem in a new international business environment, it must be noted that experience is not that serious. Technical abilities are fundamentally the knowledge required to carry out a task; technical abilities is associated to the working of tools. An example of technical abilities can be that financial managers need to make use of business appraisal tools to assess and set up financial statements like the income statement and balance sheet.

- **Cross-culture suitability.**

“According to Dowling and Welch, (2004) important Things to consider when assessing the candidates cross-culture suitability, is language skills, culture empathy, the attitude toward new cultures and the level of personnel and emotional stability.” In practice, it is not easy to evaluate the cross-culture suitability of a candidate as it is hard precisely know what factors should be included. The multinational enterprise (MNE) emphasizes the importance of expatriate's abilities to create and maintain a natural relationship, but means to measure such abilities is not always accurate enough. Efficient relationships for example, an analysis of the hypothesis that culture with evident male dominance is more belligerent and it can be perplexed, because the mock-up of cultures is not autonomous.

- **Family Requirements.**

The success, of the expatriate abroad can be influenced by spouse/family, MNE's sometimes focuses too little on the impact that family may have on the expatriate. Families find it difficult to adjust as they can suffer from segregation due to the subjection to integrate into new environments. A higher level of organisational assistance in the primitive phases of expatriation usually links with a higher level of adjustment by the spouse.

- **Organisation-Specific Requirements.**

The human resource practitioner needs to consider the organisations requirements before selecting a candidate, host country governments can stop the transfer of expatriates. The host government, is the ones that issue the working permits and visas to the expatriates, therefore, the parent country need to prove that there is no available host national country. Legislations and changes of the employee must be addressed; assignments abroad means that the expatriate must move to another country with family to remote or war-torn environments, where living conditions can be challenging. Some host countries do not issue work permits to females, this can make it difficult, for the spouse to adapt. An organisation-specific requirement is implemented during the formation of an independent relationship flanked by computer resources, which includes the evaluation of the comparative precedence between default recommendation and alternative recommendation; and using the highest precedence recommendations to set up a link among the computer resources.

- **Language skills.**

Language skill is a significant factor, knowledge of the host country's language can be considered essential for many top level management positions, along with the aptitude to communicate successfully. Knowledge of the host country's foreign language helps the expatriates and their families/spouse feel more contented in the new environment. When adopting a corporate language, which is different from what the, expatriate local, language, is a fundamental that language skills need to be viewed as selection criteria.

- **Multinational enterprise (MNE) requirements.**

The MNE's requirements have an enormous impact on the decisions and which selection criteria to use. Training skills are very important, so that expatriates can train locals and emphasize negotiating skills in new international business environments. The period of the

assignment is another factor influencing family/spouse. “According to Harris and Brewster, (1999) they suggested that international managers has many similar characteristics as those managers working in less complex environments, but are in need of additional skills regarding to handle the problems that may arise internationally.”

Technical abilities is an important factor in the case of selecting international staff, it provides the employee with the basic understanding of what is included in their tasks and what they believe they are capable of doing. The multinational enterprise (MNE) view the experience of expatriate as very important, prolong experience is needed to have the appropriate knowledge to develop a successful organisation.

### 2.3.3 PERFORMANCE EVALUATION SYSTEM

A performance evaluation system must contain periodic review of operations so that the objectives of the firm are accomplished. It is important to have the accounting information to evaluate domestic and foreign operations' costs and profitability's.

It is not all that simple to measure the performance of an individual, a division, a subsidiary, or even a company as a whole. It is a lengthy and hectic process. The objectives of performance evaluation are to –

- Find the economic performance of the firm
- Analyse each unit's management performance
- Monitor the progress of objectives, including the strategic goals
- Assist in appropriate allocation of resources

#### a. **FINANCIAL AND NON-FINANCIAL MEASURES OF EVALUATION**

**ROI (Return on Investment)** – ROI is the most common method to evaluate the performance of an international firm. It shows the relationship between profit to invested capital and encompasses almost all important factors related to performance. An improved ROI can act as a logical motivator of the managers.

**Budget as Success Indicator** – Budget is an accepted tool for measuring and controlling the operations. It is also used to forecast future operations. A budget is a clearly expressed set of objectives that guide the managers to set their individual performance standards. A good local or regional budget helps the company to facilitate its strategic planning process smoothly.

**Non-Financial Measures** – The major non-financial measures that can be used to evaluate performance are – Market Share, Exchange Variations, Quality Control, Productivity Improvement, and Percentage of Sales.

## b. TYPES OF PERFORMANCE EVALUATION SYSTEMS

Performance evaluation systems can be of the following types –

- **Budget Programming** – Budget programming is prepared for operational planning and financial control. It is an easy-to-calculate system to evaluate the variance. It is used to measure the current performance in relation to some comparable performance metric from the past.
- **Management Audit** – It is an extended form of financial audit system which monitors the quality of management decisions in financial operations. It is used for appraisal and performing audit for management.
- **Programme Evaluation Review Technique (PERT)** – Based on CPM, PERT delineates a given project or program into network of activities or sub-activities. The goal is to optimize the time spent by the managers. In this process, performance is measured by comparing the scheduled time and the cost allocated with the actual time and the cost.
- **Management Information System (MIS)** – MIS is an ongoing system designed to plan, monitor, control, appraise, and redirect the management towards pre-defined targets and goals. It is a universally acceptable practice which encompasses the financial, budgeting, audit and control systems of the PERT.

### 2.3.4 WHAT IS EMPLOYEE COACHING?

The Society of Human Resources Management (SHRM) defines Employee coaching as ‘a training method in which a more experienced or skilled individual provides an employee with advice and guidance intended to help develop the individual's skills, performance and career.’ Unlike mentoring coaching is frequently used to assist individuals as they prepare for or move into new assignments, improve work habits, adapt to a changing environment or overcome specific obstacles. It is a process of guiding the person being coached from one level of competency to another.

According to Insala (2020), coaching and mentoring are both career development programs that are great for your employees, the differences are very important to understand:

1. **Length of Relationship:** Coaching relationships are typically shorter
2. **Focus of Goals:** Coaching is used to achieve very specific goals that revolve around employee productivity and performance
3. **Coach-Driven Relationship:** It is the coach's responsibility to drive the relationship by setting tasks for the coached to complete.
4. **External Coaches:** Coaches are usually hired from an outside source and are not part of the organization.

According to a 2015 survey from the International Coach Federation (ICF) and the Human Capital Institute (HCI). The survey found that 51% of respondents from organizations with strong coaching cultures reported revenue above that of their industry peer group, and 62% of employees in those organizations rated themselves as highly engaged. Respondents reported business improvements in the following five areas:

- Improved team functioning.
- Increased engagement.
- Increased productivity.
- Improved employee relations.
- Faster leadership development.

#### **A. WHAT IS THE FOCUS OF EMPLOYEE COACHING?**

Employee coaching programs holistically help employees develop their skills to become more productive and proficient in performing their tasks. It is a collaborative practice that happens between a manager and employee solely focusing on goals, room for improvements, and strategic steps to achieve success consistently. The focus of performance coaching is not to make the employee feel bad, nor is it provided to show how much the HR professional or manager knows. The goal of coaching is to work with the employee to solve performance problems and to improve the work of the employee, the team, and the department. Furthermore coaching focuses on the employees' strengths and weaknesses, their natural skillsets and personal goals, and then help provide them with a clear pathway to achieving them, as well as the company's goals, using performance data and feedback.

Managers can use performance coaching to help employees who are effective contributors improve and become even more effective contributors. The time managers spend in performance coaching with their key performing employees is time well spent. It is more likely to produce increased results for the organization and the manager's department and priorities.

Essentially, employee coaching is about helping employees understand what they are doing well and what they need to improve to advance their professional development, says Marty Smuin, chief operating officer of Weave, a business software company. "Having the ability to understand what you do well, and being able to really build on that, is a cornerstone in a lot of people's careers," he adds.

#### **B. BENEFITS OF EMPLOYEE COACHING**

Employee coaching programs are so effective that some of the largest companies in the world have implemented them. the following are benefits of an employee coaching program:

**a. Developing Your High Potential Employees**

Employee coaching allows an organisation to develop its high potential employees. These are the employees that you see as the future leaders of your organization. Developing these employees is crucial to maintaining your succession pipeline.

**b. Creating a Stronger Leadership Team**

Employee coaching is not exclusive to lower-level employees. It's important that you get your leadership team involved in the coaching program to see improved employee engagement and retention. Relationships between employees and leaders can often be strained. Bad managerial relationships are often cited as the top reasons why employees leave an organization. Because employee coaching focuses on individual skills, your leaders can each develop the skills needed to effectively manage their team.

**c. Developing communication skills**

Communication skills are vital to productivity and profitability for your organization. It's been revealed that an average of \$62.4 million per year has been lost in large companies due to poor internal communication. Employee coaching is a great way to develop communication skills across your organization. The skills needed to be a great communicator, including listening, clarity, and confidence, are easily learned through a coaching relationship.

Studies have found that organizations with strong coaching cultures have higher engagement and performance. Other benefits of coaching according to the Institute of Coaching, McLean affiliate of Harvard Medical School are:

- Empowers individuals and encourages them to take responsibility
- Improves individual performance
- Helps identify and develop high potential employees
- Helps identify both organizational and individual strengths and development opportunities
- Helps to motivate and empower individuals to excel
- Demonstrates organizational commitment to human resource development

**C. HOW TO EFFECTIVELY COACH EMPLOYEES?**

"Coaching is not about fixing someone. It's about finding out who they are and building them up," said Heather Christie, president of Evolve Global. The majority of HR and talent leaders believe



workplace coaching is critical to their businesses. The problem is that while 80% of HR/talent leaders believe coaching is a key leadership practice, only 15% believe managers in their organizations are good at it (Fine, 2020). The Society of Human Resources Management (SHRM) recommends the following tools when coaching employees:

- Using data from anonymous 360-degree surveys or climate analysis surveys to identify objective behaviours that can be linked with business outcomes. CEOs are very often shocked at the disparity in their rating and their subordinates' ratings of them. This might be the first awareness that they are out of touch.
- Using personality and behavioural assessments to diagnose which traits and behaviours are dominant or lacking, and which might be easy or difficult to change.
- Listening actively; the coach does not solve the client's problems—the client solves his or her problems.
- Helping clients distinguish what is important from what is not.
- Leading clients outside of their comfort zone.
- Acknowledging the client's accomplishments and empathizing (not sympathizing) when the client is down.
- Providing perspective based on the coach's own experiences.
- Helping the client set goals, develop an action plan for moving ahead, and anticipate and overcome potential obstacles.
- Recommending specific books or other sources of learning.
- Encouraging journaling to gain awareness of emotions and behaviours and to track progress toward goals.
- Participating in role-playing and simulations to promote skill practice.
- Meeting regularly, with on-the-job "homework" assignments between meetings.
- Managing the confidentiality of the coaching partnership. In most cases, the official client is the organization paying the coaching invoice, yet the true client is the individual being coached.
- Designing systems to track the return on investment of coaching.

After administering the necessary assessments and gathering the relevant information, it is important to develop a plan that then addresses the gaps in coaching. The best coaching plan is a plan that covers all aspects of coaching in the workplace. Depending on the coaching role and skills you are seeking, this coaching plan should meet all your needs.

According to an article in the Entrepreneur magazine, a leader can make use of the following steps when coaching employees:

- **Build a Relationship of Mutual Trust:** The foundation of any coaching relationship is rooted in the manager's day-to-day relationship with the employee. Without some degree of trust, conducting an effective coaching meeting is impossible.
- **Open the Meeting:** In opening a coaching meeting, the manager needs to clarify, in a nonevaluative, no accusatory way, the specific reason the meeting was arranged.
- **Get Agreement:** Probably the most critical step in the coaching meeting process is getting the employee to agree verbally that a performance issue exists. Overlooking or avoiding the performance issue because you assume the employee understands its significance is a typical mistake of managers. To persuade an employee a performance issue exists, a manager must be able to define the nature of the issue and get the employee to recognize the consequences of not changing his or her behaviour.
- **Explore Alternatives:** Next, explore ways the issue can be improved or corrected by encouraging the employee to identify alternative solutions. Avoid jumping in with your alternatives, unless the employee is unable to think of any. Push for specific alternatives and not generalizations. You should acknowledge the employee's suggestion, discuss the benefits and drawbacks of the suggestion, ask for and offer additional suggestions, and ask the employee to explain how to resolve the issue under discussion.
- **Get a Commitment to Act:** The next step is to help the employee choose an alternative. Don't choose for the employee. To accomplish this step, the manager must be sure to get a verbal commitment from the employee regarding what action will be taken and when it will be taken. Be sure to support the employee's choice and offer praise.
- **Handle Excuses:** Employee excuses may occur at any point during the coaching meeting. To handle excuses, rephrase the point by taking a comment or statement that was perceived by the employee to be blaming or accusatory and recast it as an encouragement for the employee to examine his or her behaviour. Respond empathically to show support for the employee's situation and communicate an understanding of both the content and feeling of the employee's comment.
- **Provide Feedback:** Effective coaches understand the value and importance of giving continual performance feedback to their people, both positive and corrective. Positive feedback strengthens performance. People will naturally go the extra mile when they feel recognized and appreciated.

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## 2.4 DEVELOPING PLANNING, COMMUNICATIONS AND INTERCULTURAL SKILLS TO MANAGE A CROSS CULTURAL WORKFORCE

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We often take for granted the way we communicate with one another. Similar to everything else we learn, the way we make interpretations, create assumptions and form decisions is based on our cultural upbringing. In a multicultural organization, how employees communicate can set the tone and foundation for a learning culture.

A productive workforce means creating an environment that supports diversity, while balancing the pressures of management, time and cost. There are many resources that provide communication tactics in a culturally diverse organization. However, I believe getting down to the basics is the best way to understand and implement techniques. I came across an article in AG Professional, “Multicultural Communication Tips for Today’s World,” that simplified the best way to promote effective communication. Below are four simple tips to keep in mind when interacting and communicating with others in your organization.

- Keep an open mind
- Have at least some knowledge of people’s cultural backgrounds
- Practice active listening
- Watch your nonverbal communication
- Maintain a personal touch

It is important to understand the way people comprehend, communicate and make decisions across different types of cross-cultural backgrounds. Although it may be difficult to interpret certain statements and behaviours, there must be a significant emphasis placed on the concept of acceptance and open mindedness.

We tend to be unaware of our own biases, placing stereotype and cultural assumptions on others. Creating an organizational awareness by providing diversity training ensures employees learn to be culturally mindful and gradually adaptable when communicating with people of different backgrounds.

Employees need to feel not only accepted, but valued in an organization. By attentively listening to the concerns and viewpoints of others, employees will start to feel confident in the workplace. Active listening means paying attention to both verbal and nonverbal cues.

### 2.4.1 WHAT IS CROSS-CULTURAL COMMUNICATION?

Cross-cultural communication involves understanding the similarities and differences of people from different cultural backgrounds and groups to better communicate information and engage with them. This type of verbal and nonverbal communication is essential as businesses focus on

increasing workplace diversity. Cross-cultural communication isn't just for people in management positions. Every individual within an organization should learn the basic skills needed to improve their communication skills, particularly when working with those who might not share the same points of view or backgrounds.

- **UNDERSTANDING CULTURE**

To improve cross-cultural understanding in the workplace, leaders must first know what "culture" is. Culture doesn't only mean where someone comes from. After all, two people from the same country might identify with very different cultures. Instead, think of culture as the values, beliefs, behaviours, and attitudes an individual learns from those within their cultural group. Culture can affect a host of different things, from decision-making processes to how best to resolve conflict. A person's culture may also be informed by things such as geography, religion, race, or ethnicity.

## **2.4.2 WAYS TO MANAGE A MULTICULTURAL TEAM**

Your native language and your cultural customs are among the main aspects that make you part of a particular culture. Due to cultural differences, there might be some obstacles to overcome when working in a multicultural team. A multicultural team is a team whose members originate from various countries and cultures. Naturally, these people speak different languages as well.

To be a successful team leader in an environment like this one, do your best to make all your colleagues feel comfortable. This article will help you manage a multicultural team, regardless of whether you work in the same office or remotely.

## **2.4.3 HOW TO MANAGE A MULTICULTURAL TEAM**

### **1. OVERCOME LANGUAGE AND CULTURAL BARRIERS**

When working in a multicultural team, one of the most common challenges is handling language barriers between employees. If each team member speaks a different language, you'll want to find a common language you can all use so every member can communicate with ease.

Once you've selected your preferred language of choice, break down any remaining language obstacles. Here are four useful tips:

Encourage your employees to learn at least a few key phrases in other languages to make your workplace more inclusive.

1. Encourage your team to learn a few key sentences (or phrases) in each language.
2. Normalize that asking someone to repeat themselves is fine. Your team members shouldn't feel embarrassed doing so,

especially when working remotely. If employees have heavy accents, others might have to ask to hear the same sentence twice, and both parties should feel comfortable with this.

3. Choose the language that the majority feels comfortable with. This should be the language used in all meetings and formal events.
4. If some of your co-workers aren't fluent in a specific language, avoid using that language in the workplace.

You might run into additional challenges due to cultural differences. Here's how to deal with them:

1. Organize informal gatherings for your team members. This is an ideal way to learn more about other cultures. For example, you can talk about what makes a certain culture unique: their food, holidays, customs, and more.
2. Delegate work assignments according to the cultural customs of your team members. Keep in mind that every culture has its own work schedule, vacation rules, and list of holidays. This is truly important if you're managing your multicultural team remotely.

## 2. **CONSIDER DIFFERENT CULTURAL COMMUNICATION STYLES**

Every culture nurtures its own communication style, like speaking patterns and nonverbal communication. Nonverbal communication includes everything beyond words — gestures, facial expressions, and body language. It's crucial to understand diverse communication styles between cultures and speak to your colleagues according to these rules.

### a. **High-Context Cultures Use Nonverbal Cues Often.**

Communication is usually indirect. While having a dialogue, people speak one-at-a-time. When conflicts occur, people tend to solve issues immediately so they can continue working. Some “high-context” countries that communicate nonverbally are Japan, Greece, and numerous Arab nations.

### b. **Low-Context Cultures Rely On Words Themselves.**

Communication is direct, primarily verbal, and open. When conflicts arise, people don't necessarily have to work them out straight away to continue working. Some “low-context” countries are the United States, Germany, and Scandinavian countries.

**c. Multi-Active Cultures Fall Between These Two Categories.**

Communication tends to be a combination of nonverbal and verbal cues, and conflicts can be resolved on the spot or after the fact. Some “multi-active” countries are Spain, Italy, and Latin America.

Each culture has a unique understanding of nonverbal communication. Keep in mind that you might have to take a different approach when talking to your German colleague as opposed to your team member from Peru.

**3. PLAN PROJECTS AROUND DIFFERENT TIME ZONES**

This tip applies to you only if you’re managing the virtual multicultural team. Supervising a virtual team can be difficult because you’re not at the same place or time zone as your colleagues.

Let’s say that you live and work in phoenix, AZ, and your team members are all located in London, UK. By the time your workday starts at 9am, your colleagues would have only an hour left before they head home around 5pm.

You need to organize your work properly and make plans according to these different time zones. Also, keep this in mind when you’re setting deadlines for your team members.

To avoid any time-related confusion, try using time management apps. They will help you track project progress and examine productivity levels by week so you can see the current activity level of your employees regardless of time zone.

**4. ALLOW PREP TIME WHENEVER YOUR TEAM NEEDS IT**

Most of us can smoothly and eloquently express our thoughts when speaking our native language, but, this isn’t always the case when speaking in foreign languages.

Some team members might feel uneasy in a meeting where the established speaking is not native to them. They may feel restrained in these situations, causing a communication barrier.

Remember to give your team — especially those speaking a different language than what they were raised on — enough time to prepare themselves when speaking a foreign language. If they need to gather their thoughts or take time to make a point, don’t interrupt or talk over them. Be patient and give them the time and space they need to communicate effectively. This not only improves communication, but it helps your team members become more confident speaking foreign languages as well.

## 5. BE OPEN TO ALL CULTURES AND THEIR DIFFERENCES

The best way to show your colleagues that you respect and appreciate them is by being open to the traditions and values of all cultures. This means avoiding promoting or embracing only one culture in the workplace. For instance, during the holiday season, it's important to vary your decorations so all cultures are included. This way, your multicultural team will know you respect and embrace whatever they celebrate during the holidays.

Additionally, you can make an effort to learn more about a particular culture and its characteristics. For example, start by exploring the cuisine or by watching popular movies from other countries.

## 6. ORGANIZE A CROSS-CULTURAL TRAINING

To improve workplace happiness and morale, organize cross-cultural training. The purpose of this training is to overcome cultural challenges at the office. That way, people will get to know each other and educate themselves about various cultural beliefs.

This training should highlight:

- How to minimize the culture barriers
- How to avoid stereotypes and prejudices
- How to appreciate your own and the skills of other cultures
- How to improve your social skills
- How to become a better listener
- How to aim your attention on common principles rather than differences

## 7. AVOID STEREOTYPES

When working in a multicultural team, be extra careful with the language you use. There's a balance between being mindful of cultural differences and relying on stereotypes to make assumptions about your employees' behaviours.. The fact that your colleague is from Japan or France does not dictate every decision your employees make, and leaning on this logic will likely offend them. Everyone, regardless of their cultural upbringing, is an autonomous individual, so treat your co-workers in such manner.

To avoid stereotypes, take time to become acquainted with every team member. Feel free to encourage your colleagues to do so as well. You need to remind yourself frequently that:

- Each team member has a unique way of working and communicating with others
- Everyone is an individual and has specific preferences
- Culture shapes behaviour but does not dictate it



## **8. PRACTICE EMPATHY**

A good leader will always find time to check in with their team members. This is an effective way to build trust with employees and promote mutual respect.

While talking with your colleagues, practice empathy. Empathy is defined as the ability to understand and share the feelings of someone else. Empathy takes practice, and it's important to continually grow your listening skills when in a leadership role. Making an attempt to understand what your co-worker is experiencing helps your relationship with them thrive.

Practicing empathy has additional benefits, too:

- It provides support for multicultural employees so they'll continue providing quality work
- It helps them solve issues standing in their way to reach desired goals
- It helps resolve conflicts quickly and effectively.

## **9. DELIVER HONEST FEEDBACK**

Providing your team with honest and constructive feedback is a significant part of your leadership and management duties. Your colleagues deserve to know the truth about the quality of their work, be it positive or negative.

Honest feedback for a multicultural team is essential.

As a leader of a multicultural team, you have to be cautious about evaluating someone's work. Each culture, and even each country, has a unique way of giving feedback, especially when it's constructive and can be easily viewed as negative.

### **2.4.3 MULTICULTURAL WORKFORCE CHALLENGES AND MANAGING STRATEGIES**

Diversity in the workplace is a major challenge for modern organizations. The basic concept lies in recognizing and maximizing the talents and skills of the workforce and as a valuable asset to any organization, whether for-profit or not. Today, businesses have an urgent need to recognize and effectively apply these hidden skills and talents to the diverse workforce.

The multicultural workforce can also be a source of conflict. Staff actions (e.g. recruitment, dismissal and promotion) are for example attributed to the state of diversity of a person and there is a possibility of misunderstanding, misinterpretation or inappropriate behaviour between individuals. People or groups. It can also cause anxiety, distrust or individual prejudice. Employees who are respected in the workplace and who are part of the team will stay with their employer. Staff retention reduces recruitment costs and has a major impact on the results. A workforce where people are understood

and communicate effectively can work together productively in integrated teams. Then conflicts and tensions can be solved more easily. The management of the multicultural workforce thus becomes essential.

**Managing the multicultural workforce can best be achieved in two ways:**

### **1. General Strategies**

- a) Individual Strategies and
- b) Organizational Strategies/Approaches

### **2. Specific Strategies**

- a) New Employee Orientation
- b) Religion Aspects
- c) Other Important Strategies

**These can be seen in turn here under:**

### **1. General Strategies:**

**A) Individual Strategies:** the multicultural workforce can be managed with individual strategies as follows:

- a) Proper understanding of the features and the nature of organizational workforce diversity and cultures.
- b) Evolving responsiveness in understanding the stand point and situations of others.
- c) Enduring tolerance of cultural diversities.
- d) Readiness to discuss the problems of workforce diversity with different cultures.

**B) Organizational Approaches:** the multicultural workforce can be managed with Organizational Approaches as follows:

#### **i. Policies of organization:**

- Search for a diversified and multicultural workforce.
- Encouraging responses to diverse cultural problems.
- In organization's Mission statement, there should be commitment to cultural diversity situations.

#### **ii. Best Practices**

- Provision of specially structured benefits packages and flexible working hours based on diversity in work groups, networks and teams.

### iii. Training for Multicultural Diversity

- People are trained enough that makes them capable of functioning in a diversified & multicultural workplace.

### iv. Organizational Culture

- Including the values and ethics of diversity into organisational culture.

## 2. Specific Strategies for Managing Multicultural Workforce:

### A) New Employee Orientation:

Orientation and training practices for new employees are designed to provide very important information on the job. In orientations verbal expositions are added with written materials. Many employees find this additional burden and could not remember the concepts at the end. For example English-native spoken employees have trouble feeling while moving with employees who speak limited English. This absence of communication skills creates gaps in workflow information. The proper orientation to new diversified workforce will resolve this issues to a greater extent.

A human resource managers primary responsibilities are as follows:

- a) Clearly elucidate contents of important information highlighting key concepts.
- b) Using different methods to send the messages through video files, audio files, graphics and images which demonstrates the things that are explained in words may be helpful.
- c) Change the way of communication and designed it to the literary level of the workforce.
- d) Communicate and transfer information in the language of our fresh employees.
- e) Hire an interpreter or select someone suitable from our current staff to translate.
- f) Employees“ activities for example role-playing of different situations to enhance their understanding.
- g) Using „peer educator“ system with a well-established employees to supervise and undertake new ones will be very much helpful. It would be best if exact culture match can be obtained.
- h) Demonstrate their understanding using various feedback forums.

- i) Contacting employees regularly and verify whether they are apply what they have learned.

For the successful management of diversified multicultural work force needs awareness and action. The actions of HR managers will vary according to the cultural diversity of the workforce.

**B) Religion Aspects:**

Many religions command practices regarding the methods of prayer, personal behaviour, rituals, holidays, clothing and the like. Honouring the religious beliefs of others is sincerely followed in Indian culture. Religions may influence workplace behaviour as well. This should be honoured and should be accommodated in the work environment.

**C) Other Important Strategies:**

- a) Educating the employees about workplace guidelines that relate to respectful treatment in the workplace.
- b) Upkeep and boost all employees to participate themselves fully in all levels of their respective work environment.
- c) Make all employees to follow the rules and regulations of work.
- d) Engaging an employee who is voluntarily interested who may be a co-worker who have an association for all new diversified employees. He should be supportive in listening and following up of employees „anxieties regarding work and work related interactions.
- e) Developing employee evaluation systems and make employees understanding the purpose and procedures of such evaluations.
- f) Discussion with the employees regarding their need at work and the drivers of satisfaction.
- g) Also having discussions with the employees regarding their preferences in the workplace. And it should be noted that all workers may not necessarily have the same preference.
- h) Technological support – Today, technological aspects are playing a great role in managing multicultural workforce.

**THE FOLLOWING BENEFITS ARE REALIZED WITH MULTICULTURAL WORKFORCE.**

1. Diverse cultural perceptions can stimulate creativity and initiate inventions and innovations.
2. Cultural diversity and local knowledge means higher quality which enables to target marketing.

3. Culturally diversified workforce means pool of talents which makes possible to keep the best talents in the organization
4. Diversified workforce and skills provides organizations a broader and more adaptable range of products and services.
5. Culturally diversified workforce are more productive and also perform better
6. It ensures Countless opportunities for personal and professional growth of employees and organization.

### **CHALLENGES:**

Multicultural workforce pose the following challenges:

1. Colleagues of some cultural background may hesitate to express their views freely because of the barriers imposed by their culture.
2. Integration between multicultural teams may be difficult in the light of prejudices or negative cultural stereotypes
3. Different cultures and languages possess challenges for professional communication.
4. Managing visa requirements, labour laws and the costs of adapting to the needs of the workplace maybe difficult.
5. Diverse people can have different professional etiquette.
6. Individuals in a team can have different work routines.

### **2.4.4 TIPS FOR IMPROVING CROSS – CULTURAL COMMUNICATION**

Intercultural communication in the workplace can become an issue for many businesses due to some thinking it's just too difficult to solve. Understanding cultural differences can seem like a monumental challenge, but it's one in full reach of any organization willing to put in the time and effort. The following tips will help anyone seeking to communicate effectively.

#### **1. Have an Open Mind**

Many companies have learned that there's more than one way to accomplish a goal. Even so, they can become close-minded when learning information about other cultures. Don't fall into this line of thinking. Keep an open mind and learn all you can about a variety of different cultures. Feel free to ask questions at appropriate times. In the process of learning, you might come across a new way of thinking that can help out in business decisions.

#### **2. Learn to Adapt**

Interacting with other cultures often requires some flexibility and adaptation on your part. It's also difficult for some people to accept

changes and learn new things. This might come from a fear of failure or worries that these changes won't lead to better results. Try to drive those thoughts away and accept that improvement is part of life. Be more willing to try new things and learn about different ways of thinking. Feel free to experiment with new ideas and see how they improve yourself and your company.

### **3. Develop Self-Awareness**

Every person makes assumptions about other people. The first step to correcting those assumptions is recognizing you have them. This involves becoming more self-aware. One of the most effective ways to do this is to look at how you communicate with others. Go back in your emails and note how you respond. Do you react differently depending on the person you're responding to? Do you factor in another person's culture? How inclusive are you in the projects you assign and activities you hold? More introspection will lead to better outward communication.

### **4. Open Communication Channels**

Improving cross-cultural communication also requires improving organizational communication in general. Companies that don't foster open communication will find it more challenging to understand people from different backgrounds better. Improving communication means opening up those channels so that people feel free and comfortable to voice their thoughts and share information. Invite team members with diverse perspectives to share their opinions. Stronger relationships get built by opening lines of communication and encouraging curiosity at all times.

### **5. Encourage Face-to-Face Interactions**

Try encouraging people to have more in-person interactions or, if that's not possible, at the very least face-to-face dialogue over services like Zoom or Microsoft Teams. These interactions help people get to know others and can make communication easier. While email and direct messages can be convenient, they take away from the human element that's so important for understanding people of other cultures. Make time for these meetings, and you'll see cross-culture communication improve.

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## **2.5 GLOBAL TRAINING AND APPRAISAL SYSTEMS FOR A CROSS CULTURAL WORKFORCE**

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The global workforce is becoming increasingly multicultural, and not just for companies with international reach. It's not uncommon to hear of an American manager in the US leading a team with Australian, Indian, Chinese, and European members. More and more companies are in business with customers, clients, and partners from diverse cultures and geographies.

Furthermore, physical borders no longer separate today's virtual workplaces.

Naturally, all of this requires employers and employees alike to have some degree of awareness and understanding of the cultures they are interacting with and the communication skills to go with it. Being culturally insensitive means running the risk of offending colleagues and clients and alienating employees, which can hit productivity and the company bottom line. That's just how important culture is to how business is conducted.

### **2.5.1 WHAT IS CROSS-CULTURAL TRAINING?**

Cross-cultural training (also called intercultural training or cultural competence training) equips employees with the awareness, knowledge, and skills they need to overcome cultural challenges in the workplace. It helps improve intercultural communication and close the cultural gaps that are often behind workplace conflicts, missed opportunities, and project failures.

Cross-cultural training could be as simple as employees learning how to pronounce their colleagues' names correctly or employers forbidding the use of racial language and humour in the office, even in countries where it is accepted workplace behaviour. But a well-rounded cross-cultural training program goes beyond such common courtesies. It addresses more complex themes such as the best ways to deliver criticism and feedback (which vastly differ from country to country) or how to build trust and lasting relationships with people from diverse cultures.

#### **• CULTURE IS DIVERSE**

Most of us associate cross-cultural training with national cultures (American, Chinese, Japanese, etc.). But culture can mean a lot of different things:

- Ethnicity, religion, gender, and sexual identity create diverse groups of people who have their own unique ways of working.
- Different age groups – Baby Boomers, Millennials, Gen Z, etc. – have their own distinctive cultures shaped by the experiences of their generation.
- Company culture is defined by the vision of an organization's founders or current leadership.
- Cultural differences might even exist between employees who equate career progress with academic credentials and those who put on-the-job training over educational performance.
- An effective cross-cultural training plan takes all of these cultures into consideration.

### **2.5.2 THE 4 ESSENTIALS OF CROSS-CULTURAL TRAINING**

To be successful, a corporate cross-cultural training program must:



1. **Increase awareness:** By gaining awareness, employees recognize that cultural differences exist. They learn to understand diverse cultural behaviours and motivations and avoid stereotypes. Cultural awareness also gives them greater control over their own behaviour and actions, ensuring that these aren't subconsciously controlled by their own cultures.
2. **Clear the lines of communication:** Employees learn to communicate in an open, honest, respectful, and transparent manner. Good communication starts with being a good listener. With the right training, employees become active listeners who can pick up important cues even in conversations in unfamiliar languages. They interpret what they have heard within a broader framework of understanding. They also learn to deal smoothly with communication problems and not just take the opposing stand, which people are naturally inclined to do in such situations. Communication lies at the root of most workplace cultural problems, so it can be said that effective communication is the most important aspect of a cross-cultural training program.
3. **Impart skills:** Interpersonal skills, empathy, tolerance, adaptability, and emotional intelligence are some of the skills critical to becoming culturally competent. But a cross-cultural training program is more balanced when it also helps participants pick up more generic skills such as communication, negotiation, sales, management, and leadership.
4. **Create a culture of diversity:** Employees, especially those in managerial and leadership positions, learn the importance of building an inclusive work environment where people from different cultures feel accepted and empowered.

### 2.5.3 THE BENEFITS OF CROSS-CULTURAL TRAINING

Intercultural training is advantageous to both employees and employers in various ways:

- It demystifies different cultures and makes us look at them more objectively. This stops us from labelling people and giving in to stereotypes, and helps us deal with people with a sensitivity and empathy that we might have otherwise lacked.
- It helps us overcome personal biases and preconceptions, which are detrimental to how we function in the workplace.
- Better understanding of another's culture improves communication and leads to more open dialogue. It also helps us build strong people skills, which are beneficial in both work and life situations and can enhance our future employment opportunities.

- Cross-cultural training builds trust and creates lasting relationships, which is why teams with culturally competent members are likely to be more cohesive and united.
- Through self-examination, cross-cultural training helps us recognize our strengths and the areas where we need to improve. This gives us a better understanding of our roles in the team or organization.
- Culturally intelligent employees provide better insights into foreign markets, which vastly improves the company's prospects in those markets.
- Cross-cultural training offers the tools that employees need to adapt quickly and confidently to their fast changing workplaces.

#### 2.5.4 4 TIPS TO CREATING A SUCCESSFUL CROSS-CULTURAL TRAINING PLAN

1. **Encourage introspection:** Learning about other cultures is a given in cross-cultural training. But a successful learning program also requires self-examination. It makes participants take a long hard look at themselves and discover their own prejudices, preconceptions, and cultural values that subconsciously colour their judgments and actions. It encourages them to be more accepting of foreign cultures, improve the quality of their intercultural interactions, and develop a global mindset. It can be said that the training has taken effect when participants start viewing other cultures without judgment, strive for understanding and inclusion, and are eager to try new things.
2. **Achieve global dexterity:** For a cross-cultural training program to be effective, it's not enough to teach employees about cultural differences – that American managers couch their criticism in compliments while their German counterparts are more direct, for example. More importantly, the training must equip employees to adapt and adjust their behaviour and actions to those cultural differences in the most productive way. It must help them get comfortable with acting out of their natural styles. This skill is called global dexterity. Andy Molinsky, author of the book *Global Dexterity*, defines global dexterity as “the ability to successfully adapt your behaviour in a foreign culture without losing yourself in the process. It's about ‘fitting in’ without ‘giving in’ – learning to adapt your behaviour to the new cultural rules, but doing so in a way that's within your own personal comfort zone.” Molinsky explains that global dexterity is essential to successfully performing difficult tasks that are culturally-sensitive – such as giving or receiving feedback, conducting a performance review, or delivering bad news.
3. **Don't forget non-verbal communication:** Effective communication is central to being culturally competent. But remember, not all communication is verbal. Many cultures communicate through gestures and body language. The Japanese use fewer hand, arm, and full-body gestures and are also known to keep their facial expressions

neutral in comparison to Americans. Similarly, looking your American client in the eye while making a business proposal is not a form of disrespect but, in fact, shows interest. Additionally, the same gesture can hold completely different meanings across cultures. Nodding your head, for example, symbolizes both agreement and disagreement, depending on where you are. Non-verbal communication is not only routine in business dealings but it holds information that can be immensely important to your decisions and lead to greater business success. Your customer's gestures, facial expressions, tone of voice, and even the clothes they wear can both affirm and contradict their spoken words. A well-rounded cross-cultural training program helps participants pay attention to these little details and interpret them correctly while also watching their own body language.

4. **Deliver it right:** Like any corporate learning and development program, the effectiveness of cross-cultural training lies in its content and delivery. A single page of instructions on the company website or a one-size-fits-all approach is bound to fail. Using more than one mode of training – classroom training, online workshops, role-play, case studies, mentoring, lunch and learn, etc – increases chances of engagement, learning, and retention. Corporations that can afford it should sponsor employee rotation programs, diversity summits, and cultural seminars so that employees can actually travel to different destinations and get a real feel of the cultures they are studying. Including informal learning opportunities – a discussion over lunch after a formal training session, for example – adds value to the training program. Trainers should have in-depth knowledge of their subjects and be prepared to answer any questions that might arise. At the same time, they must be patient with their audience, which might hesitate to communicate in a foreign language or be uncomfortable in an unfamiliar culture. Companies must keep in mind that cultural awareness is a continuous learning process. Therefore, a cross-cultural training program should be a regular feature of their learning and development initiatives.

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## 2.6 COMPENSATION AND PERFORMANCE MEASURE: AN INTERNATIONAL PERSPECTIVE

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### 2.6.1 WHAT IS PERFORMANCE AND COMPENSATION MANAGEMENT?

Since one of the goals of an organization's compensation strategy is to encourage high employee performance (and thus meet key business goals), compensation should be a natural piece of your overall performance management strategy. Performance and compensation management unites performance management and compensation management under one umbrella so an employee's job-related performance is more directly tied to their compensation.

## 2.6.2 WHAT ARE THE FOUR TYPES OF COMPENSATION?

Compensation can mean different things in different companies depending on their industry and workforce. The four types of direct compensation for employees you'll see most often are:

1. **Hourly Pay/Wage:** The most common and direct form of compensation. Typically used with unskilled, semi-skilled, and part-time positions.
2. **Salary:** Customarily a yearly amount that is split evenly into pay periods so that workers receive the same amount every pay check throughout the year. Positions that require more education or specific skills generally pay a salary.
3. **Commission:** Commission-based compensation is designed to incentivize employees to produce at a high level and may be used in certain industries where the employer cannot guarantee a consistent workload.
4. **Bonuses:** Bonuses give businesses a flexible option to reward employees additionally for great performance.

## 2.6.3 WHAT IS PERFORMANCE COMPENSATION?

Performance compensation encourages employees to do their best work and rewards them for achieving goals or objectives. It is typically an additional compensation component, alongside fixed pay. Pay-for-performance compensation is variable and depends on the performance of the worker.

Let's discuss two major ways to combine compensation and performance management, based on insights shared in the webinar mentioned above, in order to help employees and management get on the same page.

### 1. Build a Pay-for-Performance Compensation Strategy

By linking performance and compensation management efforts, employers not only provide clear compensation guidelines for themselves, but they can help employees understand their value and work to increase it.

HR professionals should lead these strategic planning efforts by first working with senior leadership to create these strategies (and subsequent tactics). Second, you'll want to make sure these strategies are tied to applicable data—because your people will want proofs. Data from your performance management efforts can help in this process.

As you go about discussing what your strategies might be, consider the three things PayScale's Mary Lasky says your pay-for-performance compensation strategy should achieve:

1. Compensation should be fair and consistent with the value of an employee's contribution.

2. Compensation increases should come at an appropriate pace and reflect the employee's ongoing performance as well as changes in the labor market.
3. Compensation should motivate higher levels of performance from all employees.

Obviously, there are many ways to reward performance beyond a mere money payment. And depending on your situation (e.g., industry, company size, growth stage, etc.), you will want to mix base pay with a variety of other incentives. What's important is that you do put the time into coming up with a thoughtful mix of monetary and non-monetary incentives that fit your unique organization, tie them to specific performance metrics, and then be prepared to pay up on a consistent basis.

As Whitlock points out, since rewards don't have to be monetary and they don't have to be scheduled, you can get creative with them. If you know a particular high performer loves the orchestra, get him/her tickets to an upcoming concert. Maybe you want to reward an entire team for putting on a successful event? Provide them with a catered lunch. And of course, traditional bonuses go a long way when you tie them to specific work accomplishments.

If you're strapped for cash or have a smaller budget, you can provide employees with other rewards that still show you value their performance. A one-on-one lunch with the CEO or another senior leader will go a long way with ambitious employees. You can offer high performers a paid day off after a crucial deadline. Or maybe give employees who have shown the ability to be self-starters the ability to work remotely.

## 2. Improve Pay Communication

But don't run too fast. There is some aligning that needs to take place before you discuss your pay-for-performance strategies with your people.

According to the CBPR survey mentioned above, two-thirds of the employees who felt they were underpaid were at least paid at market value, and 35 percent were actually paid above market value. So what is the problem? Perception!

Compensation is an exchange of value, and as we've already discussed, value is about perception. So, even if you come up with a perfect strategy to compensate your people according to their real value, it'll be for nothing if they don't understand it.

These misperceptions are why it is so important to be transparent with employees about their compensation and to align their perceptions with reality. Managers should be prepared to talk about compensation on an individual basis and match the value they provide (e.g., pay,

benefits, experience, flexibility, etc.) with the specific value an employee provides (e.g., experience in industry, experience in discipline, product and competitor knowledge, etc.).

After HR has worked with senior leadership to create a strategic compensation plan, they need to educate managers and train them to communicate the plan with individual employees. Whitlock recommends HR provide managers with the following “communication toolkit”:

- Compensation plan talking points
- Compensation plan information
- Details for each employee they supervise
- Tips for each type of conversation they may have

Managers should walk away from their training prepared to discuss the compensation strategy with employees, use data to show the whys of the strategy, and know how to implement SMART goals with specific employees to both show their value and offer paths for increased compensation.

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## 2.7 SELF-ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

1. Whenever an organization expands its operations to other countries, it tends to become \_\_\_\_\_ and will then face the challenge of blending various cultures together.
2. \_\_\_\_\_ in the business world refers to a company's efforts to ensure that its people interact effectively with professionals from other backgrounds.
3. A firm using a \_\_\_\_\_ sacrifices responsiveness to local requirements within each of its markets in favour of emphasizing lower costs and better efficiency.
4. A firm using a \_\_\_\_\_ does not focus on cost or efficiency but emphasizes responsiveness to local requirements within each of its markets.
5. A firm using a \_\_\_\_\_ seeks a middle ground between a multi-domestic strategy and a global strategy.
6. Firms pursuing an \_\_\_\_\_ are neither concerned about costs nor adapting to the local cultural conditions.
7. \_\_\_\_\_ staffing means to hire management that is of same nationality of parent company.
8. The \_\_\_\_\_ is one of the methods of international recruitment where the Multi-National Companies recruit the most suitable employee for the job irrespective of their Nationality.

9. The \_\_\_\_\_ emphasizes the importance of expatriate's abilities to create and maintain a natural relationship, but means to measure such abilities is not always accurate enough.
10. \_\_\_\_\_ system must contain periodic review of operations so that the objectives of the firm are accomplished.
11. \_\_\_\_\_ is the most common method to evaluate the performance of an international firm.
12. \_\_\_\_\_ involves understanding the similarities and differences of people from different cultural backgrounds and groups to better communicate information and engage with them.
13. \_\_\_\_\_ is direct, primarily verbal, and open
14. \_\_\_\_\_ means pool of talents which makes possible to keep the best talents in the organization
15. The \_\_\_\_\_ is becoming increasingly multicultural, and not just for companies with international reach.
16. \_\_\_\_\_ equips employees with the awareness, knowledge, and skills they need to overcome cultural challenges in the workplace.
17. \_\_\_\_\_ encourages employees to do their best work and rewards them for achieving goals or objectives

### **ANSWER**

1. Multicultural
2. Cross culture
3. global strategy
4. Multi-domestic strategy
5. Transnational strategy
6. International strategy
7. Ethnocentric
8. Geocentric Approach
9. multinational enterprise
10. A performance evaluation
11. Return on Investment
12. Cross-cultural communication
13. Communication
14. Culturally diversified workforce
15. global workforce
16. Cross-cultural training
17. Performance compensation



### **TRUE OR FALSE**

1. Global workforces comprise employees from a variety of geographic locales that subscribe to different cultural norms in terms of workplace conduct, productivity expectations and management styles.
2. Employees in global locations often work according to varying time zones, which can significantly affect an organization's ability to communicate in a timely manner, make projections of productivity and have a cohesive workflow.
3. Members in some countries are willing to work more than the stipulated hours of work, even working remotely from home.
4. Information gaps is the top barriers in managing a cross-cultural team.
5. When you have a multicultural team, you are not bound to have different work styles.
6. Understand different cultural perspectives at play and try to resolve the conflict by taking the middle path.
7. When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a Ethnocentric Approach.
8. When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a geocentric approach.
9. International human resource is a decisive factor of an organisation's position and is widely recognized as an influencing factor for failure and success of international business environments.
10. When the candidate needs to solve a problem in a new international business environment, it must be noted that experience is serious.
11. Language skill is a significant factor, knowledge of the host country's language can be considered essential for many top level management positions, along with the aptitude to communicate successfully.
12. Budget is not an accepted tool for measuring and controlling the operations.
13. Managers can use performance coaching to help employees who are effective contributors improve and become even more effective contributors.
14. Employee coaching does not allow an organisation to develop its high potential employees.

15. A person's culture may also be informed by things such as geography, religion, race, or ethnicity.
16. A multicultural team is a team whose members originate from various countries and cultures.
17. Verbal communication includes everything beyond words — gestures, facial expressions, and body language.
18. A good leader will always find time to check in with their team members.
19. Today, technological aspects are playing a great role in managing multicultural workforce.

### **ANSWER**

**TRUE** (1, 2, 4, 6, 8, 9, 11, 13, 15, 16, 18, 19)

**FALSE** (3, 5, 7, 10, 12, 14, 17)

### **MATCH THE COLUMN**

a) Hourly Pay/Wage	1. Positions that require more education or specific skills generally pay a salary.
b) Salary	2. designed to incentivize employees to produce at a high level
c) Commission	3. give businesses a flexible option to reward employees additionally for great performance.
d) Bonuses	4. Typically used with unskilled, semi-skilled, and part-time positions.

### **ANSWER**

- a) 4
- b) 1
- c) 2
- d) 3

### **WRITE SHORT ANSWERS**

- Q1. Explain culture with the help of examples.
- Q2. Discuss some issues on cultural differences.
- Q3. What are some measures that can be taken to coach international employees?
- Q4. Explain compensation with an international perspective.

Whenever an organization expands its operations to other countries, it tends to become multicultural and will then face the challenge of blending various cultures together. With employees working from countries all across the world, here are a few elements to keep in mind **Cultural differences, Language barriers, Time zones, Collaboration challenges, Community gaps.**

Cross culture in the business world refers to a company's efforts to ensure that its people interact effectively with professionals from other backgrounds. Cross-cultural teams are global teams that include people who come from different cultures and unique experiences.

The nuances of communicating in a way such that everybody is on the same page is a key concern in cross-cultural teams. Teamwork is a collective onus and all members have to understand the direction of the discussions clearly.

When a MNE has identified their strategy they look to international markets for potential growth strategies. A firm using a global strategy sacrifices responsiveness to local requirements within each of its markets in favour of emphasizing lower costs and better efficiency. A firm using a multi-domestic strategy does not focus on cost or efficiency but emphasizes responsiveness to local requirements within each of its markets. A firm using a transnational strategy seeks a middle ground between a multi-domestic strategy and a global strategy. Firms pursuing an international strategy are neither concerned about costs nor adapting to the local cultural conditions.

Once the organisation has chosen their international strategy, they can now choose and apply one of four staffing approaches in order to manage their staff in an efficient manner in the organisation. **Ethnocentric approach.** Countries with branches in foreign countries have to decide how to select management level employees. **Polycentric approach.** When a company adopts the strategy of limiting recruitment to the nationals of the host country (local people), it is called a polycentric approach. **Geocentric approach.** When a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities, it is called a geocentric approach. **Region-centric approach.** The **Geocentric Approach** is one of the methods of international recruitment where the Multi-National Companies recruit the most suitable employee for the job irrespective of their Nationality.

International human resource is a decisive factor of an organisation's position and is widely recognized as an influencing factor for failure and success of international business environments. For the

selected candidate to perform a task, technical and the needed managerial skills is necessary.

The multinational enterprise (MNE) emphasizes the importance of expatriate's abilities to create and maintain a natural relationship, but means to measure such abilities is not always accurate enough.

**ROI (Return on Investment)** – ROI is the most common method to evaluate the performance of an international firm. **Budget as Success Indicator** – Budget is an accepted tool for measuring and controlling the operations. It is also used to forecast future operations. **Non-Financial Measures** – The major non-financial measures that can be used to evaluate performance are – Market Share, Exchange Variations, Quality Control, Productivity Improvement, and Percentage of Sales.

Employee coaching programs holistically help employees develop their skills to become more productive and proficient in performing their tasks.

Diversity in the workplace is a major challenge for modern organizations. **Managing the multicultural workforce can best be achieved in two ways General Strategies and Specific Strategies. General Strategies categorized into two** Individual Strategies and Organizational Strategies/Approaches. **Specific Strategies into three** New Employee Orientation, Religion Aspects and Other Important Strategies

Intercultural communication in the workplace can become an issue for many businesses due to some thinking it's just too difficult to solve. Few tips that will help anyone seeking to communicate effectively **Have an Open Mind, learn to adapt, Develop Self-Awareness, Open Communication Channels, Encourage Face-to-Face Interactions**

The global workforce is becoming increasingly multicultural, and not just for companies with international reach. Cross-cultural training (also called intercultural training or cultural competence training) equips employees with the awareness, knowledge, and skills they need to overcome cultural challenges in the workplace.

Performance and compensation management unites performance management and compensation management under one umbrella so an employee's job-related performance is more directly tied to their compensation.

The four types of direct compensation for employees you'll see most often are: **Hourly Pay/Wage, Salary, Commission, Bonuses.** Performance compensation encourages employees to do their best work and rewards them for achieving goals or objectives. In order to help employees and management **Build a Pay-for-Performance Compensation Strategy and Improve Pay Communication.**

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## 2.9 KEYWORDS

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- **Cross-cultural** - learning to value other cultures and respect their views.
- **Performance evaluation** - the process of systematically assessing an employee's performance.
- **Cultural differences** - the various beliefs, behaviours, languages, practices and expressions considered unique to members of a specific ethnicity, race or national origin.
- **Language barriers** - a barrier to communication between people who are unable to speak a common language.
- **A multinational enterprise MNE** - an enterprise producing goods or delivering services in more than one country.
- **Global strategy** - sacrifices responsiveness to local requirements within each of its markets in favour of emphasizing lower costs and better efficiency.
- **Multi- domestic strategy** - does not focus on cost or efficiency but emphasizes responsiveness to local requirements within each of its markets.
- **Transnational strategy** - seeks a middle ground between a multi-domestic strategy and a global strategy.
- **International strategy** - neither concerned about costs nor adapting to the local cultural conditions.
- **Ethnocentric** approach means to hire management that is of same nationality of parent company.
- **Polycentric approach** - when a company adopts the strategy of limiting recruitment to the nationals of the host country (local people)
- **Geocentric approach** - when a company adopts the strategy of recruiting the most suitable persons for the positions available in it, irrespective of their nationalities
- **Region-centric approach** - uses managers from various countries within the geographic regions of business.
- **Technical ability** – the selected candidate to perform a task, technical and the needed managerial skills is necessary.
- **Cross-culture suitability** - it is not easy to evaluate the cross-culture suitability of a candidate as it is hard precisely know what factors should be included.
- **ROI (return on investment)** - the most common method to evaluate the performance of an international firm.
- **Budget as success indicator** - tool for measuring and controlling the operations. It is also used to forecast future operations.

- **Non-financial measures** – measures that can be used to evaluate performance are – market share, exchange variations, quality control, productivity improvement, and percentage of sales.
- **Budget programming** – prepared for operational planning and financial control
- **Management audit** – it is an extended form of financial audit system which monitors the quality of management decisions in financial operations.
- **Programme evaluation review technique (pert)** – performance is measured by comparing the scheduled time and the cost allocated with the actual time and the cost.
- **Management information system (MIS)** – MIS is an ongoing system designed to plan, monitor, control, appraise, and redirect the management towards pre-defined targets and goals.
- **Length of relationship** - coaching relationships are typically shorter
- **Focus of goals** - coaching is used to achieve very specific goals that revolve around employee productivity and performance
- **Coach-driven relationship** - it is the coach's responsibility to drive the relationship by setting tasks for the coached to complete.
- **External coaches** - coaches are usually hired from an outside source and are not part of the organization.
- **Cross-cultural communication** - understanding the similarities and differences of people from different cultural backgrounds and groups to better communicate information and engage with them.
- **Individual strategies** - the multicultural workforce can be managed with individual strategies.
- **Organizational approaches** - the multicultural workforce can be managed with organizational approaches.
- **New employee orientation** - orientation and training practices for new employees are designed to provide very important information on the job
- **Religion aspects** - many religions command practices regarding the methods of prayer, personal behaviour, rituals, holidays, clothing and the like.
- **Culture is diverse** - appreciating that society is made up of many different groups with different interests, skills, talents and.
- **Hourly pay/wage** - the most common and direct form of compensation.
- **Salary** - customarily a yearly amount that is split evenly into pay periods so that workers receive the same amount every pay check throughout the year.
- **Commission** - commission-based compensation is designed to incentivize employees to produce at a high level and may be used in

certain industries where the employer cannot guarantee a consistent workload.

- **Bonuses** - bonuses give businesses a flexible option to reward employees additionally for great performance.

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## **INTERNATIONAL ORGANISATIONS AND INDUSTRIAL RELATIONS**

### **Unit Structure**

- 3.0 Objective
- 3.1 Introduction
- 3.2 Corporate Culture and Change
  - 3.2.1 What Is Culture Change in the Workplace?
  - 3.2.2 Why Is Organizational Culture so Difficult to Change?
  - 3.2.3 Reasons for Changing Organizational Culture
  - 3.2.4 Internal and External Change
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- 3.3 Policies and Practices of Multinational companies
  - 3.3.1 What are HR policies?
  - 3.3.2 The Right Way To Write HR Policies
  - 3.3.3 One HR Policy, Many Benefits
  - 3.3.4 How Do You Build A Willing Workforce?
  - 3.3.5 Global HRM Practices
- 3.4 Employment and Labour Laws: an international perspective
  - 3.4.1 Definition of International Labour Law
  - 3.4.2 Purpose of international labour law
  - 3.4.3 Global Instruments of international labour law
- 3.5 The Influence of Trade Union
- 3.6 Equal Opportunity
- 3.7 Employee Relations
  - 3.7.1 What is Employee Relations
  - 3.7.2 Employee Relations Skills Set
- 3.8 Self-Assessment Question
- 3.9 Summary
- 3.10 Keywords

### To Learn:

- What Is Culture Change in the Workplace?
- Why Is Organizational Culture so Difficult to Change?
- Reasons for Changing Organizational Culture. Internal and External Change
- Quality of a great organizational culture
- What are HR policies? The Right Way To Write HR Policies.
- Global HRM Practices. How Do You Build A Willing Workforce?
- Definition of International Labour Law
- Purpose of international labour law
- Global Instruments of international labour law
- What is Employee Relations
- Employee Relations Skills Set

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## 3.1 INTRODUCTION

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Industrial relations refers to a set of phenomena, both inside and outside the workplace, worried about identifying and managing the employment relationship. International Industrial Relations (IIR) handles the complicated associations between employers employing foreign nationals, employees of various nationalities, home and host country governing bodies and trade unions of the organizations functioning in different nations around the world in addition to their national & international federations.

Globalization and international trade has put stress on organizations to standardize practices and policies. Globalization's influences on Human Resource Management come through the opening and penetration of economic systems to outside forces. This is certainly a two-way procedure, with both local organizations and multinational corporations embrace one another's HRM practice.

- **WHAT ARE THE KEY ISSUES IN INTERNATIONAL INDUSTRIAL RELATIONS (IIR)?**

**Issue 1: Who should handle Labour Relations – Headquarter or the subsidiary in the concerned country?**

The national dissimilarities in economics, political, and legal systems create diverse labour-relations system across countries, MNCs HQs typically delegate the control over labour relations to their foreign subsidiaries. Having said that, the participation of the MNC headquarters in host-country labour relations is impacted by 4 key elements:

1. In case there is a high level of inter-subsidary production integration, the labour relations function is centralised and is coordinated by the head quarter.
2. The nationality of ownership of the subsidiary has an influence on who should take care of employee relations.
3. Furthermore, subsidiary character has a bearing on who should deal with employee relations.
4. Finally, where a subsidiary is dependent more on its parent company for resources, you will see a greater corporate involvement in labour relations.

### **Issue 2: Trade Union Tactics**

1. Trade Unions make use of a number of tactics to deal with international business:
  1. The most common one is 'strike'. A strike is a concerted and temporary suspension of work, intended to put pressure. Unions should be cautious prior to resorting to a strike in international scenario because the bargaining power of a union could possibly be threatened or weakened by the financial resources of an MNC. This is especially evident where a multinational firm uses transnational sourcing and cross subsidization of its products or parts across different international locations.
2. Form International Trade Secretariats (ITSs): There are Fifteen ITSs who help the exchange of information. Main objective of ITSs is to accomplish transactional bargaining with the MNCs.
3. Lobbying for limited national legislations – Trade unions have for several years lobbied for restrictive national legislation in the U.S. and Europe. Trade unions pursue restrictive national legislation to avoid the export of jobs via multinational investment policies.
4. Intervention from the global body like ILO, UNCTAD, EU, OECD: ILO has issued guidelines which cover disclosure of information, competition, financing, employment, industrial relations, taxation, science and technology.

### **Issue 3: Political**

There is little doubt that national industrial relations (IR) systems continue to be greatly different. There are 3 faces of industrial relations which the international union movement encounters in the international environment, specifically social democracy, neo-liberal and authoritarian. The dissimilarities in national industrial relations systems are also mirrored in the structure, power and status of individual actors in the system. For example trade unions maintain a

comparatively strong position within the Scandinavian IR model while their role is a lot more limited in the US context. The international labour movement is usually prohibited direct access to robust intergovernmental establishments like the WTO. So they have to depend on national government to represent their interests to these institutions. Significantly, the interests of government might not always be directly in-line with the union movement.

#### **Issue 4: Social and Identity**

A key problem with the international labour movement and specifically international collective bargaining is the absence of identity that individual workers have with their international associates. Additionally they see these peak associations to be a lot more conservative than activists at the local level. Associated with this point, there is a common lack of solidarity between actors at a national level. Additionally, there are endemic cultural, social and language differences among individuals in different countries resulting in lowering the degree of a shared identity between workers on an international level.

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### **3.2 CORPORATE CULTURE AND CHANGE**

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Cultural change is the process in which an organization encourages employees to adopt behaviour's and mind-sets that are consistent with the organization's values and goals. Cultural change may be necessary to better align the behaviours of employees with current and future business objectives (such as, for example, after a merger of two organizations with distinct cultures).

Successful cultural change initiatives are often gradual and must be done at a sustainable pace so that employees can acclimate and adjust to the change without becoming disengaged.

#### **3.2.1 WHAT IS CULTURE CHANGE IN THE WORKPLACE?**

Organizational culture change occurs when a company alters its processes, values, beliefs and strategic goals. In most cases, a culture change results in changes in the work environment. The change can either be internal or external. Internal culture change focuses on internal processes and systems that the company has complete control over. In this context, the most important element is the employees. On the other hand, external culture change is subject to outside factors that the company has no control over, such as politics, industry, economics, society and technology.

#### **3.2.2 WHAT IS ORGANIZATIONAL CULTURE SO DIFFICULT TO CHANGE?**

Implementing and managing organizational culture change is one of the leading leadership challenges. Interlocking cultural aspects such as values, processes, practices and expectations creates a deep-rooted system that prevents significant modifications. Introducing new teams, techniques,

knowledge, or leadership styles in a reinforced system is complicated. The biggest impediment to cultural change is resistance to change. Key stakeholders, such as employees who are unwilling to accept and adapt to new circumstances, disrupt cultural change processes.

Resistance to change can be individual or organized. Sometimes, the resistance is covert, and other times, it blossoms into open confrontation, which is disruptive to the organization. The reasons for resistance to change include

1. **Poor communication** — Lack of communication regarding the intended cultural changes can cause uncertainty. When employees feel they do not understand the reason or need for change, they are more likely to resist.
2. **Lack of motivation** — Reasons that may demotivate employees against cultural change include fear of the unknown, loss of privileges, lack of inclusion during decision-making, and additional responsibilities.
3. **Complacency among employees or leadership** — Complacency hinders organizational change efforts. Cultural change is a team effort, and all stakeholders, including employees, management and shareholders, must cooperate and support the process. Complacency among stakeholders destroys teamwork and compromises the overall team contribution, derailing the process.
4. **Loss of ownership, control or status** — A change means adjustments to established routines. Key stakeholders may resist change if they feel that their control, status quo, authority, privileges, and job security are at risk.
5. **Fear of failure** — People may oppose culture changes when they lack belief in their capabilities, doubt the leadership's ability to lead the process, or question the timing and implementation approach.
6. **Organizational politics** — Some stakeholders resist change because of personal interests. They may oppose the leadership, detest the loss of influence under a new system or prefer a system that favours them.

### 3.2.3 REASONS FOR CHANGING ORGANIZATIONAL CULTURE

Industry and market conditions are subject to fluctuations. Organizations must change to keep up with trends, take advantage of new opportunities or address emerging challenges. Some of the reasons a business may consider changing organizational culture include:

1. **New business strategy** — A new business strategy such as mergers, acquisitions or leadership changes warrants a culture change. The transformation accommodates a new strategic direction.
2. **Support/improve business performance or market growth** — When a business wants to arrest a decline in sales or profits, a culture

change is instituted to enhance performance, productivity or innovation. Likewise, leveraging new growth opportunities may require process, management, or strategic adjustments.

3. **External shocks and crises** — Industry and market shocks provide powerful motives for cultural change. For example, financial crises or market failures push companies to change their organizational culture to ensure survival and promote business continuity. Other times, a culture change is required for government bailouts in case of a collapse.
4. **Compliance requirements** — Legal and political reasons may also account for culture change. Changes in business policies and trade requirements may push organizations to adjust their organizational culture to comply with new standards.

### 3.2.4 INTERNAL AND EXTERNAL CHANGE

Buford performed an analysis of the areas of the college that need change. He came up with changes in response to both internal and external factors.

There are two types of organizational changes that businesses endure:

- **Internal change**
- **External change**

**Internal change** involves changes within the organization's control, like processes and systems, human resources, decision-making, and policies and procedures. The organization has full control over these changes. These changes are generally initiated to increase productivity and profitability.

Internally, he knew the culture needed to be changed from a relaxed resort-type environment to a purely professional academic environment in order to attract new students. This also meant changes to curricula - and processes and systems for delivering curricula.

**External changes** involve political, technological, social, and market changes that are out of the organization's control.

Buford also needed to think about meeting the needs of the new student population. In order to attract a global student body, he will need to bring in new technology for online courses. Online courses require adhering to a much stricter financial aid policy for tracking student attendance. This meant training staff on both.

### 3.2.5 QUALITY OF A GREAT ORGANIZATIONAL CULTURE

Every organization's culture is different, and it's important to retain what makes your company unique. However, the cultures of high-performing organizations consistently reflect certain qualities that you should seek to cultivate:

- **Alignment** comes when the company's objectives and its employees' motivations are all pulling in the same direction. Exceptional organizations work to build continuous alignment to their vision, purpose, and goals.
- **Appreciation** can take many forms: a public kudos, a note of thanks, or a promotion. A culture of appreciation is one in which all team members frequently provide recognition and thanks for the contributions of others.
- **Trust** is vital to an organization. With a culture of trust, team members can express themselves and rely on others to have their back when they try something new.
- **Performance** is key, as great companies create a culture that means business. In these companies, talented employees motivate each other to excel, and, as shown above, greater profitability and productivity are the results.
- **Resilience** is a key quality in highly dynamic environments where change is continuous. A resilient culture will teach leaders to watch for and respond to change with ease.
- **Teamwork** encompasses collaboration, communication, and respect between team members. When everyone on the team supports each other, employees will get more done and feel happier while doing it.
- **Integrity**, like trust, is vital to all teams when they rely on each other to make decisions, interpret results, and form partnerships. Honesty and transparency are critical components of this aspect of culture.
- **Innovation** leads organizations to get the most out of available technologies, resources, and markets. A culture of innovation means that you apply creative thinking to all aspects of your business, even your own cultural initiatives.
- **Psychological** safety provides the support employees need to take risks and provide honest feedback. Remember that psychological safety starts at the team level, not the individual level, so managers need to take the lead in creating a safe environment where everyone feels comfortable contributing. Now that you know what a great culture looks like, let's tackle how to build one in your organization.

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### 3.3 HR POLICIES IN MULTINATIONAL COMPANY

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HRM is a strategic function concerned with recruitment, training and development, performance appraisal, communication and labour relations. HR policies guide the various functions of HRM. The need for a particular type of HRM is determined by the need for standardization or adaptation. Managing human resources in an international context is more complex than in a domestic set up because of the many differences between headquarters and the subsidiaries. The HR policies of certain companies seem to discriminate on the basis of religion, race, caste, sex or nationality.



Companies like Ford and Volvo, however, strive to maintain equality in work and pay.

Staffing is an important aspect of HRM. The staffing policies of MNCs are determined by their approach to globalization. MNCs with an ethnocentric approach fill all top management positions with home country nationals to ensure that home country practices are replicated in subsidiaries. Companies that adopt a polycentric approach to globalization, fill all senior management positions with local nationals to ensure maximum adaptation to local conditions. Companies that adopt a geocentric approach to globalization, identify managers irrespective of their nationality for various international assignments to ensure that best practices are identified and replicated in all the units of the organization. Managers belonging to a particular country and working in another country are called expatriates. The selection, training, period of stay abroad, compensation and repatriation of expatriates are delicate issues that have to be managed by the HR department. On their repatriation, they must be provided suitable challenging assignments that give them the autonomy they have become accustomed to. Since maintaining expatriate managers is expensive, a company must develop local talent.

Companies can identify and develop local talent through in-house Management Development Programs (MDP). These programs will help improve the coordination between employees with diverse cultural, religious and educational backgrounds. Performance appraisal is another activity where there can be differences of opinion between headquarters and subsidiaries.

Subsidiary managers must be involved in setting of unambiguous targets and the establishment of criteria for measuring performance. Performance Management attempts to link performance appraisal to employee training and development, and possibly to compensation. There are three theories concerning the autonomy of subsidiaries in decision-making.

They are: limited autonomy, variable autonomy and negotiated autonomy. According to the theory of limited autonomy, the degree of autonomy will depend on the MNC's approach to globalization. The theory of variable autonomy states that the degree of autonomy varies with the degree of internationalization of the company.

Companies that adopt an export strategy can afford to have centralized decision-making, whereas strategic business units (SBUs) will require decentralized decision-making. According to the theory of negotiated autonomy, the degree of autonomy of a subsidiary will depend on its ability to negotiate with headquarters.

HRM plays an important role in maintaining harmonious industrial relations. Companies are often intimidated by the strength of the union and the political support it enjoys. Certain companies like Volvo ensure cordial relations with the labour union by actively participating in their development. But certain other companies, like Bata have had frequent labour relations problems in India.

### 3.3.1 WHAT ARE HR POLICIES?

HR strategies are also described as the set of concepts and norms of behaviour that regulate an organisation's interaction with its workers. A policy proposal of this type sets instructions for a broad range of employment connections inside the business. The aim and relevance of HR rules are self-evident. Every firm needs policies in order to promote regularity in behaviour and equality in employee relations.

- **WHY IS IT IMPORTANT TO HAVE DEFINED HR POLICIES IN PLACE?**

HR Department Policies and Practices are critical in SMEs because they give an outline, management, uniformity, justice, and rationality. They also guarantee that employment laws are followed and that workers are aware of their obligations and the Business's goals.

The 10 top HR policies in India that every company should consider.

1. **Employment contract**

In India, it is crucial to file proper documentation of the employees that work in the company. The employee contract acts as the umbrella covering a list of HR policies and agreements.

As per India's employment laws, it is essential to file proper documentation of the employees to ensure appropriate navigation through the complex and diverse employment framework.

Therefore, having accurate and updated documents that prove the employee's compliance to the company will help in the long term and save them from any legal hassles later. Therefore, you need to follow the labour and wage laws while processing documentation.

2. **Employee wages**

Employee payroll is one of the significant aspects of employee management. The job of the HR department of the company is to manage the employee payroll effectively. This includes offering competitive salaries to employees and staying in compliance with the government policies.

Various acts passed by the government cover the employee wages. The most prominent among being The Minimum Wage Act, 1948. This act sets a particular wage as the minimum wage for skilled as well as unskilled workers. The act mandates that the employees earn the 'Basic' salary to meet their living expenses.

Further, The Payment of Wages Act, 1936 states that an employee should receive their rightful monthly salary payment on the agreed-upon date without any unwanted deductions. Therefore, companies need to follow the laws to remain compliant while being competitive. This is one of the most critical points in the list of HR policies in India.

### **3. Code of Conduct**

The Code of Conduct is the company's policies, consisting of its vision, mission, and ethics. This is created to inform employees about the policies of the behaviour and maintain discipline while at the workplace.

The code of conduct is among the types of HR policies containing the company's rules that employees need to adhere to. The policy includes dress code, equal rights to all, electronic usage policy, conflict of interest, media policy, proper work environment etc. It also contains the rules and penalties if an employee breaches or violates the code of conduct.

### **4. Leave policy**

As per requirement, every company should have a good leave policy to provide a clear picture of the leaves they would be entitled to take in a year. The policy should include a proper bifurcation of the leaves into paid leaves, sick leaves or casual leaves etc. It must also mention public holidays.

HR policies in India 2022 should also provide provision for unpaid leaves along with detailed rules on the salary cut on late arrivals and half days. According to The Factories Act, 1948, employees are entitled to get paid holidays every week as well as get paid for any extra work they did beyond their work hours.

### **5. Employee provident fund**

Every employer is liable to set up an employee's provident fund account for each of its employees. The Employees Provident Fund Act, 1947 provides income security to the employees after their retirement. This is more like a security fund offering various benefits for employees, such as housing care, medical insurance and retirement pension.

It is important to note that companies exceeding 10 employees must provide provident fund benefits to their employees. Therefore, if you have more than 10 employees, then you are liable to have a provident fund scheme for your employees.

### **6. Gratuity Policy**

The gratuity policy is a way for companies to appreciate the services provided by their employees towards the company. The

gratuity policy applies to all employees who have provided more than 5 years of continuous service to the organisation.

The company is liable to pay a one-time payment as gratuity pay-out to employees who are either being laid off or resigning, but have provided 5 years or more of continuous service. This is vital to keeping employees happy and engaged. Moreover, companies are legally bound, as per The Payment of Gratuity Act, 1972, to pay gratuity to their employees.

## **7. Paternity and maternity leave policy**

Every company with more than 10 employees is required by law to provide maternity leave benefits to women employees as per The Maternity Benefits (Amendment) Act, 2017. Any woman who has worked with the company for 80 days is entitled to receive the benefits.

According to the act, a pregnant working woman is eligible to get a minimum of 26 weeks of paid leave for the first 2 children and a subsequent 12 weeks of unpaid leave.

As of now, there is no law on paternity bills for private company employees. The central government employees are entitled to get paternity leave of 15 days to take care of their wife and surviving child. There is a proposed paternity benefits bill, 2017, which is still pending government authorisation.

## **8. Sexual harassment workplace policy**

A company is required to take or implement decisive rules, human resource policies and regulations to create a safe work ecosystem for women at the workplace. This is not just required by law, but it should be a moral necessity for the company.

According to The Sexual Harassment Act, 2013, the company must implement proper steps to protect women employees and interns as well as any woman who visits the company. Moreover, every company should have a sound sexual harassment policy to address harassment complaints by women employees actively.

This includes setting up an Internal Complaints Committee in every company crossing the 10-employee mark to look into the sexual harassment complaints by women at the workplace.

## **9. Adaptive work culture policy**

The past year has seen a paradigm shift in various companies' work culture. The pandemic has forced many of them to ask their employees to work from home. This has given rise to the need for an adaptive work culture policy to provide greater

flexibility to employees to choose their work location or workplace.

The adaptive work culture policy should contain proper rules and structures to manage employees working remotely or working from home. This will create a framework or guidelines for employees to follow when working from different locations.

#### **10. Employment Termination policy**

Every employer has to face it. Some of your employees may plan to move ahead at some point in their careers. You may also feel that an employee no more fits into your larger scheme of things. These moments are emotional for the employee as well as the employer.

Therefore, the employer needs to ensure that they implement a proper leave policy that lays down the steps for an employee who wishes to leave the company.

This will help the HR team follow the correct procedures as per the labour laws to terminate an employee or process the employee's resignation request.

HR policies are an essential framework that every company needs to ensure smooth functioning. These policies are the guiding factor that tells the company and the employees how to work and conduct themselves to ensure a safe and secure working environment for all.

#### **11. Developing relations**

Google renamed the normal 'Human Resources' division to 'People Operations,' wherein management holds that in developing strong relationships between employers and employees. The organization enables its staff to use their creativity and keep coming up with great out-of-the-box ideas and value-added activities.

#### **12. Looking after the employees**

Flipkart is one of the largest electronic retail giants and provides its employees with unpaid time off to attend to personal commitments. The organization also offers exceptional discounts for special occasions such as an emergency involving friends or relatives. These benefits are in addition to the standard leaves that are awarded.

### **3.3.2 THE RIGHT WAY TO WRITE HR POLICIES**

If your HR team has to draft an HR policy, certain precautions have to be taken. Why? Because the last thing you want is a botched official document

of your organisation that lays down important rules, regulations and procedures for everyone.

Needless to say, an unclear document riddled with errors will eventually make your HR team look bad in front of all the employees, especially the leadership team.

So, how do you get it right? Here's how you should go about it.

- **Get the HR policy title spot on**

Every HR policy document has a title that summarises the contents of the document in the simplest manner.

Before your HR team even begins drafting the contents of the policy, they should find a suitable title because it will set the tone and the context for the rest of the HR processes and procedures. Since your HR policy ties several processes together, an apt policy title will assist employees in identifying and referring to particular processes.

Generally speaking, your policy title must be able to answer some basic questions. For instance, the user-friendliness of the policy, whether the title describes the entire policy, how much it can assist the reader, and if employees, old or new, can comprehend the title.

- **Know why you need HR policies**

Understanding the real motive behind creating HR policies is important. In other words, what is it that you want to achieve when writing HR policies?

The simple answer — addressing the questions and doubts of employees without any hassles. They should be able to look up the policy document and specific points mentioned within. In this regard, it's crucial to outline the intentions of the company and the HR.

- **Keep it crisp and clear**

When creating the HR policy document, you should be absolutely clear about the language. Do you think whatever you've mentioned in the document can be understood clearly by the reader? Can they comprehend the message you want to convey?

If not, then your team has to go back to the drawing board and simplify the language. It should be clear, concise, and simple. Every procedure or process must be explained in elementary fashion. As a rule of thumb, you should stay away from using industry jargon. While there may be times where you cannot avoid jargon, you should try your best to spell every word, process, or procedure in the simplest manner.

- **Sound the alarm in your HR policy wordings**

Your HR policies should apply to all employees, even for the leadership team. And that is why your policy statement must underline all the rules and regulations. Not just that, you should follow them up with repercussions, in case rules aren't obeyed or employees try to circumvent the same.

While you may not need to define the exact actions that will be taken in the event of HR policy terms and conditions not being followed, you can definitely throw in reminders at intervals about the idea of reward and punishment.

- **Chalk out the outline**

HR policies for your company must be clearly outlined. And what this means is that the specific guidelines and procedures should be broken down into steps so that all employees can follow and understand them.

Your HR team must also look into explaining the effect an HR policy has on the brand's reputation, and how it aligns with the work culture and the organisational goals and objectives.

- **Uncomplicate the complicated**

Understand one thing, HR policies can be downright confusing and difficult to follow. Which is why your team should be absolutely sure that the policy is written well. And every little policy and rule contained within the policy must be clearly defined.

For instance, you must provide references for policies that aren't clear. Your readers will try to understand the true meaning behind every small detail in the HR policy.

Save them the trouble. Make your intentions loud and clear from the get-go. While you're doing that, ensure that the tone and voice you adopt for the HR policy suits the organisation's environment and work culture.

- **The final few steps**

Now that your HR policy has finally taken shape, you shouldn't pull the trigger and finalise it no matter how desperately you need it.

Since this is the final draft, you should read your policy, then re-read it to oust and rectify any errors. You need to provide clarity on every little detail and take care of any omissions before the final draft is finalised.



- **Get additional help**

The HR policy written by you or by the HR team under your supervision might still have many errors that may go unnoticed. While it may look good to you, don't jump the gun and have it finalised.

Get help. Someone within the organisation, preferably from the leadership team, who has vast amounts of experience may still have something to say. Share your HR policy with such professionals for additional feedback and comments.

This step will help you fine-tune your HR policy. They can help you illustrate the HR policy better. What's more, if there's anything important you've missed out, they'll be quick to let you know.

- **Testing it on others**

You need to build confidence before submitting the final HR policy for your organisations. That is why it's a great idea to share it with other members of the HR team and senior executives from other departments.

They'll be able to tell you if they have any reservations about the HR policy. Send in an official request, perhaps via mail, asking them for their inputs.

- **The policy must adapt**

The underlying fact about an official document such as the HR policy is that they're bound to change. Business decisions, crises such as the ongoing pandemic, market and work trends will all influence the policies and procedures to some degree.

What this essentially means is that your HR policy must not be set in stone. Keep some room for the policy to change and adapt. In fact, you should slip in a disclaimer, clearly announcing that the HR policy is subject to change as per organisational needs.

### **3.3.3 ONE HR POLICY, MANY BENEFITS**

An HR policy acts as a guidebook, not just for your HR team, but also for the entire organisation. But that isn't the only advantage of having one. Let's take a look at some of the other benefits of having a sound HR policy in place for your organisation.

#### **1. Quick actions**

There's no way to predict crises. But decisions have to be made, quickly. When that happens, an HR policy will serve as the guide and help concerned teams and departments to act quickly. Such actions will be governed by the principles and rules contained in the HR policy.

## **2. A stable future**

Yours's is an organisation like any other. What that means is that employees will come and go. That is why you need HR policies that govern decision making, now and in the future. An HR policy will ensure that correct decisions are always taken even when loyal and core members leave the organisation.

## **3. Better decisions**

While your organisation encourages help and support amongst employees, there's no saying whether they'll be able to help each other out even if they want to. Why? Because those willing to help might actually be away or be engrossed in other tasks.

In such cases, an HR policy can help by empowering employees, managers, supervisors and leaders to make decisions with confidence without consulting others. Policy helps managers at various levels to act with confidence without the need of consulting the s every time.

## **4. No special treatment**

As mentioned earlier, a single HR policy document must govern each and every employee of the company, regardless of their designation, experience, or seniority.

What this means is that all employees must be treated equally and fairly. When you have a sound HR policy, it'll act as the official guide for consistent and unbiased treatment.

## **5. Clean conscience**

An HR policy can aid decision-making. For instance, when you spell out all the rules and regulations in a single document and share it with all employees, they don't have to consult someone or look elsewhere when making decisions.

Any feelings of self-interest and bias, conscious or not, will be eradicated.

## **6. Employee confidence**

An HR policy can help the employees understand their position within the organisation. Once this happens, you instil confidence in them. They feel noticed. Which only means better decisions and enhanced employee loyalty.

## **7. Result-oriented and rational**

This is your company after all, and you want to ensure that the best decisions are being made all the time. While every problem-solver within your company has a unique way of overcoming odds, the HR policy will, in a way, underline how the entire system has to be ethical and rational.

Once you have a system for achieving results, you end up having more control over your organisation and employees.

## 8. Employee-focused

Employees, at the end of the day, are the most essential resources for any company. You need to keep them happy, satisfied, and looked after.

Without HR policies, you may end up hurting the sentiments of your people which will only end up hurting your organisation's reputation. But when you do have an HR policy, you avoid errors and bad decision-making.

### 3.3.4 GLOBAL HRM PRACTICES

#### 1. HIRE THE RIGHT PEOPLE

Employees are a company's asset. The first best practice as an HR is to hire people whose beliefs align with your company. The right employees maximize productivity and frame a fitting work culture and morale. Thus, hiring the right people is one of the crucial global HR practices.

##### (A) STRATEGIZED HIRING

Your hiring methods determine the future of your company. Thus, strategizing the hiring procedure is crucial. You can set a fitting persona for each role and screen candidates matching that persona.

Some of the best hiring procedures include:

- **Panel-based interviews:** An interview panel consists of experienced leaders in various roles. They bring in different perspectives to determine if the candidate is suitable. Thus, interview panels with the utmost of four members make a good hiring team.
- **Internships:** This gives time for the employer to determine the attitude, nature, and quality of work. Similarly, there is ample time for the candidate to understand the work nature and expectations. Thus, it benefits the employer in choosing the right person and the employee, in becoming the right person.

With good hiring practice, you would make no mistake of letting the right candidate walk out.

##### (B) GLOBAL HIRING

The right candidate is often not present next door but, why should that limit you?

A global hiring strategy helps you identify and filter suitable people across the world. The wider you search, the more likely you are to find the right candidates.

Additionally, global hiring brings in diversity. Diversity brings along a host of benefits including,

- Increased productivity
- Enhanced employee engagement, and
- Cultural literacy.

### **(C) HIRING TOOLS**

Yes, global hiring is remarkable. However, setting up local entities everywhere you hire would cost you time and money. Thus, you need proper planning and employ effective strategies to utilize its full potential. Else, it gets chaotic.

Using hiring and virtual onboarding EOR (Employee on Record) tools help you hire without having to set up such local entities. You can set up a hassle-free onboarding process.

Thus, using hiring tools for assistance is one of the best hiring practices.

## **2. EMPLOYEE MANAGEMENT**

After hiring, comes employee management. It is a holistic approach that helps employees perform their best to achieve the set goals.

### **(A) MANAGE EMPLOYEE PERFORMANCE**

Employees like to get evaluated, get feedback for their work. It makes them understand what is expected of them and shifts their focus towards that.

They boost high performers further to continue working in the same direction at a faster pace. Also, performance evaluation gives a chance for underperformers to rectify their mistakes and perform better.

Thus, it is a good global Human Resource practice to include performance evaluation through one-on-one meetings and regular performance reviews.

### **(B) TRANSPARENCY**

A crucial international HRM practice is to be open with the employees, regardless of the success or failure of the business. Companies that foster transparency of communication and feedback make employees feel trusted and respected.

Transparency also promotes participation and engagement. Feeling well-informed, employees volunteer to share ideas and contribute to decision-making. This leads to better and well-informed decisions that help in your company's growth.

### **(C) EMPLOYEE ENGAGEMENT AND EMPOWERMENT**

Employee engagement involves open discussions, clear communication and most importantly empowering them.

Employees are no longer interested in mundane work without growth. They are actively on the search for up skilling and updating to face unknown challenges. Organizing programs, professional courses, and seminars helps them cover the skill gap created due to growing technology.

Thus, engagement through empowerment adds value to the organization and is one of the age-old global HR practices that holds good through time.

## **3. COMPENSATION AND BENEFITS**

Compensation, incentives, and benefits make your employees feel acknowledged and appreciated. Thus, it is one of the crucial global HR practices to follow.

### **(A) FAIR COMPENSATION**

Excellent workers deserve excellent compensation. Fair compensation motivates your employees to continue their good work and to even outdo their performance.

Your compensation plan should keep in mind the performance of the individual, the value they add to the business, and competition in the market. Strategizing compensation packages better than the rest in the market helps you retain talent and thus, supports continued organization growth.

### **(B) ADDITIONAL BENEFITS**

Benefits make the employee value their employment with you. Thus, another good global HR practice is to design benefit plans that provide value to the employees. Some of them include:

- Providing health insurance plans
- Travel concessions
- Maternity and paternity leaves
- Enforcing family time
- Profit-sharing plans

These are some of the best ways to show the employees that you value their work.

Further, your benefits can also focus on setting up a comfortable work culture and space. This can include mentors to guide young talents, open discussions, flexible working hours, etc.

The pandemic gave us an additional array of benefits that could be offered to boost your employees' trust and help them cope up with the stress. Some of these benefits can include:

- The option to choose between remote and office working
- Strategies ensuring work-life balance
- Health insurance plans covering dependent's medical expenses due to Covid-19, etc.

#### **4. CREATE A SAFE WORKPLACE**

An office is where employees spend most of their day. In fact, on average, an employee spends almost 1/3rd of their life in the office premises. Thus, prioritizing workplace safety is crucial and vouches for a sound global Human Resource practice.

##### **(A) AVOID WORKPLACE ACCIDENTS**

Workplace safety is not just a best practice but also a fundamental right of every employee. Thus, as an HR professional, ensuring infrastructure and physical safety is more than a practice. It becomes your duty.

Safety procedures must be strictly followed and in place to ensure a secure workplace. Security checks at vulnerable points must also be deployed. Conducting fire drills, creating awareness of the various safety aspects such as fire, electrical, hardware components, and women safety can be beneficial.

Additionally, due to the pandemic, proper sanitization and screening procedures must be followed to avoid the further spread of the virus.

##### **(B) AVOIDING VIOLENCE AND ABUSE**

Sadly, workplace violence and abuse, especially against women are becoming common. Thus, there is a compelling need to address them to avoid disasters, and discomfort to all especially, the female workforce.

Dedicated policies and rules must be in place to prevent such workplace abuses and violence. As an HR, you must ensure that these policies are strictly followed and adhered to by all. Anti-ragging policy and policies against misconduct must be included while drafting company laws and policies.

These are some of the ways to evade violence and abuse, and set up a secure workplace.

## 5. **CREATE AN ETHICAL WORKPLACE**

Though an open, casual work culture is widely adapted, it should not be at the expense of ethics. Your workplace must still hold strong ethical codes to maintain office decorum. Good global HR practice is to strike a balance between both.

The ethical aspects encompass a moral code of conduct, professional dress code, effective communication, etc. These aspects define who you are, as an entity.

Thus, to sustain the changing market, make sure your ethics sustains the modern work culture.

## 6. **RISK MANAGEMENT**

Risk Management involves assessing potential risks to your business and figuring out the best solutions to handle them. Risk management is crucial irrespective of the business size or industry.

Below are some of the potential risks and how to evade them.

### (A) **COMPLIANCE AND REGULATIONS**

As an HR, you're well aware of the complicated laws and regulations surrounding employment. As a global recruiter, it just gets more complicated. Thus, it is crucial to follow local labour laws and stay compliant.

All of your HR processes must be regulated and audited to ensure you are as compliant as possible. The laws keep changing and get updated regularly. Thus, an international best HRM practice is to track the revisions in the laws in each country and reflect them in your policies and documents.

### (B) **GET ASSISTANCE**

Tracking every law posed in all the countries you're present in is a tedious job. It is easier said than done. To avoid such laborious work you can make use of PEOs (Professional Employer Organizations).

PEOs partner with you to assist in tracking and maintaining compliance with local labour laws and regulations. We, at Multiplier, take care of local compliance in each country and help you save time and effort.

### (C) **NETWORK AND DATA SECURITY**

Data thefts and security breaches are, sadly, increasing rapidly. If not addressed immediately, this might be catastrophic to your business.



Network security risk management is about anticipating possible security breaches and avoiding them. You can set up a sound internal hack and security team to identify such weak ends and strengthen your network.

#### **(D) EMPLOYEE INCOMPETENCY**

Training and competency failures occur when your employees aren't equipped to face future challenges.

As seen above, the best practice is to provide them with sufficient knowledge and training to up skill themselves to face unanticipated challenges in the future.

The above are some of the possible risks you might face as an HR professional and ways to evade them.

### **7. ADOPT FAIR TERMINATION POLICIES**

A good firing policy is as crucial as the hiring policy. However, they require tremendous effort and planning to get right. Wrong strategies will induce a fear of unsettlement among the others and result in overall dissatisfaction.

As an HR professional, a good global HR practice is to give the underperforming employee a chance to change. Except for critical issues such as violating company policies and regulations, discussing your concerns and helping them understand their mistakes is fair play.

Also, our mental stress has shot up due to constant agitation and unsettlement due to the pandemic. Such situational productivity loss should be accepted, and as an employer, you must help them sort it out.

If the employee volunteers to terminate the employment, the best practice is to conduct an exit interview. This gives insight into the reasons behind the termination and helps you plan new strategies to retain other talents.

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## **3.4 EMPLOYMENT AND LABOUR LAWS: AN INTERNATIONAL PERSPECTIVE**

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International labour law is the body of rules spanning public and private international law which concern the rights and duties of employees, employers, trade unions and governments in regulating work (human activity) and the workplace.

### **3.4.1 DEFINITION OF INTERNATIONAL LABOUR LAW**

International labour law is one category of international law.

International law is the body of legal rules that apply between sovereign states and such other entities as have been granted international personality

by sovereign states. Concerning labour law, the most important entity is International Labour Organization.

The rules of international law are of a normative character; that is, they prescribe standards of conduct. They distinguish themselves, however, from moral rules by being, at least potentially, designed for authoritative interpretation by an independent judicial authority and by being capable of enforcement by the application of external sanctions. These characteristics make them legal rules.

The law-creating processes of international law are the forms in which rules of international law come into existence; i.e., treaties, rules of international customary law, and general principles of law recognized by civilized nations. It is the merit of article 38 of the Statute of the International Court of Justice that this exclusive list of primary law-creating processes has received almost universal consent.

International law means public international law as distinct from private international law or the conflict of laws, which deals with the differences between the municipal laws of different countries.

International law forms a contrast to national law. While international law applies only between entities that can claim international personality, national law is the internal law of states that regulates the conduct of individuals and other legal entities within their jurisdiction.

International law can be universal, regional or bilateral. Although there is some duplication between universal and regional labour law, the practical value of regional law lies mainly in the possibility it offers to establish standards which are more progressive than worldwide standards for dealing with the special problems of the region concerned; to secure greater uniformity of law within a region; or to provide more extensive reciprocal advantages. Bilateral law has a different purpose. Mainly, it determines the conditions of entry and of employment in each contracting country for the nationals of the other. This chapter deals only with universal and regional labour law.

The sources - instruments by which states and other subjects of international law, such as certain international organizations - of international law are international agreements. The agreements assume a variety of form and style, but they are all governed by the law of treaties, which is part of customary international law.

A treaty, the typical instrument of international relations, is defined by the 1969 Vienna Convention on the Law of Treaties as an "agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation".

#### 1. Competition

Various arguments have been advanced over the years in support of international labour law. The argument concerning international competition was used in its most extensive form throughout the 19th and at the beginning of the 20th century. The argument was that international agreements in the field of labour would help prevent international competition from taking place to the disadvantage of workers, and would constitute a kind of code of fair competition between employers and between countries.

This argument is generally given less prominence today, since it has been realized:

- that competition did not prevent the main industrialized countries of Europe from adopting the first labour laws
- that the cost and the competitive value of products depend on many factors other than labour costs (in fact, factors that increase labour costs, such as investments in training, safety and health, etc., can increase competitive value)
- that countries that are the most successful in world markets are not those where the conditions of work are the less favourable.

However, globalization (and especially trade liberalization) have again brought up discussions on the relationship of competition to very poor working conditions in developing countries and loss of jobs in developed countries. The discussion is focused mainly on developments in industries where manual labour and low skills dominate production.

#### 2. World peace

At the end of World War I a new argument appeared, namely that injustice in the social field endangers peace in the world, and that action against such injustice therefore serves the cause of peace.

It has been pointed out that measures of social justice – which provide, among other things, for trade union rights – are bound to strengthen democratic regimes, which are more likely than authoritarian governments to be peace loving. Social peace within countries may also sometimes be related to international peace, inasmuch as internal tensions may have repercussions abroad. Stress has equally been laid on the positive and dynamic concept of peace, involving the establishment of stable, just and harmonious conditions both within individual countries and between different countries. This would be accomplished by eliminating, inter alia, rivalry on world markets arising out of too great a disparity in labour conditions. It has also been claimed that the establishment of international labour standards aimed at improving the condition of mankind develops a common

sense of solidarity internationally, and fosters a climate of mutual collaboration and understanding that transcends racial and national differences.

Yet progress toward these goals is threatened by many forces. Extremism – religious, ethnic, and political – is on the rise, often fuelled by growing disparities in levels of development. Despite the growth of democratic forms of government, violations of human rights continue in too many countries. The number of armed conflicts currently under way is only slightly less than at the end of the Cold War. Although the threat of nuclear war between the superpowers seems less likely, there is the frightening prospect of nuclear weapons loosely controlled by weak governments.

### **3. Social justice**

The driving force behind the idea of international labour law was the notion of social justice. In the field of labour, the humanitarian concern originally appeared in the face of conditions of great hardship imposed on the workers by industrialization. It was the mainspring of the movement, the first achievement of which was the adoption on both the national and international levels of measures to protect children from conditions of work that had shocked the public conscience.

The expression "social justice" itself was introduced in 1919 in the course of the discussions which took place at the peace conference, when the original Constitution of the ILO was being drafted as part of the Treaty of Versailles. This notion has certainly been the most powerful driving force in the development of international labour law.

It has often been stressed that economic growth does not automatically ensure social progress. Nevertheless, there remains a widespread tendency to give economic development precedence over social considerations. It is, therefore, the function of international labour standards to promote balanced economic and social progress.

### **4. Consolidation of national labour legislation**

Even when the labour legislation or practice of a country has reached a certain level, it may be desirable for the country to ratify a Convention that provides for a standard corresponding to the existing national situation. This is because, even if no substantial change is called for, ratification of the respective Convention could contribute to the consolidation of national labour legislation by acting as a guarantee against backsliding. There have been cases in which the existence of international commitments based on ratified Conventions has prevented governments from adopting retrograde measures they had contemplated, particularly in times of crisis.

As a result of the widespread economic, commercial, technological, social and even cultural changes that have taken place in the past two

decades, governments have been amending their labour legislation to meet new needs and accommodate new circumstances.

## **5. Source of inspiration for national action**

In addition to the international commitments to which they may give rise, international labour standards can serve as a general guide and as a source of inspiration to governments by virtue of their authority as texts adopted by an assembly composed of representatives of governments, employers and workers of nearly all countries of the world. They may also for that reason provide a basis for the claims of workers and guide the policy of employers. International labour standards have thus developed into a kind of "international common law". Their influence is in many ways similar to that found elsewhere in various periods in the history of civil law – for example, the influence of Roman law, or of certain later European legal codifications. Those in charge of social policies in various countries have often highlighted this role of international labour law.

### **3.4.3 GLOBAL INSTRUMENTS OF INTERNATIONAL LABOUR LAW**

#### **ILO Instruments**

ILO sources of international labour law can be found in the Constitution of the Organization, and in its numerous Conventions and Recommendations. While the Constitution of the ILO mainly contains provisions relating to the functioning of the Organization, it also lays down a number of general principles which have come to be regarded in certain respects as a direct source of law. Such principles are contained in the Preamble of the Constitution and in the Declaration concerning the Aims and Purposes of the Organization, adopted by the Conference in Philadelphia in 1944 and incorporated in the ILO Constitution in 1946.

#### **ILO Conventions**

##### **Specific features of Conventions**

Conventions are instruments designed to create international obligations for the states which ratify them. In addition to its Conventions, the ILO has adopted a number of Recommendations, which are different from the point of view of their legal character. Recommendations do not create obligations, but rather provide guidelines for action.

**Conventions have a number of specific features, which can be grouped under four main ideas:**

1. Conventions are adopted within an institutional framework. Thus, the adoption of Conventions does not follow the type of diplomatic negotiation which is usual in the case of treaties. They are rather prepared in discussions in an assembly that has many points in common with parliamentary assemblies. This also partly explains the fact that unanimity is not necessary for the adoption of Conventions.

For the same reason, only the International Court of Justice can interpret the Conventions. The revision of Conventions is made only by the General Conference, which is the legislative body of the Organization.

2. The International Labour Conference, which adopts Conventions, is constituted by representatives of governments, employers and workers, each delegate being entitled to vote individually.
3. A two-thirds majority is sufficient for the adoption of a Convention, and governments should submit the Convention to their competent authorities for ratification, i.e. as a rule to their parliaments. Also, the governments have the obligation, when requested, to supply reports on various issues related to Conventions. (See overview of supervisory system)
4. Some Conventions include flexibility clauses, because they are generally directed towards countries with very different economic, social and political conditions, as well as different constitutional and legal systems. The flexibility clauses comprise options regarding the following:
  - A. obligations: possibility of choosing, at the time of ratification, by means of formal declaration, the extent of the obligations undertaken. (f.ex. Social Security Convention, No. 102)
  - B. scope: Governments may decide for themselves, subject to certain consultations, what the scope of the Convention shall be (f.ex. Conventions of minimum wage fixing machinery, Nos. 26 and 29), or they may be permitted to exclude certain categories of persons or undertakings (f.ex. Conventions on night work, Nos. 41 and 89), or the definitions of persons covered may be based on a specified percentage of the wage earners or population of the country concerned (f.ex. many social security Conventions), or exceptions are allowed for a certain part of the country (Various types of Conventions, f.ex. Nos. 24, 25, 62, 63, 77, 78, 81, 88, 94, 95, 96 etc.), or governments may themselves define a certain branch, industry or sector (f.ex. Weekly rest Convention, No. 106)
  - C. methods: State which ratifies a Convention shall take such action as may be necessary to make effective the provisions of such Convention, custom, administrative measures or, in certain circumstances, collective agreements.

### **CORE CONVENTIONS**

While ILO Conventions are not ranked in terms of their order of importance, there is an underlying hierarchy, which can be discerned. In the first category are Conventions dealing with freedom of association and collective bargaining (Conventions Nos. 87 and 89), forced labour

(Conventions Nos. 29 and 105), non-discrimination in employment (Conventions Nos. 100 and 111) and child labour (Convention 138).

These core Conventions were identified and given prominence in the Conclusion of the World Summit for Social Development in 1995 (See Copenhagen Declaration on Social Development). In the second category are technical standards, which establish norms to improve working conditions.

**Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)**

Establishes the right of all workers and employers to form and join organizations of their own choosing without prior authorization, and lays down a series of guarantees for the free functioning of organizations without interference by the public authorities. In December 1997, 121 countries had ratified this convention.

**Right to Organize and Collective Bargaining Convention, 1949 (No. 98)**

Provides for protection against anti-union discrimination, for protection of workers' and employers' organizations against acts of interference by each other, and for measures to promote collective bargaining. In December 1997, 137 countries had ratified this convention.

**Forced Labour Convention, 1930 (No. 29)** Requires the suppression of forced or compulsory labour in all its forms. Certain exceptions are permitted, such as military service, convict labour properly supervised, emergencies such as wars, fires, earthquakes, etc. In December 1997, 145 countries had ratified this convention.

**Abolition of Forced Labour Convention, 1957 (No. 105)** Prohibits the use of any form of forced or compulsory labour as a means of political coercion or education, punishment for the expression of political or ideological views, workforce mobilization, labour discipline, punishment for participation in strikes, or discrimination. In December 1997, 130 countries had ratified this convention.

**Discrimination (Employment and Occupation) Convention, 1958 (No. 111)** Calls for a national policy to eliminate discrimination in access to employment, training and working conditions, on grounds of race, colour, sex, religion, political opinion, national extraction or social origin and to promote equality of opportunity and treatment. In December 1997, 129 countries had ratified this convention.

**Equal Remuneration Convention, 1951 (No. 100)** Calls for equal pay for men and women for work of equal value. In December 1997, 135 countries had ratified this convention.

**Minimum Age Convention, 1973 (No. 138)** Aims at the abolition of child labour, stipulating that the minimum age for admission to employment shall not be less than the age of completion of compulsory schooling, and in any case not less than 15 years (14 for developing countries). In December 1997, 59 countries had ratified this convention.



### 3.5 THE INFLUENCE OF TRADE UNION

The Labour Relations Act of 1997 provides for the right

1. to fair labour practice
2. to establish a trade union and to become a member of it
3. to organise for joint bargaining, and to strike and to be locked out.

Trade unions are the mouthpiece of the workers that they represent, seeing that they represent the workers in a certain sector in order to establish good relations between the employees and the employers. The relevant trade union should therefore strive towards promoting the social, economic and political interests of the employees. It is important to note that an employee is free to join a trade union and he / she may neither be prevented from doing so, nor be dismissed by the employer when he / she joins a trade union.

**According to the Labour Relations Act trade unions have the following rights:**

- **ACCESS TO THE WORKPLACE:** The trade union has the right to canvass members within the workplace and to hold meetings during off hours.
- **MEMBERSHIP FEES:** Contributions towards membership fees may be deducted from employees' wages / salaries.
- **ELECTIONS:** Representatives of the trade unions may be elected within the workplace.
- **SERVICE TO THE TRADE UNION:** Trade union members are entitled to taking paid leave in order to perform their duties as trade union representatives and also for the purpose of undergoing training.
- **DISCLOSING INFORMATION:** The trade union is entitled to any information that has a bearing on issues that concern the employees within the workplace.

**According to the Labour Relations Act (1997)** employees have the right to STRIKE (i.e. refusal to work, to work at a slower pace, and an embargo on working overtime), while employers have the right to LOCK OUT employees (i.e. physically preventing employees from entering the workplace). The two actions could, amongst other things, result from

1. an insistence on a wage or salary increase,
2. an insistence on recognising a trade union or
3. an insistence on changing conditions in the workplace.

In general it is fair to expect that the activities of trade unions should be of such a nature that not only are the employees' social, economic and political interests served, but that the interests of the South African economy as a whole should be fostered.

Equal opportunity, also called equality of opportunity, in political theory, the idea that people ought to be able to compete on equal terms, or on a “level playing field,” for advantaged offices and positions. Proponents of equal opportunity believe that the principle is compatible with, and indeed may justify, inequalities of outcome of some sort, but there is considerable disagreement over precisely to what degree and what kind of inequalities it justifies and how it does so.

### 1. FAIRNESS AND EQUALITY

Many believe that equal opportunity requires that advantaged positions be subject to open competition. (This view is sometimes captured by the slogan, “Careers open to talents.”) The idea there is that jobs and limited educational places should be open to all and that the selection procedures for them should be designed to identify the best-qualified candidates. In practice, that appears to be an efficient way of allocating jobs so as to maximize productivity and of distributing prized educational places to those who are likely to gain the most from them. But, even if it is a necessary condition of equal opportunity, it cannot be a sufficient condition. If it were, equal opportunity would permit differences in people’s social circumstances—such as the economic class, family, or culture into which they were born—to have too deep an impact on their prospects. The ideal would be compatible with, for example, a society in which those born into a lower economic class have radically different prospects from those born into a higher economic class as a result of the way that the different resources at their disposal influence their access to the qualifications required for success. The solution, it might be thought, is to suppose that equal opportunity requires not only open competition for advantaged positions but also fair access to qualifications. The resulting position is often called fair, or substantive, equal opportunity, in contrast to the formal equal opportunity provided by open competition on its own.

The American political philosopher John Rawls defended a version of fair equal opportunity. He argued that advantaged positions should be open to all, not only formally but also in such a way that each person has a fair chance of attaining them. He treated that idea as equivalent to the claim that those with the same level of talent and ability, and the same willingness to use them, should have the same prospects of success, regardless of factors such as class, race, and sex. Implementing fair equal opportunity would require counteracting the effects of differences in class, race, sex, and the like, and it would have substantial implications for the design of a system of public education, including the tax regime required to fund it. Some have worried that even the provision of high-quality public education would be insufficient to guarantee fair equal opportunity, on the grounds that differences between families, such as the different values

they attach to education and the different resources they have available to them, could continue to prevent those with the same level of talent and ability, and the same willingness to use them, from having the same prospects of success. Some went so far as to argue that implementing fair equal opportunity in an uncompromising way and without regard to other values would require abolishing the traditional family.

## 2. LUCK EGALITARIANISM

The ideal of equal opportunity does not necessarily lead to equality of outcome, since its aim is consistent with allowing people's life prospects to be influenced by their values and choices. From that standpoint, the underlying motivation of the ideal of equal opportunity, properly understood, is to counteract the effects of people's different natural and social circumstances while permitting inequalities of condition that emerge as a result of their choices. On that basis, some scholars have argued that inequalities arising from differences in choice are not only just but necessary, to give personal responsibility its due. That view is sometimes described as luck egalitarianism.

Luck egalitarianism maintains that, while inequalities are unjust if they derive from differences in people's circumstances—because circumstances are a matter of brute luck—they are just if they are the product of people's voluntary choices. Luck egalitarianism is thus a combination of two different claims: first, that justice requires the neutralization of the effects of differences in people's circumstances, and, second, that it is just to require people to bear the costs, or allow them to enjoy the benefits, of their voluntary choices. In making those claims, luck egalitarianism invokes a distinction between choice and circumstance, or between brute luck and "option luck."

Luck egalitarianism has its critics, however. Given the social forces to which each person is subject, the distinction between choice and circumstance, or between brute luck and option luck, is not always easy to draw in a plausible way. But even if a satisfactory way of drawing those distinctions could be found, there is still the worry that luck egalitarianism is too harsh in the way that it holds people responsible for their foolish or reckless behaviour. It seems to imply that those who end up needy as a result of their own imprudence can justly be forced to bear the costs of their choices. So people who choose to smoke in full knowledge of the risks involved and develop lung cancer may have no entitlement to the health care that they need but cannot afford. Uncompromising luck egalitarians may insist that they have no objection to voluntary schemes to help those with self-inflicted needs but that they regard the forcible extraction of taxes to help those who are responsible for their plight as sanctioning the exploitation of the prudent. Others, however, may concede that luck egalitarianism should be supplemented with a further principle of justice, such as, for example, a principle holding that the needy—

that is, those whose condition falls below some threshold—are entitled to support regardless of how their needs arose.

### 3. CRITICS OF EQUAL OPPORTUNITY

Although there is widespread agreement that equal opportunity is a requirement of justice, there are also critics of the principle. Dissenters on the left argue that equal opportunity is simply a way to legitimate inequalities of wealth and income that are inherently unjust. Another challenge comes from libertarians, who argue that employers are entitled to fill vacant positions within their workforce with whomever they want, for whatever reason they want. According to that view, the entitlement of employers to decide who should work for them on whatever basis they choose is grounded in their property rights.

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## 3.7 EMPLOYEE RELATIONSHIP

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Employee relations is seen as focusing on both individual and collective relationships in the workplace. A positive climate of employee relations - with high levels of employee involvement, commitment and engagement - can improve business outcomes and contribute to employees' wellbeing.

This factsheet explores the current state of the employment relationship. It considers the continuing value of positive employee relations for trade unions, employers, HR practitioners and line managers.

### 3.7.1 WHAT IS EMPLOYEE RELATIONS?

'Employee relations' describes the relationship between employers and employees. Today's interpretation of employee relations refers to individual as well as collective workplace relationships. It reflects the increasing individualisation of the employment relationship following the rise of individual workplace rights.

Individual voice channels are very important. But collective channels, that use union and/or non-union representatives, give employees a collective voice that can complement and reinforce individual channels.

Informing and consulting the workforce is a core people management principle and should be a priority for every organisation. If done well, it provides an effective mechanism for dialogue between management and workers, typically via their elected representatives. This provides senior management with the opportunity to impart important information or plans to the workforce and gain buy-in. For their part, employees can exercise their collective voice, an indirect channel via their representatives, to make suggestions, ask questions or raise concerns.

Employee relations is an area of specialist knowledge in our Profession Map. It emphasises the importance of making sure the relationship between an organisation and its people is managed through transparent practices and relevant law.

A positive employee relations climate and high levels of employee engagement have the potential to bring better business outcomes as well as better health and wellbeing for employees.

- **TRADE UNION INFLUENCE**

There has been a transformation in many aspects of UK employment relations over the past 40 years, none more profound than the changed role and influence of trade unions. The declining levels of union membership and density, combined with a huge fall in collective industrial action, are well charted.

According to 2021 UK official statistics, trade union membership declined to 6.4 million in 2021 and the proportion of UK employees who were trade union members fell to 23.1%, down from 23.7% in 2020.

Prior to these 2021 figures, UK trade union membership levels among employees had risen for four consecutive years, mainly driven by an increase in female membership, and by a rise in trade union numbers among public sector workers.

Despite the longer-term downward trend in membership levels, trade union influence is still an everyday reality for many organisations, particularly in the public sector. CIPD research in 2022 shows that, among those employers with representative arrangements for informing and consulting with staff, 40% reported both union and non-union representation, 39% just non-union representation and 18% cited union representation only.

### **3.7.2 EMPLOYEE RELATIONS SKILLS SET**

Over the past two decades, less value is often attached to the role of employee relations as an HR discipline, with employee relations and conflict management typically viewed as operational and transactional in nature.

This view needs to change. Against a backdrop of tumultuous political and economic change and highly pressurised work environments, there has never been a greater need for the expertise offered by employee relations specialists. The status of the employee relations specialist need reasserting, and its reach needs broadening so that managing the employment relationship, and conflict, is seen as an integral part of every people professional's role.

The more traditional, formal employee relations and negotiating skills need to be complemented with a much wider set of competencies, such as consultation, surveying and interpreting employee attitudes, spotting potential signs of conflict and early resolution of differences between employees and management. These skills need to be extended to line managers who have day-to-day responsibility for managing the employment relationship.

- **DEVELOP A POSITIVE EMPLOYEE RELATIONS FRAMEWORK**

It's important that organisations develop an effective, holistic employee relations framework, for example:

- Set up multiple and complementary mechanisms for employee voice, including direct methods with individuals and indirect methods for collective voice, via employee representation.
- Establish structures and processes for communicating with union and non-union representatives and employees at all levels of the organisation.
- Have a system to evaluate the feedback, to ensure that people's feedback is captured and listened to from across the different voice channels.
- Train and guide managers so they understand the organisation's aims and practices for information and consultation, and have the skills and knowledge to promote effective employee voice.
- Ensure a positive joint working ethos is cascaded throughout the organisation, so that managers at all levels approach working relationships with representatives in a constructive way and build trust.

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### 3.8 SELF-ASSESSMENT QUESTIONS

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#### FILL IN THE BLANK

1. \_\_\_\_\_ is the process in which an organization encourages employees to adopt behaviour's and mind-sets that are consistent with the organization's values and goals.
2. \_\_\_\_\_ is a concerted and temporary suspension of work, intended to put pressure.
3. \_\_\_\_\_ change occurs when a company alters its processes, values, beliefs and strategic goals.
4. Implementing and managing \_\_\_\_\_ is one of the leading leadership challenges.
5. The transformation accommodates a \_\_\_\_\_
6. Industry and market shocks provide powerful motives for \_\_\_\_\_
7. There are two types of organizational changes \_\_\_\_\_ and \_\_\_\_\_

8. \_\_\_\_\_ is a strategic function concerned with recruitment, training and development, performance appraisal, communication and labour relations.
9. Companies that adopt a \_\_\_\_\_ to globalization, fill all senior management positions with local nationals to ensure maximum adaptation to local conditions.
10. Managers belonging to a particular country and working in another country are called \_\_\_\_\_
11. \_\_\_\_\_ in organization help improve the coordination between employees with diverse cultural, religious and educational backgrounds.
12. \_\_\_\_\_ plays an important role in maintaining harmonious industrial relations.
13. \_\_\_\_\_ must be involved in setting of ambiguous targets and the establishment of criteria for measuring performance.
14. \_\_\_\_\_ gives a chance for underperformers to rectify their mistakes and perform better.
15. \_\_\_\_\_ involves assessing potential risks to your business and figuring out the best solutions to handle them.
16. \_\_\_\_\_ forms a contrast to national law.
17. \_\_\_\_\_ are the mouthpiece of the workers that they represent, seeing that they represent the workers in a certain sector in order to establish good relations between the employees and the employers.
18. According to \_\_\_\_\_ employees have the right to STRIKE (i.e. refusal to work, to work at a slower pace, and an embargo on working overtime), while employers have the right to LOCK OUT employees (i.e. physically preventing employees from entering the workplace).
19. the idea that people ought to be able to compete on equal terms, or on a "level playing field," for advantaged offices and positions is called \_\_\_\_\_
20. \_\_\_\_\_ describes the relationship between employers and employees.

### **ANSWER**

1. Cultural change
2. A strike
3. Organizational culture
4. organizational culture change
5. new strategic direction.
6. cultural change.



7. Internal change and External change
8. Human Resources Management
9. polycentric approach
10. expatriates.
11. Management Development Programs (MDP)
12. Human Resources Management
13. Subsidiary managers
14. performance evaluation
15. Risk Management
16. International law
17. Trade unions
18. the Labour Relations Act (1997)
19. Equal Opportunity.
20. 'Employee relations'

### **TRUE OR FALSE**

1. Main objective of International Trade Secretariats ITSs is to accomplish transactional bargaining with the MNCs.
2. Trade unions maintain a comparatively weak position within the Scandinavian IR model while their role is a lot more limited in the US context.
3. Endemic cultural, social and language differences among individuals in different countries resulting in lowering the degree of a shared identity between workers on an international level.
4. Lack of communication regarding the intended cultural changes cannot cause uncertainty.
5. Reasons that may demotivate employees against cultural change include fear of the unknown, loss of privileges, lack of inclusion during decision-making, and additional responsibilities.
6. Cultural change is a team effort, and all stakeholders, including employees, management and shareholders, must cooperate and support the process.
7. Transparency not promotes participation and engagement.
8. Legal and political reasons may also account for culture change.
9. With a culture of trust, team members cannot express themselves and rely on others to have their back when they try something new.
10. The HR policies of certain companies not seem to discriminate on the basis of religion, race, caste, sex or nationality.
11. According to the theory of limited autonomy, the degree of autonomy will depend on the MNC's approach to globalization.
12. Hiring the right people is one of the crucial global HR practices.

13. The relevant trade union should not strive towards promoting the social, economic and political interests of the employees.
14. HR strategies are also described as the set of concepts and norms of behaviour that regulate an organisation's interaction with its workers.
15. Employee relations is seen as focusing on both individual and collective relationships in the workplace.

### **ANSWER**

**TRUE** (1, 3, 5, 6, 8, 11,12, 14, 15)

**FALSE** (2,4, 7, 9, 10, 13)

### **WRITE SHORT ANSWERS**

Q1. What do you mean by corporate culture?

Q2. Corporate culture is important to develop because

Q3. What are some policies and practices of multinational companies?

Q4. What does equal opportunity mean?

Q5. Why is employee relations important?

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## **3.9 SUMMARY**

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Cultural change is the process in which an organization encourages employees to adopt behaviour's and mind-sets that are consistent with the organization's values and goals.

The national dissimilarities in economics, political, and legal systems create diverse labour-relations system across countries, MNCs HQs typically delegate the control over labour relations to their foreign subsidiaries.

There are 3 faces of industrial relations which the international union movement encounters in the international environment, specifically social democracy, neo-liberal and authoritarian.

A key problem with the international labour movement and specifically international collective bargaining is the absence of identity that individual workers have with their international associates.

Cultural change is the process in which an organization encourages employees to adopt behaviour's and mind-sets that are consistent with the organization's values and goals. Cultural change may be necessary to better align the behaviours of employees with current and future business objectives (such as, for example, after a merger of two organizations with distinct cultures).

There are 2 types of cultural change i.e. internal cultural change and external cultural change. Internal culture change focuses on internal processes and systems that the company has complete control over. In this context, the most important element is the employees. On the other hand, external

culture change is subject to outside factors that the company has no control over, such as politics, industry, economics, society and technology.

HRM is a strategic function concerned with recruitment, training and development, performance appraisal, communication and labour relations. Staffing is an important aspect of HRM. The staffing policies of MNCs are determined by their approach to globalization.

MNCs with an ethnocentric approach fill all top management positions with home country nationals to ensure that home country practices are replicated in subsidiaries. Companies that adopt a polycentric approach to globalization, fill all senior management positions with local nationals to ensure maximum adaptation to local conditions.

HR Department Policies and Practices are critical in SMEs because they give an outline, management, uniformity, justice, and rationality. top HR policies in India that every company should consider **Employment contract, Employee wages, Code of Conduct, Leave policy, Employee provident fund, Gratuity Policy, Paternity and maternity leave policy, Sexual harassment workplace policy, Adaptive work culture policy, Employment Termination policy, Developing relations, Looking after the employees.**

The right employees maximize productivity and frame a fitting work culture and morale. Thus, strategizing the hiring procedure is crucial. You can set a fitting persona for each role and screen candidates matching that persona. Strategizing the hiring procedure is crucial and some of the best hiring procedures include **Panel-based interviews and Internships.** A global hiring strategy helps you identify and filter suitable people across the world.

Employee management is a holistic approach that helps employees perform their best to achieve the set goals and it is categorized into **Manage Employee Performance, Transparency, Employee Engagement And Empowerment.** Compensation, incentives, and benefits make your employees feel acknowledged and appreciated.

Risk Management involves assessing potential risks to your business and figuring out the best solutions to handle them. As a global recruiter, it just gets more complicated.

International labour law is the body of rules spanning public and private international law which concern the rights and duties of employees, employers, trade unions and governments in regulating work (human activity) and the workplace.

ILO sources of international labour law can be found in the Constitution of the Organization, and in its numerous Conventions and Recommendations.

Core Conventions were identified and given prominence in the Conclusion of the World Summit for Social Development in 1995 (See Copenhagen Declaration on Social Development). In the second category are technical

standards, which establish norms to improve working conditions. **Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), Right to Organize and Collective Bargaining Convention, 1949 (No. 98), Forced Labour Convention, 1930 (No. 29), Abolition of Forced Labour Convention, 1957 (No. 105), Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Equal Remuneration Convention, 1951 (No. 100), Minimum Age Convention, 1973 (No. 138)**

The Labour Relations Act of 1997 provides for the right, to fair labour practice, to establish a trade union and to become a member of it, to organise for joint bargaining, and to strike and to be locked out.

According to the Labour Relations Act trade unions have the following rights, **Access To The Workplace, Membership Fees, Elections, Service To The Trade Union, Disclosing Information. According to the Labour Relations Act (1997)** employees have the right to STRIKE (i.e. refusal to work, to work at a slower pace, and an embargo on working overtime), while employers have the right to LOCK OUT employees (i.e. physically preventing employees from entering the workplace).

Employee relations is seen as focusing on both individual and collective relationships in the workplace. 'Employee relations' describes the relationship between employers and employees.

'Employee relations' describes the relationship between employers and employees.

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### 3.10 KEYWORDS

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- **Labour Relations** The Process Between Employers And Employees, Management And Unions In Order To Make Decisions In Organizations.
- **Trade Union** Organizations Formed By Workers From Related Fields That Work For The Common Interest Of Its Members.
- **Industrial Relations** - the relationships between employees and employers within the organizational settings.
- **Poor Communication** - Lack Of Communication Regarding The Intended Cultural Changes Can Cause Uncertainty.
- **Strategy** - a plan of action designed to achieve a long-term or overall aim.
- **Internal Change** - methods used to satisfy needs within the organization
- **External Change** - method used to satisfy needs using sources outside the organization (i.e., in markets).
- **Alignment Comes** When The Company's Objectives And Its Employees' Motivations Are All Pulling In The Same Direction.

- **Appreciation Can Take Many Forms:** A Public Kudos, A Note Of Thanks, Or A Promotion.
- **Performance Is Key,** As Great Companies Create A Culture That Means Business.
- **Resilience Is A Key** Quality In Highly Dynamic Environments Where Change Is Continuous.
- **Teamwork** Encompasses Collaboration, Communication, And Respect Between Team Members.
- **Integrity,** Like Trust, Is Vital To All Teams When They Rely On Each Other To Make Decisions, Interpret Results, And Form Partnerships.
- **Innovation Leads** Organizations To Get The Most Out Of Available Technologies, Resources, And Markets.
- **Psychological Safety** Provides The Support Employees Need To Take Risks And Provide Honest Feedback.
- **Employee Wages** - a form of monetary compensation for employees. They are paid according to the amount of time worked by the employee.
- **Code Of Conduct** - a policy that outlines principles and standards that all employees and third parties acting on behalf of the company must follow.
- **Leave Policy** - a document that lays down the rules and regulations related to various types of leaves that an employee can avail of.
- **Employee Provident Fund** - a scheme for providing a monetary benefit to all salaried individuals after their retirement.
- **Gratuity Policy** - The Act provides for payment of gratuity at the rate of 15 days wage s for each completed year of service subject to a maximum of Rs. ten lakh.
- **Paternity Leave Policy** - The leave may lapse if it is not availed within 6 months of the birth of the child.
- **Maternity Leave Policy** - a paid leave/absence from work provided by an employer to a woman employee for the period before and after childbirth.
- **Strategized Hiring** - A strategic recruitment plan is a detailed roadmap on how to attract high-calibre talent for your organization.
- **Global Hiring** - managing an international payroll
- **Employee Management** - the effort to help employees do their best work each day in order to achieve the larger goals of the organization.
- **Employee Engagement** - the degree to which employees invest their cognitive, emotional, and behavioural energies toward positive organizational outcomes.

- **Compensation And Benefits** - a sub-discipline of human resources, focused on employee compensation and benefits policy-making.
- **Risk Management** - the process of identifying, assessing and controlling threats to an organization's capital and earnings.
- **Labour Laws** - those that mediate the relationship between workers, employing entities, trade unions, and the government.
- **ILO Conventions** - cover a wide area of social and labour issues including basic human rights, minimum wages, industrial relations, employment policy, social dialogue, social security and other issues.
- **Equal Remuneration** - Act provides for payment of equal wages for work of same and similar nature to male and female workers and for not making discrimination against female employees in the matters of transfers, training and promotion etc.
- **Equal Opportunity** - the policy of giving everyone the same opportunities for employment, pay, and promotion, without discriminating against particular groups.
- **Employee Relations** - an organization's efforts to create and maintain a positive relationship with its employees.

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# INTERNATIONAL COMPENSATION AND BENEFITS

## Unit Structure

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Theory of Employee Development
  - 4.2.1 Four major theories of training and development is given below
- 4.3 Objectives of International Compensation
  - 4.3.1 Why should HR leaders care about the objectives of compensation management?
  - 4.3.2 What can HR leaders do to ensure that the objectives of compensation management are achieved?
  - 4.3.3 How can achieving the objectives of compensation management improve company culture?
- 4.4 Benchmarking global practices
  - 4.4.1 5 benchmarking best practices
- 4.5 Motivation and Reward systems
  - 4.5.1 Process and type of motivation
  - 4.5.2 Model of Maslow's hierarchy of needs
  - 4.5.3 Expectancy model for reward
  - 4.5.4 Comprehensive model of rewards and incentives
  - 4.5.5 Model for comprehensive reward system
- 4.6 Problems with global compensation
- 4.7 Self-Assessment Questions
- 4.8 Summary
- 4.9 Key-Words

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## 4.0 OBJECTIVES

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### To Learn:

- Four major theories of training and development is given below
- Why should HR leaders care about the **objectives of compensation management**
- What can HR leaders do to ensure that the **objectives of compensation management** are achieved



- How can achieving the **objectives of compensation management** improve company culture
- **Process and type of motivation**
- **Model of Maslow's hierarchy of needs**
- **Expectancy model for reward**
- **Comprehensive model of rewards and incentives**
- **Model for comprehensive reward system**

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## 4.1 INTRODUCTION

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Competitive advantage is referred to that ability of an organization which is not possessed by the other organizations and it is a competitive advantage which leads the organization to the top positions. Four major theories of training and development are given **Theory of Reinforcement, Theory of Learning Type, Theory of Experiential Learning and Theory of Social Learning**. Successful organization of today has built their human resource work force over the passage of time.

HR leaders can support effective compensation packages by collaborating with managers to build an inclusive compensation program that addresses employee needs and the fluid job- market. HR leaders play a pivotal role in building compensation plans which fit the needs and desires of employees and align with the company vision. HR leaders and compensation management can implement changes based on employee feedback

When you benchmark and analyse like a pro, you'll be able to detect new market trends, pinpoint your biggest competitive threats, and gauge and grow your market share. The easiest way to benchmark would be to focus on performance metrics and publicly available information, like social media followers, the number of employees, or quarterly revenue (for public companies). Benchmarking is about identifying opportunities. Different types of benchmarking enable you to drill down into your data for different purposes.

Organizational strategy associated with motivation and rewards towards job satisfaction of the employees has resilient effect on the success of the organization. Motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which in turn become desire to achieve or obtain something. Motivation theories try to explain why people at work behave the way they do in terms of their efforts and strive for achievement. Maslow's hierarchy of needs is a theory of personality which identifies five basic need categories. It has been seen that if rewards and recognition offered to the employees then there is a substantial modification in their motivation and satisfaction. The comprehensive reward system states that rewards embrace everything employees' value in the employment relationship.

The understanding of the economic, political and social conditions of the business where they are is vital to make sound compensation strategy in the

competing markets. The understanding of employee compensation management requires understanding of the social contract in that country. People with different cultural backgrounds will view compensation system differently under the influence of culture. Ownership and financing of companies are dramatically different around the world and these differences are vital to the understanding and managing of international payment. Compensation decisions made in the domestic corporate offices and exported to subsidiaries all over the world may relate to the corporate strategy but discount local economics and social conditions.

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## **4.2 THEORY OF EMPLOYEE DEVELOPMENT**

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Competitive advantage is referred to that ability of an organization which is not possessed by the other organizations and it is a competitive advantage which leads the organization to the top positions. There are many organizations in the world who are leading the markets by gaining competitive advantage in different fields of their business activities. One of the way in which a firm can attain a competitive advantage over the competitors is by building a force of superior human resource. Now the question arises that how this force of superior human resource can be build. The answer lies in a very important function of human resource management i.e. training and development. It has been observed that the employees or labour working in a competitive environment of market always welcome the training and development programs which can enhance their skills and knowledge. Now days every job holder understands that to sustain and grow in the career it is very important to polish their skills. It is not that time where one degree or diploma is sufficient for the whole life. Employees actively participate in several programs which are organized by their organization and it has been observed that in some organization employee's demand from their human resource department to arrange such training and development programs. Successful organization of today has built their human resource work force over the passage of time. There is no doubt that this work force is a highly valuable asset for any organization and the only possible way to build this workforce is training and development. There are several theories which emphasize on the importance of training and development in the organization and provides different alternative methods for training and development.

### **4.2.1 FOUR MAJOR THEORIES OF TRAINING AND DEVELOPMENT IS GIVEN BELOW**

#### **1. Theory of Reinforcement**

This theory emphasizes on the learning behavior of a person and suggests that the learner will repeat that behavior which is attached with a positive outcome or result. Skinner an economist of behaviourist school of thought proposed the theory of reinforcement and suggested that the training and development programs should be aligned with the organizational objectives and a positive outcome should be expected with such training and development programs. Further elaborating this concept suggested in reinforcement theory, it

can be argued that there are several techniques available in human resource practices which can be associated with the training and development programs and the required suggestion by this theory can be fulfilled. Different types of rewards in the form of bonuses, salary raises, promotion and awarding of certificate after the training program can be associated with the training and development activities and these rewards will definitely generate a positive outcome. If this is done by an organization then according to the Skinner's theory of reinforcement the trainer i.e. the employee will show more interest in the training and development programs held by the organization.

## **2. Theory of Learning Types**

The theory presented by Gagne emphasized on learning of intellectual skills. These are such skills which are found rare among the persons. He suggested by different learning types in his theory and each learning type contains some external and internal conditions. The five categories of learning which Gagne defined in his theory include intellectual skills, verbal information, attitudes, cognitive strategies and motor skills.

## **3. Theory of Experiential Learning**

Experiential and cognitive types of learning are differentiated by experiential theory of learning presented by C. Rogers. According to Rogers, the wants and needs of the learner are addressed by this type of learning. Experience gives the person a maturity and increases the learning power along with the knowledge. Due to the personal involvement, the learner is able to conduct a self-evaluation test, which allows him to understand the effect of learning on his/her attitude.

## **4. Theory of Social Learning**

Social theory presents a new view of learning i.e. social. According to the presenter of this theory, Albert Bandura, direct reinforcement cannot address all types of learning. Here by direct enforcement means the training and development programs that is organized to enhance the skills. According to this theory such programs are not address all learning types as there are some social elements which cannot be taught. Those elements are learned by the learner from his/her surroundings. Such type of learning is called observational learning and this learning is associated with the understanding of different human behaviours. The first type of learning defined in this theory is through observation. In an organization the environment and the surroundings plays a very important role. The environment should be very professional and the surroundings should be in such a way that the people (employees) learn from them. This theory also suggests that it is not necessary that the behavior is changed after learning something. It is expected that a person's behavior changes after learning something, but it is not in all cases. Furthermore the theory also explains about the mental states which play a vital role in

learning process. If the mental status of the person is negative regarding any learning activity then he will not take part in that learning process and even if he is forced to do so, he will not gain any positivity from that process. In organizational training programs the mental state can be made positive regarding the training and development programs by associating the rewards and benefits with such programs which will motivate the employees and help to build a positive mental state. The case company also follow this theory as it allows the employees to learn from the surrounding and provides an environment where they can learn from their supervisors/managers and co-workers.

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### 4.3 OBJECTIVES OF INTERNATIONAL COMPENSATION

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The objectives of compensation management are to attract, engage, and retain employees through competitive compensation plans that align with the company budget, corresponding job-market, and government regulations.

**Good compensation management should:**

- Attract and recruit talent
- Motivate employees
- Maintain morale
- Adhere to government regulations and company compensation philosophy
- Reflect the current job-market

**Compensation management can achieve its objectives by offering:**

- Attractive salaries
- Useful benefits
- Bonuses, incentives, and programs to improve employee wellbeing
- Retirement savings
- Insurance

#### 4.3.1 WHY SHOULD HR LEADERS CARE ABOUT THE OBJECTIVES OF COMPENSATION MANAGEMENT?

HR leaders play a pivotal role in building compensation plans which fit the needs and desires of employees and align with the company vision. Maintaining excellent employee compensation can lead to an increase in:

- Engagement
- Retention
- Productivity

Companies that offer competitive and life-enhancing compensation can raise motivation in the workplace and improve work performance, which ultimately leads to greater company success.

#### 4.3.2 WHAT CAN HR LEADERS DO TO ENSURE THAT THE OBJECTIVES OF COMPENSATION MANAGEMENT ARE ACHIEVED?

HR leaders can support effective compensation packages by collaborating with managers to build an inclusive compensation program that addresses employee needs and the fluid job- market.

- **Develop and apply a compensation philosophy.** A compensation philosophy formally documents the company reasoning behind employee salaries, bonuses, and benefits. Consistently adhering to the compensation philosophy demonstrates company integrity and transparency to employees and job candidates.
- **Gather employee feedback.** Employees can provide the most accurate feedback regarding compensation plans. HR leaders can conduct anonymous surveys, allowing employees to relay their honest opinions and suggestions. Before conducting the survey HR leaders can explain why they will be running a survey– because employee opinions and experience are invaluable and their job-satisfaction matters.
- **Follow through with employee feedback.** HR leaders and compensation management can implement changes based on employee feedback. While there are numerous aspects to consider when building compensation plans, adjusting compensation plans to address employees' financial and lifestyle needs can lead to greater retention and engagement.
- **Explain the compensation plan to employees.** Perhaps employees receive competitive compensation packages, yet they aren't aware of how to access their benefits. HR leaders can review compensation plans with managers, who in turn can clarify the plans to their team members. This helps employees appreciate and benefit from every aspect of the compensation package.
- **Offer compensation to improve quality of life.** In addition to base pay, compensation can include life-enhancing benefits, such as a pleasant work setting, a workplace wellness program, extra vacation days, or daily fresh catering.

#### 4.3.3 HOW CAN ACHIEVING THE OBJECTIVES OF COMPENSATION MANAGEMENT IMPROVE COMPANY CULTURE?

Attracting, retaining, and engaging employees through a comprehensive compensation program is integral to building a thriving company culture. Compensation packages that provide market range salaries and address

employee well-being demonstrates a company's value for its employees. Employees who receive such all-inclusive compensation are bound to contribute positive energy and a good attitude to the company culture.

## 4.4 BENCHMARKING GLOBAL PRACTICES

With the digital world as fiercely competitive as ever, benchmarking is your key to staying ahead.

In its most basic form, benchmarking compares your business to others in your industry, giving you context to understand performance relative to the market. It's the only way to get an accurate picture of your performance.

When you benchmark and analyse like a pro, you'll be able to detect new market trends, pinpoint your biggest competitive threats, and gauge and grow your market share.

Keep reading for five benchmarking best practices that we swear by for continuous improvement and growth. Let's get started.

### 4.4.1 5 BENCHMARKING BEST PRACTICES

#### 1) Measure what's relevant, not what's easy

The easiest way to benchmark would be to focus on performance metrics and publicly available information, like social media followers, the number of employees, or quarterly revenue (for public companies). While this information can be important, it doesn't cut it if you want to reap the benefits of benchmarking.

Start with your key business questions and the metrics you need to answer them. Let's say you're an analyst for a top eCommerce platform and you notice that you're losing many prospects along the conversion funnel journey, but you don't know where or why.

The first map out the entire buying journey, benchmarking each customer touch-point against industry norms and your past performance. Instead of benchmarking conversion rates, benchmark the steps with the highest value, this will allow you to determine where you have the best opportunity to optimize. Other powerful metrics to benchmark for better context to answer this question:

- Engagement rate
- Website traffic

#### 2) Always ask "why" after answering the "what"

Defining what to benchmark is straightforward. Figuring out why the result came about is a lot trickier.

Take the gaming sector as an example. What should we measure? Traffic. Over the holiday season, you may find that certain sites experience increased traffic at night, while others receive higher engagement during the day. Whereas you may see little to no change in time spent on your website, your competitors could see dramatic increases or decreases in session duration.

Why the erratic and unsynchronised shifts in behaviour? We're looking at an industry that is exceptionally diverse in terms of website demographics. And that's one place to start digging and benchmarking.

If you skip this best practice, you may try to solve an issue that isn't an issue at all. Only when you find explanations for discrepancies can you benchmark successfully and create an action plan.

### **3) Benchmark often**

Benchmarking data has little meaning as a one-time project and should be an ongoing process. So what's the right frequency? That depends, but the bottom line is that different metrics need to be handled differently. Some require continuous monitoring, others periodically.

For example, your market share most likely won't jump over the course of a week. Checking quarterly would be sufficient under stable market conditions. Conversely, referral traffic from your various affiliates is something you want to keep a close eye on. You'll have to create different benchmarking strategies and timelines depending on what you're tracking.

Having said that, the speed of business is accelerating together with the agility of the markets. You may consider benchmarking more frequently, in general, to stay agile and ahead of your competition.

### **4) Don't try to be the best at everything**

Define the areas in which you strive to be the best because you can't be the best at everything. Find out the areas that you excel in and focus on highlighting your unique offering and capabilities.

Acknowledge your position, analyse, understand it, and be open to changes. A lot of times, "that's how we've always done it" or "that's what characterizes us" stands in the way of improving your strategies. Focus on your research and let the data be your guide.

### **5) Apply different types of benchmarking**

Benchmarking is about identifying opportunities. Different types of benchmarking enable you to drill down into your data for different purposes. Here are a few types to try:



- **Competitor benchmarking** – Compare your data to the industry average, the best-in-class, or a few selected competitors.
- **Internal benchmarking** – Evaluate sections or pages of your site compared to the whole or specific competitors' pages.
- **Performance benchmarking** – Focus on performance metrics over time
- **Process benchmarking** – Compare the results of different processes to reach the same outcome.

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## 4.5 MOTIVATION AND REWARDS SYSTEM

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In the ever increasing competitive business environment, organization managements are now recognizing that there is a significant opportunity available today for improving the return on the human resources investment. This opportunity consists of aligning of the reward and incentive plans with organizational strategies since the success of the organization significantly depends on highly motivated employees who are productive and creative. The motivated employees enhance the value they deliver to the organization. This process of motivating the employees is crucial for the organizational success, and its ability to attract and retain top performers for achieving the organizational objectives. It is important for the organizational management to understand that there is a link between rewards and motivation and there is a necessity to uncover what motivates their employees. The big challenge is to create an environment which allows all the employees to feel valued, perform at their best, and achieve the organizational goals and the objectives.

Organizational strategy associated with motivation and rewards towards job satisfaction of the employees has resilient effect on the success of the organization. The connections between motivation, rewards, and job satisfaction of the employees are of strategically importance for the organization for its success. Organization managements need motivated employees for maintaining an effective workforce which is willing to achieve strategic organizational goals and objectives.

In the present day environment, the organization is highly dependent on the work motivation level of its employees. Motivated employees are crucial for the success of the organization. The organization can reach some level of success without highly motivated employees but in that case it rarely achieves its full potential. Employees, being human, need encouragement for their efforts. Motivation and rewards have a strong link. Hence, it is necessary for the organizational management to find out the ways which motivates the employees so that a suitable reward and incentive system can be planned for the motivation of the employees for the effective performance of the organization. The well planned reward and incentive system can boost up the employees' motivation at work and enhance their commitment for the organization.

The word 'motivate' is derived from the Latin verb 'movere' which means 'to cause movement. Motivation refers to the activation, direction, intensity and persistence of human behaviour and the manner in which this behaviour is sustained towards reaching a desired goal. It can be defined as 'a set of energetic forces which originate both within as well as beyond an individual's being to initiate work-related behaviour, and determine its form, direction, intensity, and duration'. It is also defined 'the set of processes that arouse, direct, and maintain human behaviour towards attaining some goal'.

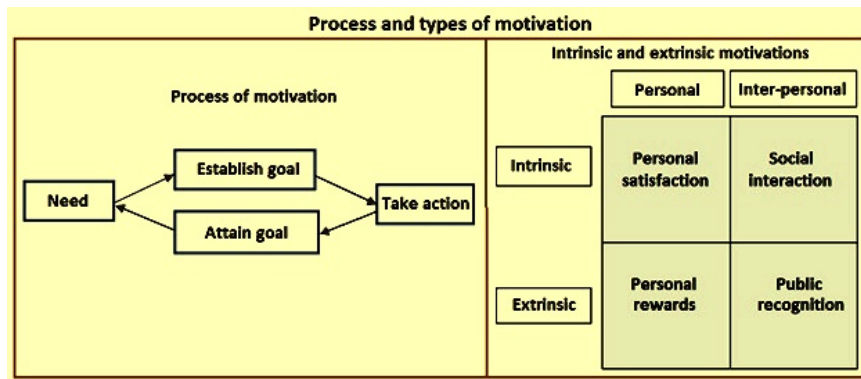
Rewards can be used to influence motivation. By no means are financial rewards the only way to motivate, as there are many HRM (human resource management) practices which aim to motivate. The scope of the reward systems is broadened enough to include non-financial rewards, as these are also important to direct and shape the desired employees' behaviours.

Motivation is the desire to achieve beyond expectations, being driven by internal rather than external factors. It means to be involved in a continuous striving for improvement. Motivation, in the context of work, is a psychological process which results from the interaction between the employee and the work environment and is characterized by a certain level of willingness. The employees are willing to increase their work effort in order to fulfil a specific need or desire which they hold. Motivation is frequently understood as 'the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining a goal'. This definition can be divided into three main parts, where the intensity is related to the drive or energy behind individual action and effort, the direction refers to how efforts are correctly channelled into the direction which benefits the organization, and the persistence deals with how long an individual can maintain efforts to achieve goals.

#### **4.5.1 PROCESS AND TYPE OF MOTIVATION**

Motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which in turn become desire to achieve or obtain something. In order to satisfy needs and wants, goals are created and behaviour is selected to achieve the goals. If the goal is achieved, the behaviour is likely to be repeated when a similar need emerges. If the goal is not achieved, the action is less likely to be repeated. The process of motivation can be shown of their efforts and strive for achievement. The process of motivation (Fig 1) consider that

1. there is a need
2. there is establishing of a goal
3. taking of the required action, and
4. attaining of the goal.



**Fig 1 Process and type of motivation**

The process of motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which in turn become desire to achieve or obtain something. In order to satisfy the needs and wants, goals are created and behaviour are selected in order to achieve these goals. If the goal is achieved, the behaviour is likely to be repeated when a similar need emerges. If the goal is not achieved, the same action is less likely to be repeated.

Motivation involves the emotional, social, biological, and cognitive influences that initiate behaviour. It is a factor which exercises a powerful force on the employees' activities and exertion. It is an accretion of diverse practices which effects and directs the behaviour of the employees to accomplish certain particular goal. It is like a vigorous in the current environment which clearly produces and incorporates an optimistic influence on the job satisfaction. Motivation relay on a certain intrinsic and extrinsic features which are collaborated with positive results in abundantly devoted employees. Tangible incentives are functioning in growing performance for assignment and to inspire the smarter thinking. They support both quality and quantity to accomplish organizational goals. Moreover, factors related to the rewards and incentives are the most favoured factors for the employee motivation.

Management can motivate employees through methods such as salary, promotion, and praise. Employees can also motivate themselves by seeking work where individual goals, needs and wants are achieved. These two types of motivation are called intrinsic and extrinsic motivations (Fig 1) and are more closely described as follows.

Intrinsic motivation refers to the motivation which comes from inside of an individual. This motivation is generated through satisfaction or pleasure which one gets in completing or even working on a task. Factors which influence on intrinsic motivation include responsibility, freedom to act, scope to use and develop skills and abilities, interesting work and opportunities for advancement. These motivators, which are concerned with the quality of work life, tend to have a long-term effect since they are inherent in individuals and not imposed from outside.

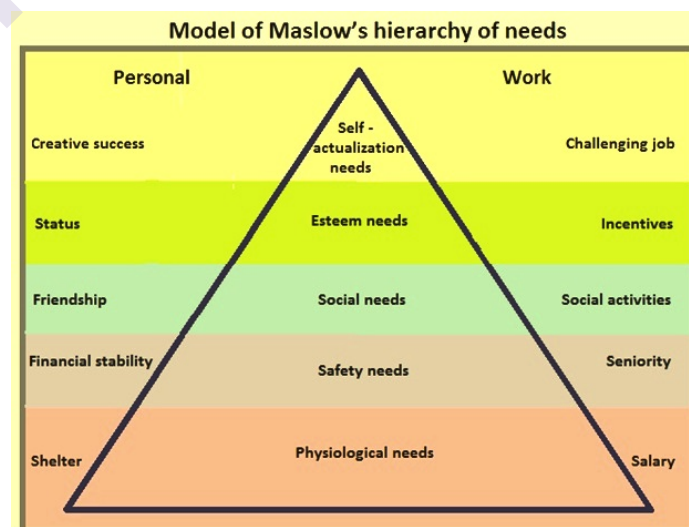
Extrinsic motivation is something which is done to or for employees to motivate them. It arises from factors outside an individual, such as money, grades, criticism or punishments. These rewards provide satisfaction and pleasure that the task itself might not provide. Extrinsically motivated employees can work on a task even when they have little interest in it. This

type of motivation normally has an immediate and powerful effect, however it does not tend to last for long.

#### 4.5.2 MODEL OF MASLOW'S HIERARCHY OF NEEDS

Motivation theories try to explain why people at work behave the way they do in terms of their efforts and strive for achievement. The theories of motivation can be divided into the following two categories.

- **Content theories** – These theories of motivation are based on the needs of individuals. These theories try to explain why the needs of individuals keep changing with time and therefore focus on the specific factors which motivate them. These theories, in general, explain motivation as the product of internal drives that encourage the individual to move towards the satisfaction of his needs. Major content theories of motivation are
  1. Maslow's hierarchy of needs (Fig 2)
  2. McClelland's learned need theory and
  3. Alderfer's ERG theory, and
  4. Herzberg's motivation-hygiene theory.
- **Process theories of motivation** – These theories tries to explain how behaviour change occurs and why individuals act in different ways. These theories focus on how an individual needs influence his own behaviour. These theories originate from early cognitive theories, which state that behaviour is the result of conscious decision making processes. Major process theories of motivation are
  1. reinforcement theory
  2. expectancy theory
  3. equity theory and
  4. goal setting theory.



**Fig 2 Model of Maslow's hierarchy of needs**

Maslow's hierarchy of needs is a theory of personality which identifies five basic need categories. First category is the physiological needs which are basic human needs that are vital for survival. Examples of these needs are food, water, air and comfort. The organization provides a financial package by paying a salary and this way helps to satisfy employees' physiological needs.

Second category is the safety need which is the need which protects the employees from harm, fear or any form of physical threat. These comprise needs relating to job security, occupational health, and healthy working environment, etc.

Third category is the social need which is the need of getting associated with social activities such as friendship, societies, groups or any form of socialized group.

Fourth category is the esteem needs. In everyone's life, it gets to a point in where one needs belongingness. Employees need to feel that they are part of the organization or that 'their voices can be heard'. This kind of need can come in two forms namely satisfying internally and externally. These include internal motivations such as self-esteem, accomplishment, and self-respect, as well as external motivations such as recognition, reputation, and social status.

Fifth category is the self-actualization. It is the highest need which can fully satisfy the employee. However, it is to be noted that because of the open nature of this need, it can never be fully satisfied. Normally it is seen that, just a meagre percentage of employee population actually get to this level of self-actualization. This kind of motivation offers employees, the opportunity to get involved in activities such as innovations, creativity, etc. Such need includes truth, justice, wisdom, and meaning.

It can be concluded that motivation is important both for the employees and the organization. Employees benefit from being motivated because it helps them in self-development in order to ultimately achieve personal goals. Organization on the other hand benefits because motivated employees ensure a team which is empowered, optimistic, adaptable, creative and successful, all of which potentially improve the effectiveness and success of the organization.

Possibly the best means of understanding the employees' motivation is to consider the social meaning of the work. In this respect, short-term goals and long-term goals of employees and the management can affect production in several different ways. Hence, giving attention to the manner in which rewards given to the employees are perceived is preferable to assuming that reward means the same thing to all. Rewards which the employees receive are very much a part of the understanding of motivation. It is frequently seen that rewards cause job motivation and satisfaction, which leads to the improvement in the performance.

Employee motivation is one of the most essential parts of the success, performance, development and survival of the organization. Motivated employees are of great value for the organization, since

1. they are efficient, effective, focused and committed to the organizational mission and goals
2. they frequently experience higher job satisfaction
3. they are less frequently absent from work
4. they deliver higher levels of performance and productivity
5. they tend to work harder when workplace demands are high
6. they are loyal to the organization, resulting in low employee turnover
7. they deliver high levels of customer service which leads to greater customer satisfaction and customer retention.

The intrinsically motivated employees are committed to their work to the extent to which the job inherently contains tasks which are rewarding to them. And the extrinsically motivated employees are committed to the extent that they can gain or receive external rewards for their jobs. For employees to be motivated in a work situation there is to be a need, which the employees have to perceive a possibility of satisfying through some reward. If the reward is intrinsic to the job, such desire or motivation is intrinsic. But, if the reward is described as external to the job, the motivation is described as extrinsic.

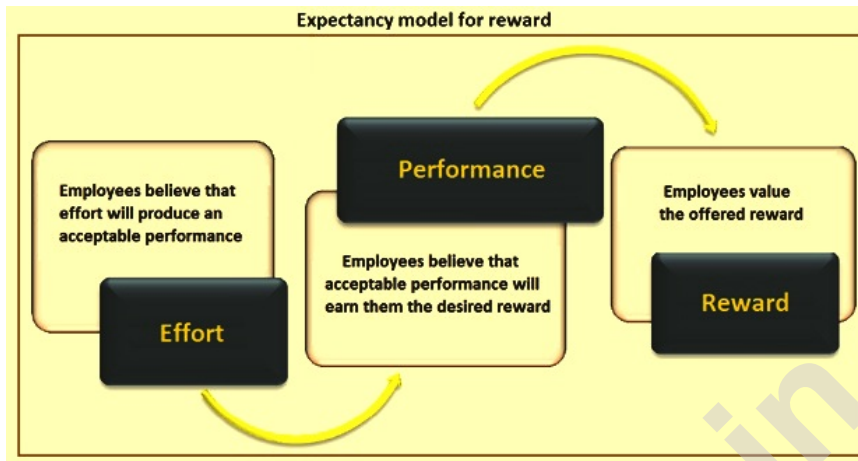
It is being frequently accepted that motivating employees is the ultimate responsibility of organizational management. While rewards can serve as incentives and those who bestow rewards can seek to use them as motivators, the real motivation to act comes from within the individual. A well designed and functional reward system is an efficient way to increase employees' work motivation. Motivation can originate from internal sources, described as biological and psychological variables, and from external sources, such as rewards, incentives and goals. As a result, motivation can be described as being either intrinsic or extrinsic. Intrinsic sources of motivation encompass those which arise from within the individual. Biological attributes and psychological dispositions are examples. Extrinsic sources of motivation are a result of the environment outside the individual and it includes rewards such as money, social recognition or praise.

The rewards distinguish into three main types which the employees seek from their organization i.e. extrinsic, intrinsic and social rewards (Fig 1). Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities. Intrinsic rewards refer to the rewards that come from the content of the job itself, and encompass motivational characteristics of the job such as autonomy, role clarity and training. Social rewards arise from the interaction with other people on the job and can include having supportive relationships with the line manager and co-employees.



### 4.5.3 EXPECTANCY MODEL FOR REWARD

There also exist a substantial affiliation between reward and recognition, and similarly in employee motivation and job satisfaction. It has been seen that if rewards and recognition offered to the employees then there is a substantial modification in their motivation and satisfaction. Fig 3 shows the expectancy model for reward.



**Fig 3 Expectancy model for reward**

Employees change their behaviour by working harder or prioritizing their actions if they know that by doing so they are going to be rewarded with something of value to them. Hence incentives are a great way to reward effort and behaviours which the performing organizational managements always encourage. Incentives paid to employees in return for efforts and behaviour of employees which contribute to the organization goals, enhance organizational effectiveness and productivity and hence generate a positive outcome both for the organization and the employees.

There are several factors which can affect employees' performance like training and development opportunities, working conditions, employee-employer relationship, job security and organizational over all policies and procedures for rewarding employees. Among the factors which affect employee performance, motivation which comes with rewards is of utmost importance. The word rewards state the benefits which the employees receive from their jobs, and the significant elements of employee job attitudes are organizational commitment, motivation and job satisfaction. In the organization, rewards play an important role in building and sustaining the commitment among employees which ensures a high standard of performance and the employees constancy

Reward refers to all categories of financial benefits, tangible services and benefits which an employee receives as part of employment relationship with the organization. There are two aspects which decide how much a reward is attractive. These aspects are the quantity of reward which is provided and the weightage an employee gives to a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations.



Rewards increase the level of efficiency and performance of the employees on their jobs and it then result in increasing the success of the organization.

Rewards are the benefits that arise from performing a task, rendering a service or discharging a responsibility. Salary is the most significant and motivating benefit which is received by the employee in return for performing a task or service. Salary can also be a powerful demotivation if the employee is not satisfied with the pay packet. There are two types of rewards as given below.

**Tangible rewards** – Tangible rewards are also called transactional rewards. These arise from transactions between the employer organization and employee and include rewards such as pay, bonuses and other benefits.

**Intangible rewards** – These rewards are known as relational rewards. These rewards are to do with learning, development and work experience. The examples of these rewards are opportunity to develop, recognition from the management of the organization, colleagues, personal achievements and social life.

Both tangible and intangible rewards are necessary to maximize the positive impacts on the employees with respect to motivation, job engagement and organizational commitments. Both the rewards together are known as comprehensive reward system.

Comprehensive reward system is an important tool which the management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization, to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components which include HRM processes, rules, and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization.

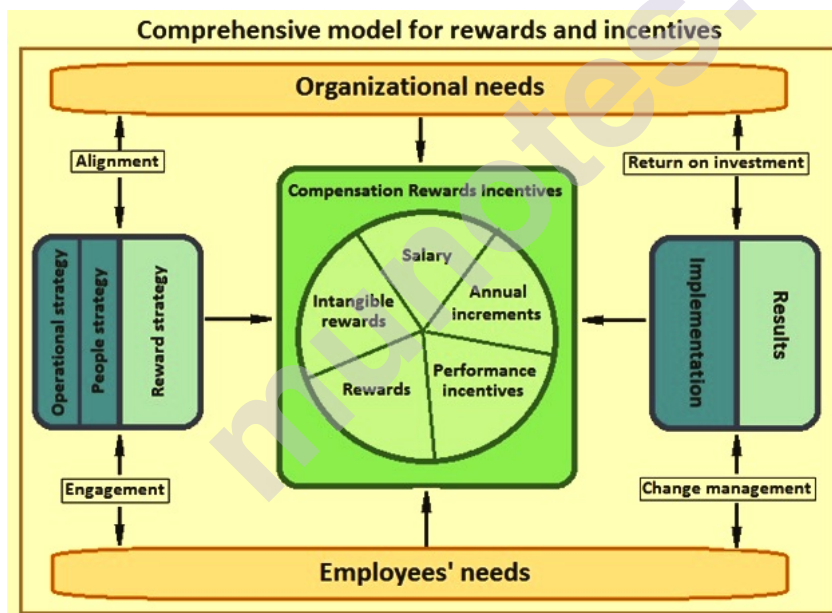
Good remuneration has been found over the years to be one of the policies the organization can adopt to increase the employees' performance and hence increase the organizational productivity. Also, with the present global economic trend, managements of many organizations have realized the fact that for the organization to compete favourably in the present day competitive market, the performance of the employees goes a long way in determining the organizational performance. These managements have seen that how an appropriate reward package can prop up or influence employees to develop positive attitude towards their job and thereby increase their productivity.

Job satisfaction is a sensation which the employees have about their work environment and their expectations towards work. Thus, job satisfaction can be recognized as what one wants or values from the job. Different kinds of satisfaction lead to diverse objectives and behaviours which ascend from different types of motivation in getting different types of rewards. Rewards with their aftermath relationship are expected to establish on satisfaction of the employees with their organization. It is normally seen that employees

who reveal high job satisfaction is motivated by rewards, and rewards supported work engagement. The employee satisfaction achieved through rewards is established to be associated with job satisfaction. In addition, job satisfaction is associated with the monetary compensation (pay, promotion, and incentives) and non-monetary compensation is one of the most important explanatory variables in an organization.

#### 4.5.4 COMPREHENSIVE MODEL OF REWARDS AND INCENTIVES

Organizations are to have determined a balance between the performance of the employees and their commitment to the work which result into job satisfaction. Reward and motivation are the two main factors which have an effect on the job satisfaction and motivation of employees. There is a significant relationship between reward and recognition, and between motivation and job satisfaction. Providing the financial benefit to employees without any prominent expression also loses its importance. Rewards have a direct link with the motivation and job satisfaction of the employees. Variations in rewards and recognition can bring a positive change in work motivation and job satisfaction of the employees. Fig 4 shows a comprehensive model of rewards and incentives.



**Fig 4 Comprehensive model of rewards and incentives**

It has been shown that strategic rewards which are vertically integrated with the support of organizational strategies can also be horizontally integrated with other human resource (HR) strategies, in order to achieve the employees as well as the organizational needs. The comprehensive rewards system is to be developed in a way that people strategy is aligned with the organizational strategy. Hence, when looking at the concept of the comprehensive rewards system, it is necessary to identify that it aligns with strategic rewards. When developing comprehensive rewards system, management is to consider all aspects of work experience which employees' value.

The comprehensive reward system states that rewards embrace everything employees' value in the employment relationship. It lays emphasis on why it is imperative to get the financial rewards element right and also providing employees with rewarding experiences which arises from the work they do, their work experience, how they are managed and developing their skills careers. This essentially means that while getting financial rewards right it is important for the organization to continue to practice the things which enhances the elements that contribute to non-financial rewards. The comprehensive reward system model consists of five elements of rewards including compensation, benefits, work-life balance, performance and recognition and development and career opportunities. These elements signify the tool kit which the organization selects to offer for the comprehensive reward system which is aligned with the value proposition that creates value for both the employees and the organization.

#### 4.5.5 MODEL FOR COMPREHENSIVE REWARD SYSTEM

It is also important to understand the elements which the comprehensive reward system is comprised of. It is necessary to understand why the comprehensive reward system elements are vital in the organization. The five elements of the comprehensive reward system can be managed both formally and informally. The elements also take into consideration the external influence it has on the organization, for example, regulatory issues, cultural influences and practices, and competition. However, they are not mutually exclusive and are not intended to represent the ways which the organization organizes or deploy programs and elements within them. But they are known to be the most important factors of attracting, retaining and motivating employees. The universal rewards approach is required and needs to be in accordance to the industry practice and culture in order to ensure the successful implementation of the comprehensive reward system in the entire organization. Fig 5 shows a model for comprehensive reward system.



**Fig 5 Model for comprehensive reward system**

There are essential attributes that contribute to the success of a reward system for the employees. These attributes are

5. recognition of individual differences between the employees,
6. clear identification of behaviour deemed worthy of recognition,

7. allowing employees to participate in the reward system,
8. the system is to link rewards to performance, and
9. the recognition process is to have clear visibility.

Employee rewards system is not only about tangible and intangible awards. It is also about changing the corporate culture in order to meet goals and initiatives and most importantly to connect employees to the core values and beliefs of the organization. Strategic employee recognition is seen as the most important program for the organization not only to improve employee retention and motivation but also to positively influence the financial situation.

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## 4.6 PROBLEMS WITH GLOBAL COMPENSATION

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The understanding of the economic, political and social conditions of the business where they are is vital to make sound compensation strategy in the competing markets. Though compensation and reward system is used to motivate employees, but it isn't just used to attract and hold talents. It serves as a comparative advantage for companies if used properly. Thus, the establishment of international compensation and reward system has been at the top agenda of multinational giants. It becomes a new boom that many multinational giants try to establish compensation and reward system in a perspective of global mind-sets rather than local. Global knowledge and information are collected to overcome the limits of local experience and the result is that the integration of global mind-sets in the system contributes to the competitive advantage of those brilliant companies.

**The main factors affecting international compensation strategy are;**

1. social contract
2. culture
3. trade union
4. ownership and capital markets, and
5. managers' autonomy.

### 1. SOCIAL CONTRACT

Considered as part of the social contract, the employment relationship is not just an interaction between an employee and an employer, and it also includes the government, all managers and all employees. The relationships and expectations of these groups form the social contract. When thinking about how people get salaries around the world, it is apparent that different people have different ideas, so they think variously of government, employers and employees. The understanding of employee compensation management requires understanding of the social contract in that country. How to change employee compensation systems—for example, to make them serve better to customers, encourage innovative and quality service, or

control costs—requires changing the expectations of groups to the social contract.

## **2. CULTURE**

Culture is an abstract but collective concept, which is not defined as a certain object but covers more than one object. It is a collection of Material wealth and Spiritual wealth including religious, customs, education, regulations, laws, economy and even science. Culture also plays its part in the international compensation system.

People with different cultural backgrounds will view compensation system differently under the influence of culture. So does the management of the system. Culture is a thing deeply rooted in the blood of people. People in the same nation tends hold the same or similar mental programming way to process ideas and information. In other countries, the way may differ. So is the case of compensation system, the certain culture will inclines to match one culture of a nation if global mind-sets are not brought in and lead people to manage systems in a certain way. A simple and direct way to confirm it is to see the different meanings compensation in different countries.

Culture which forms a system of knowledge, information and beliefs will affect attitudes and behaviours associated with the work. Culture affects the variables of the established compensation system. Though equity customs are shared among the employees from many countries, America and Japan for example, the force of the customs really works differently in different countries. In all, having the awareness of focusing the influence of culture values on employees is extremely important for corporate leaders. When dealing with compensation system, the controlling for context of culture should be paid attention.

## **3. TRADE UNIONS**

Europe keeps highly solidary and Asia is less heavily unionized. In some countries, team agreement sets how much the workers can earn even though the workers may not be union members. In France for example a majority of workers are paid by collective agreements, but only a few are union members. Social legislation differs among European countries; UK has the fewest requirements, because it has no minimum salaries, no maximum working hours, and no common methods for employee participation. Social insurance in Germany and France are the most generous.

## **4. OWNERSHIP AND CAPITAL MARKETS**

Ownership and financing of companies are dramatically different around the world. These differences are vital to the understanding and managing of international payment. These patterns of ownership make certain kinds of pay systems have no significance. Employees in these corporations have various values and expectations. One research indicated that people who work for local or public

corporations like salaries according to one's performance more; however, those who work in federal-owned corporations are on the opposite side. So it is obvious that ownership differences have great effects on types of payment. It is very misleading to consider that every place is just like home.

## 5. MANAGERS AUTONOMY

Managerial autonomy reflects managers set his employees to make decisions by themselves. There is a relationship between it and the degree of centralization. Government, trade unions and corporate police are responsible to restrict managerial autonomy. Compensation decisions made in the domestic corporate offices and exported to subsidiaries all over the world may relate to the corporate strategy but discount local economics and social conditions.

To sum up, international compensation is affected by economic, institutional, organizational, and individual conditions, globalization really represents that these conditions are varying– thus international pay system are altering too.

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## 4.7 SELF – ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

- 1) Skinner an economist of behaviourist school of thought proposed the \_\_\_\_\_.
- 2) According to \_\_\_\_\_ theory such programs are not address all learning types as there are some social elements which cannot be taught.
- 3) According to C. Rogers, \_\_\_\_\_ types of learning are differentiated by experiential theory of learning
- 4) \_\_\_\_\_ employees through a comprehensive compensation program is integral to building a thriving company culture.
- 5) \_\_\_\_\_ data has little meaning as a one-time project and should be an ongoing process.
- 6) Organizational strategy associated with \_\_\_\_\_ towards job satisfaction of the employees has resilient effect on the success of the organization.
- 7) Two types of motivation are called \_\_\_\_\_.
- 8) \_\_\_\_\_ refers to the motivation which comes from inside of an individual.
- 9) \_\_\_\_\_ is something which is done to or for employees to motivate them.
- 10) Maslow's hierarchy of needs \_\_\_\_\_ is the social need which is the need of getting associated with social activities such as friendship, societies, groups or any form of socialized group.



- 11) Maslow's hierarchy of needs \_\_\_\_\_ is the physiological needs which are basic human needs that are vital for survival.
- 12) Two types of rewards are \_\_\_\_\_.
- 13) The understanding of employee compensation management requires understanding of the \_\_\_\_\_ in that country
- 14) \_\_\_\_\_ of companies are dramatically different around the world.

### **ANSWER**

- 1) Theory Of Reinforcement
- 2) Social Learning
- 3) Experiential And Cognitive
- 4) Attracting, Retaining, And Engaging
- 5) Benchmarking
- 6) Motivation And Rewards
- 7) Intrinsic And Extrinsic Motivations
- 8) Intrinsic Motivation
- 9) Extrinsic Motivation
- 10) Third Category
- 11) First Category
- 12) **Tangible Rewards And Intangible Rewards**
- 13) Social Contract
- 14) Ownership And Financing

### **TRUE OR FALSE**

- 1) There are many organizations in the world who are leading the markets by gaining competitive disadvantage in different fields of their business activities.
- 2) The five categories of learning which Gagne defined in his theory include intellectual skills, verbal information, attitudes, cognitive strategies and motor skills.
- 3) Employees can provide the most accurate feedback regarding compensation plans.
- 4) Government play a pivotal role in building compensation plans which fit the needs and desires of employees and align with the company vision.
- 5) HR leaders can review compensation plans with managers, who in turn can clarify the plans to their team members.
- 6) When you benchmark and analyse like a pro, you'll not able to detect new market trends, pinpoint your biggest competitive threats, and gauge and grow your market share.



- 7) The process of motivating the employees is crucial for the organizational success, and its ability to attract and retain top performers for achieving the organizational objectives.
- 8) Motivation is the desire to achieve beyond expectations, being driven by external rather than internal factors.
- 9) Management can motivate employees through methods such as salary, promotion, and praise.
- 10) Maslow's hierarchy of needs First category is the safety need which is the need which protects the employees from harm, fear or any form of physical threat.
- 11) Maslow's hierarchy of needs Fourth category is the esteem needs and Fifth category is the self-actualization.
- 12) The comprehensive reward system states that rewards embrace everything employees' value in the employment relationship.
- 13) Managerial autonomy does not reflects managers set his employees to make decisions by themselves.

### **ANSWER**

True. (2, 3, 5, 7, 9, 11, 12)

False. (1, 4, 6, 8, 10, 13)

### **MATCH THE COLUMN**

1. Good compensation management should	a) Attractive salaries, Useful benefits, Bonuses, incentives, and programs to improve employee wellbeing, Retirement savings, Insurance
2. Compensation management can achieve its objectives by offering:	b) Engagement, Retention, Productivity
3. Maintaining excellent employee compensation can lead to an increase in:	c) Competitor, Internal, Performance, Process.
4. Types of benchmarking enable you to drill down into your data for different purposes.	d) Attract and recruit talent, Motivate employees, Maintain morale, Adhere to government regulations and company compensation philosophy, Reflect the current job-market

### **ANSWER**

1. d)
2. a)
3. b)
4. c)

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## 4.8 SUMMARY

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Competitive advantage is referred to that ability of an organization which is not possessed by the other organizations and it is a competitive advantage which leads the organization to the top positions. Four major theories of training and development are Theory of Reinforcement, Theory of Learning Types, Theory of Experiential Learning and Theory of Social Learning

The objectives of compensation management are to attract, engage, and retain employees through competitive compensation plans that align with the company budget, corresponding job-market, and government regulations. Develop and apply a compensation philosophy. Gather employee feedback. Follow through with employee feedback. Explain the compensation plan to employees. Offer compensation to improve quality of life.

The easiest way to benchmark would be to focus on performance metrics and publicly available information, like social media followers, the number of employees, or quarterly revenue (for public companies). Benchmarking data has little meaning as a one-time project and should be an ongoing process.

Four types of benchmarking enable you to drill down into your data for different purposes such as Competitor Benchmarking, Internal Benchmarking, Performance Benchmarking, Process Benchmarking.

In the ever increasing competitive business environment, organization managements are now recognizing that there is a significant opportunity available today for improving the return on the human resources investment. The motivated employees enhance the value they deliver to the organization. The word 'motivate' is derived from the Latin verb 'movere' which means 'to cause movement. Motivation refers to the activation, direction, intensity and persistence of human behaviour and the manner in which this behaviour is sustained towards reaching a desired goal.

The process of motivation can be shown of their efforts and strive for achievement. The process of motivation consider that, there is a need, there is establishing of a goal, taking of the required action, and attaining of the goal. The process of motivation is initiated by the conscious or unconscious recognition of unsatisfied needs.

There are two types of motivation are called Intrinsic motivation and Extrinsic motivation. Intrinsic motivation refers to the motivation which comes from inside of an individual. This motivation is generated through satisfaction or pleasure which one gets in completing or even working on a task. Extrinsic motivation is something which is done to or for employees to motivate them. It arises from factors outside an individual, such as money, grades, criticism or punishments.

Maslow's hierarchy of needs is a theory of personality which identifies five basic need categories. First category is the physiological needs which are basic human needs that are vital for survival. Second category is the safety need which is the need which protects the employees from harm, fear or any form of physical threat. Third category is the social need which is the need of getting associated with social activities such as friendship, societies,

groups or any form of socialized group. Fourth category is the esteem needs. Fifth category is the self-actualization.

Employees change their behaviour by working harder or prioritizing their actions if they know that by doing so they are going to be rewarded with something of value to them. The word rewards state the benefits which the employees receive from their jobs, and the significant elements of employee job attitudes are organizational commitment, motivation and job satisfaction. There are two types of rewards such as Tangible Rewards and Intangible Rewards.

The understanding of the economic, political and social conditions of the business where they are is vital to make sound compensation strategy in the competing markets. . Global knowledge and information are collected to overcome the limits of local experience and the result is that the integration of global mind-sets in the system contributes to the competitive advantage of those brilliant companies. The main factors affecting international compensation strategy are; social contract, culture, trade union, ownership and capital markets, and managers' autonomy.

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## 4.9 KEYWORDS

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- **Competitive advantage** - factors that allow a company to produce goods or services better or more cheaply than its rivals.
- **Theory of Reinforcement** - a psychological principle suggesting that behaviors are shaped by their consequences, and that individual behaviors can be changed through reinforcement, punishment and extinction.
- **Theory of Learning Type** - attempted to define people by how they learn – based on individual strengths, personal preferences, and other factors such as motivation and favoured learning environment.
- **Theory of Experiential Learning** - Experiential learning focuses on the idea that the best ways to learn things is by actually having experiences.
- **Theory of Social Learning** - social behaviour is learned by observing and imitating the behaviour of others.
- **Motivate employees** - *the enthusiasm, energy level, commitment, and amount of creativity that an employee brings to the organization on a daily basis.*
- **Maintain morale** – The culmination of job satisfaction, life outlook, and attitude.
- **Employee Engagement** - the degree to which employees invest their cognitive, emotional, and behavioural energies toward positive organizational outcomes.
- **Employee Retention** - *a phenomenon where employees choose to stay on with their current company and don't actively seek other job prospects.*

- **Productivity** - a measure of economic performance that compares the amount of goods and services produced (output) with the amount of inputs used to produce those goods and services.
- **Benchmarking** - *a process where you measure your company's success against other similar companies to discover if there is a gap in performance*
- **Motivation And Rewards** - 'the set of processes that arouse, direct, and maintain human behaviour towards attaining some goal'.
- **reinforcement theory** - a psychological principle suggesting that behaviors are shaped by their consequences, and that individual behaviors can be changed through reinforcement, punishment and extinction.
- **expectancy theory** - individuals are motivated to perform if they know that their extra performance is recognized and rewarded
- **equity theory** - a theory of motivation that suggests that employee motivation at work is driven largely by their sense of fairness.
- **Tangible rewards** - non-cash rewards that have monetary value, like gift cards, travel vouchers, and merchandise.
- **Intangible rewards** - non-material awards provided to an employee that do not have inherent financial value.
- **Global Compensation** - the sum of your direct and indirect compensation.
- **social contract** - an agreement, either implicit or explicit, governing the behaviour of individuals and organizations within a certain context such as a workplace, a culture, a nation or a social media site.
- **Organizational culture** - the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organization.
- **Trade Union** - an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.

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## EXPATRIATION AND REPATRIATION

### Unit Structure

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Characteristics of effective expatriate managers
- 5.3 The Role Of Family
  - 5.3.1 Global Mobility in the Age of Diversity
  - 5.3.2 Expatriate Success Factors: The role of Global Mobility
  - 5.3.3 5 tips to ease the relocation process
- 5.4 Dealing With Cultural Shock
  - 5.4.1 What is Cultural Shock
  - 5.4.2 Tips for De Dealing With Cultural Shock
  - 5.4.3 How Will Culture Shock Affect Me?
- 5.5 Successful Repatriation Practices
  - 5.5.1 Begin with the End in Mind
  - 5.5.2 Don't Wait Till the End
  - 5.5.3 At the Time of Repatriation
- 5.6 Self-Assessment Questions
- 5.7 Summary
- 5.8 Key-Words

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### 5.0 OBJECTIVES

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#### To Learn:

- Global Mobility in the Age of Diversity
- Expatriate Success Factors: The role of Global Mobility
- tips to ease the relocation process
- What is Cultural Shock
- Tips for De Dealing With Cultural Shock
- How Will Culture Shock Affect Me
- Begin with the End in Mind
- Don't Wait Till the End
- At the Time of Repatriation

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## 5.1 INTRODUCTION

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Expatriates and repatriates are key talent segments in today's global mobile workforce. Expatriates are employees leaving a country to go and work in another country, usually with the expectation of returning to their home country, although some of them may opt for citizenship in their host country, if that is allowed. For example, South African expatriates in countries such as the UK and USA can obtain citizenship, while expatriates in the Middle East cannot acquire citizenship and therefore are likely to eventually return to South Africa.

Expatriates returning to their home countries are called repatriates. In other words, you are an expatriate when you enter a new country for a work assignment, and you are a repatriate when you return to your home country after the international assignment. Be that as it may, expatriates and repatriates are key talent segments and they therefore need to be treasured for their specialised skills and international knowledge and experience, as well as the sacrifice they were willing to undertake for these international assignments.

Success factors for managing expatriate assignments, and secondly offer some lessons for repatriate management. Let's start with expatriate planning, here are some guidelines:

- Create a dedicated expatriate and repatriate management programme as part of your global talent management strategy, with a particular focus on employee wellness.
- Conduct thorough research about the host country so that the expatriates will have sufficient background knowledge about the country.
- Ensure adequate orientation and training about the host country, e.g. national context, culture, laws and environment.
- Prepare expatriates to have a clear understanding of their position and role in the host country.
- Identify any possible risks in the host country and develop appropriate mitigation plans.
- Orientate the expatriate about any cultural dynamics in the host country, e.g. language(s), laws, habits, customs, norms and rules (spoken and unspoken).
- Test potential expatriates on their global cultural adaptability, people who are very adaptable to different cultures in one country may not be able to adapt to a total different cultural environment on a totally different continent.
- Integrate the family of the expatriate in your planning, in fact research has indicated that expatriates adapt much quicker than their family members.

- In addition to a home country contact person, create a host country support system for the expatriates so that they are actively and proactively supported at the local sites.
- A key aspect is to ensure that all HR and logistical arrangements are in place, such as expatriate allowances, accommodation, language training, schools etc.
- Ensure good communication with their home country so that they never feel isolated or neglected, keep them informed of all developments affecting them at the home and host countries.

While most of the global HR research has focused on preparing expatriates for international assignments, the whole issue of repatriation requires more attention, i.e. when expatriates return to their home country. We often put 90% of our effort into expatriation and only 10% of our effort into repatriation, while the latter part is of utmost importance. Recently, a South African expatriate returned home after five years. The repatriate struggled so much to adapt back to her home country, that she returned back to the UK and eventually acquired UK citizenship. Sadly, we lost a highly skilled and capable professional given the fact that the repatriation phase of the assignment failed.

- Keep a special folder of major changes in the country before the repatriate returns.
- Prepare the repatriate to return, inform them of changes in laws, rules and other changes.
- Organise a welcoming party and pack as part of the repatriation programme.
- Formalise the repatriate programme so that the repatriate looks forward to his or her return and can visibly be part of a caring repatriate experience.
- Support the repatriate with logistical arrangements, e.g. schools, home, office etc.
- Activate the necessary HR and other processes, e.g. salary arrangements, relocation.
- Arrange an official debriefing with the repatriate and capture this knowledge as part of your global market intelligence.
- Provide the necessary employee wellness support by focusing on the unique wellness issues of repatriates.
- Develop a repatriate retention strategy to retain this special global talent in your company.
- Ensure that the expatriate's knowledge is used to tap into the host country market.
- Use the experience of the expatriate to mentor, coach and prepare a new team of expatriates, and to provide inputs into other global operations.



- Put specific emphasis on developing a global mindset and culture in your company, this will ease future international assignments and repatriation in the process.
- Monitor the re-integration of repatriates into the company and the country and address any problems or challenges as they arise.

The importance of the professional talent management of expatriates and repatriates cannot be over-emphasised. It requires a special programme and dedicated focus to deal with the complex and unique needs of expatriates and repatriates. Despite their special skills, as talented mobile employees, expatriates and repatriates should also be treated as a high-risk talent segment, as it may be more difficult to retain them, given their preference for mobility. Ultimately, expatriate and repatriate management requires an international talent management programme ensuring that all phases of the talent life cycle are professionally planned, implemented and evaluated for improvement and alignment.

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## 5.2 CHARACTERISTICS OF EFFECTIVE EXPATRIATE MANAGERS

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An expatriate is somebody who has left their country of origin in order to reside in another country. Expats may leave home for work reasons and seek more lucrative employment in a different country. Expatriates may live for a while overseas or completely renounce their citizenship of one country in favour of another.

Working abroad may sound like a dream job, but it's not for everyone. Living and working in another country comes with a unique set of challenges. You'll need more than technical skills to cut it as an expat. The following characteristics given below.

### 1. Global Curiosity

Being interested in and excited about new cultures is essential. If you have a passion for meeting new people and an urge to learn about the world, you're more likely to be happy living abroad.

### 2. Emotional Intelligence

Being emotionally intelligent means that you can discern how others are feeling and use that information to guide your own behaviour. If you want to be an expat, you should be able to read different social cues and non-verbal communication and assess how your own personality comes across to others.

### 3. Extreme Organization

If tax season sends you in a tizzy, expat life may not be for you. As an American expat, you need to be able to balance multiple tax systems, work within two bureaucracies, and stay on top of your visa paperwork.

#### 4. Cultural Adaptability

A cross-cultural experience may sound like a breeze, but your family trip to Europe 10 years ago won't prepare you to settle into a completely new environment. To move to another country, you'll have to be tolerant and respectful of new people and adapt to new cultural norms to fit in.

#### 5. Language Skills

Being able to communicate in the language of your new home is important, even if you're mostly communicating in your native tongue.

Don't worry about being fluent right away — picking up some key phrases can help with everything from landing an overseas opportunity to developing relationships with locals.

#### 6. Flexibility

Every country has a unique way of doing things, and expats should be willing to cope with the traditions of those around them. If the country you're working in doesn't value punctuality, be flexible if people are late to a meeting. Stay calm and let matters follow their course.

#### 7. Leadership

The most successful expats know how to command a room, no matter where that room is. If you aren't a natural leader, try some strategies to help you catch up. Mimic the strong leaders in your life, practice effective communication, and become an expert in both your industry and your adopted home.

#### 8. Patience

Last but certainly not least, patience is a virtue when it comes to expatriating. Things aren't always as fast moving in other cultures or when working across borders. Don't rush yourself when it comes to adjusting and don't rush others if they operate differently than you're used to.

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### 5.3 THE ROLE OF FAMILY

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Organizations have a duty of care to their assignees, but does this extend to the families of assignees too? After all, relocation affects not only the assignee but their entire family. When looking at expatriate success factors we cannot underestimate the importance of family support and involvement in the assignment project.

Research shows a clear correlation between family support and a successful international assignment. Despite this, many organizations still overlook the importance of providing the assignee and their family with a support structure that can ease the adaptation process in the new country.

This is where Global Mobility professionals can play a fundamental role in helping both the assignee and their family to adapt as quickly as possible. A bad start can set the tone for the rest of the assignment.

### **What happens when a family relocates?**

When a family relocates, there is a typical set of issues they must deal with. If adequate support is not provided from the outset this can hinder the family's capacity to adapt.

## **5.3.1 GLOBAL MOBILITY IN THE AGE OF DIVERSITY**

### **The Role Global Mobility Can Play in Delivering a Diverse Workforce**

#### **1. THE FAMILY MUST ESTABLISH A NEW “NORM”**

The family identity relies on recreating a “home” dynamic almost as soon as they arrive in the new country. While each family member mourns what they have left behind in the previous country (friends, a home, a routine, etc.), there is also an overall loss of family identity.

This lack of “past” can weigh heavily and affect family members in different ways. Disagreements and cracks in a relationship can be exaggerated, and children may feel sacrificed to the assignee's career.

Re-building a new family dynamic must be a priority.

Global Mobility professionals must be on the lookout for the tell-tale signs that the family is not completely happy, or that they are drifting apart. A timely intervention through counselling or just a friendly phone call can save a marriage as well as the assignment.

#### **2. DIFFERENCES IN ROLES CAN CREATE FRUSTRATIONS AND MISUNDERSTANDINGS**

Each family member is focused on their own adaptation and may overlook the efforts other members put in making things work, thus making the first days and weeks even more difficult.

Global Mobility can deploy numerous expatriate success factors such as putting the assignee in contact with other assignees and families in the country, or by speaking to other family members, not just their employee.

### **Why Mental Health Should Form Part of Your Duty of Care Policy**

Family members want to take ownership of the relocation and to be involved, and it is sometimes down to the Global Mobility professional to be proactive.

### 3. SOME FAMILY MEMBERS MAY FIND IT EASIER TO ADAPT TO LIFE IN THE NEW COUNTRY

Moving abroad is a stressful ordeal. Some family members may adapt more quickly as they have a specific role lined up e.g. a student at a new school. Other family members must strive to find their own meaningful position in the new set up, and this requires a lot of energy.

#### 5.3.2 EXPATRIATE SUCCESS FACTORS: THE ROLE OF GLOBAL MOBILITY

The sending company has an important role to play in all this. Regardless of how high the value of family ranks in the home or host culture, the importance of family support amongst vital expatriate success factors should never be underestimated.

And for the family to be able to adapt to their new environment, it is important that the difficulties highlighted above are seriously addressed by those who interact with the assignee and contribute to the success of their assignment. Make sure that the local team also recognize their role in helping the whole family adapt.

- **GLOBAL MOBILITY IN THE AGE OF DIVERSITY**

The Role Global Mobility Can Play in Delivering a Diverse Workforce

A relocation package should include enough orientation support to give the family a clear idea of what to expect from their trip. In some cases, a look-see visit can be a good idea as well.

There is much anecdotal evidence to suggest that a short break to a new country for a long weekend goes a long way in reducing the impact of culture shock.

The family must be able to make an informed decision with realistic expectations. A look-see that is a promotional campaign to “sell” the post to the family may, in fact, do more damage than a realistic portrayal of the pros and cons.

However, the crucial moment Global Mobility professionals must be ready for is when the family physically relocates and the adaptation process begins.

#### 5.3.3 5 TIPS TO EASE THE RELOCATION PROCESS

Some good practices to create a warm and welcoming atmosphere for the assignee and their family could include:

##### 1. FOCUS ON THE ARRIVAL OF THE WHOLE FAMILY AND NOT JUST THE ASSIGNEE

This might mean regularly enquiring about the family’s well-being and whether there is anything that can be done to make the transition smoother. For example, it is often the assignee’s partner who has more of a need for language training than the assignee.

**2. HAVE A SPECIFICALLY APPOINTED PERSON WHO THE FAMILY CAN TURN TO**

Someone who they can call upon to help them understand how to pay a bill, when to drive on specific roads, and possibly most importantly, someone who can help decode the cultural behaviours that can be so disconcerting at the start of an assignment.

Often a family member of an assignee already based in the country will be very happy to take on that role.

**3. ORGANIZE EVENTS THAT INVOLVE THE WHOLE FAMILY**

Encourage the family to spend more quality time together. Particularly where the time differences are big, work commitments are more likely to overlap into family time. Encourage the family to travel within the region, take up new past times or hobbies.

**4. OFFER SUPPORT BUT DON'T OVERSTEP THE MARK**

Check in regularly with the assignee and their family without pushing them too much.

Offer your assistance and make the family feel they are not alone, without imposing practices that might not be appreciated.

Frequently Global Mobility just needs to be the empathetic listener on the end of a phone – you may not be able to or even need to fix anything, but just be available.

**5. ENCOURAGE THE ASSIGNEE TO TAKE SOME TIME OFF AT THE START OF THE ASSIGNMENT**

One of the many expatriate success factors that many firms believe in is to minimize work assignee and family overload and associated stress

Relocation is a stressful process and family support is key amongst expatriate success factors. The company's duty of care is to support everyone involved in the move. Not only will the family settle in more quickly and be happier, but the assignee's professional performance will be safeguarded, and the risk of assignment failure significantly reduced.

Saving money on reducing family support is a false economy. The risk of early return or reduced performance surely outweighs the benefits of a relaxed, high performing assignee and a happy, balanced family.

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## 5.4 DEALING WITH CULTURAL SHOCK

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- Culture shock is a feeling of disorientation, annoyance, and/or hostility experienced when you visit a country with norms and traditions different from your own.
- Culture shock has different stages but usually results in an understanding of your new host country's norms and traditions.
- Everyone experiences culture shock differently -- your past experiences often colour how you see your new country.
- Try to manage expectations before going abroad. Do research beforehand and engage with the local community once you're there. This will help you integrate.

### 5.4.1 WHAT IS CULTURE SHOCK?

When you go abroad, your daily routine, culture, food, and the attitudes of people around you are no longer familiar. The process of recognizing, understanding, and adapting to these changes is called culture shock.

In our normal environment much of our behaviour, like gestures, tone of voice, how we wait in lines (or don't wait), and interact, rely on collectively understood cultural cues. However, we don't actively pay attention to these -- they're our unspoken norm. In a new country, we become more aware of these cultural subtleties because they *are different from our norm*.

Even drastically different culinary traditions can cause culture shock. Food is deeply ingrained in culture and we have many associations, both good and bad, with the things we eat. Being away from home and realizing common ingredients or comfort foods you often reach for aren't available can bring up strong emotions.

You may not literally be shocked, but this act of feeling disoriented and processing new ways of life, attitudes, and cultural norms is by definition **culture shock**. There are four stages of culture shock:

- **Initial euphoria / The honeymoon stage** - After first arriving to a new place, you'll likely be caught up in all the wonderful things your new chosen home has to offer. During this stage, you are more likely to recognize cultural similarities and be charmed by the differences.
- **Irritation and hostility / The negotiation stage** - Gradually, the euphoria will diminish. You'll get lost. You'll get mad at the apparent "disorganization" of things. You'll become overwhelmed with all the things you have to adjust to and either feel irritated or compelled to make things go "your way".
- **Gradual understanding / The adjustment stage** - You're finally able to relax. You've come to terms with your new home and have achieved a balance of emotions. Instead of feeling irritated, you're

understanding of differences. You'll start to have a more positive outlook, interest in learning more about your host country, and make more effort to fit in.

- **Adaptation or biculturalism / The mastery stage** - Reaching a high level of comfort in your new home is the final stage of culture shock. The order of things makes sense, you can talk to strangers with ease, and you understand cultural nuances. Your routine is more natural. Sure, you still miss your friends and family, but your new friends and activities have become part of your daily life.

#### 5.4.2 TIPS FOR DEALING WITH CULTURE SHOCK

Now that you understand what culture shock is and how to recognize it, let's get down to **real strategies** and tips for **dealing with culture shock**.

##### 1. **Learn as much about your host country as possible**

Read through travel forums, guidebooks, news reports, or novels. Talk to people who have been there or -- better yet -- are from there.

Get to know as much as you can about what's considered polite or rude (for example, did you know it's rude to step over someone's bag in Madagascar?) and prepare yourself for some of the differences before you go.

##### 2. **Ask your program's organizer for advice**

Whether you're studying, volunteering, or working abroad, you'll likely have a point of contact. Don't hesitate to ask them what others have had a hard time adapting to and what they've done to cope. Each country has its own nuances, so you're going to face a different situation in France as you would in Thailand. Ask those who know best!

##### 3. **Set learning goals for your trip abroad**

This may be obvious, but make sure you have goals for your trip abroad, and make sure they include **learning about your host culture**. Do you love food? Make it a goal to learn how to cook a local dish.

##### 4. **Write down what you love when you first arrive, and look back later**

During the honeymoon phase, write down all the things you love about your new host country. Later, when you're feeling frustrated or irritated, use this list to remind yourself of all the **good things** about your host country, instead of the **things that annoy you**.

##### 5. **Find a healthy distraction**

Especially in stage two, when you may have negative feelings towards your host culture, find a healthy distraction. Take some time to



yourself, watch an episode of your favourite TV show, cook a meal from home, or have a solo dance party in your house.

Going overseas is a challenge, an introduction to a new culture, and an emotional roller coaster all at once at times.

It's OK to feel overwhelmed and need a break from your host country -- just make sure it's a healthy distraction and you don't spend your whole time locked up in your house!

## 6. Talk to others about how you feel

If you aren't abroad with a group, like a study abroad, connect with other expats around you. Talk to them about how they feel about your host culture. Ask them about how they feel, strategies they've used to cope with cultural differences.

Also, learn from them. They may have figured out something you're still confused about -- like why everyone keeps saying a particular phrase or how to politely say "no" when your host mom insists you finish *everything* on your plate.

## 7. Try to let go of expectations

A common mistake to make in your host country is to assume the same norms from home apply. This is the easiest way to feel annoyed, disappointed, and bitter. Try to enter the new situation as a blank slate. This will help you minimize expectations that will inevitably creep in.

When it comes to food, you may realize that the food in a particular country isn't what you expected, it can incur some culture shock. Your favourite dish at the Chinese takeaway may not even exist in China; likewise, for your curry of choice that is nowhere to be found in India. Just don't let this stop you from finding a new favourite! This is where things get interesting anyway, and you have the opportunity to test out the real, local cuisine.

## 8. Try to see things through your host culture's eyes

Throughout every stage of culture shock, try to **put your own worldview in your pocket** and try to understand the world the way your host culture does.

Maybe you don't agree with some philosophies, and maybe it doesn't make sense within your own cultural context, and it doesn't have to. Just try to **understand where they're coming from**. Ask questions, be non-judgemental, be an anthropologist!

## 9. Get involved with the local community

Part of your feelings of culture shock may be because you feel like too much of an outsider, so get involved in your local community as much as possible. This includes making friends! If you went to church at home, go to church there. If you volunteered at home, find a

volunteer project in your host city. Join a sports team, go to major festivals, and make this new home a home!

#### 10. **Make an effort to learn the local language**

Make an effort to learn a few basic phrases (or more!) in the local language. It's not just a way to understand more of the culture (language and culture are linked), but also to make friends. And hey - it's just fun!

#### 5.4.3 HOW WILL CULTURE SHOCK AFFECT ME?

Culture shock affects everyone differently and can manifest itself in a variety of ways. Largely, this depends on:

- **The countries you've previously travelled to ...** if any. Have you experienced new cultures before?
- **The country you're now traveling in.** How different is it from your own culture?
- **The purpose and structure of your current trip.** Do you have someone to help you understand the new culture? Are you willing to learn and adapt?
- **How well you adjust to new situations.** How do you generally react to being outside your comfort zone?

For example, when I first travelled to Tanzania, I had the hardest time adjusting to shopping in chaotic markets and bargaining for goods. I'm used to being left alone to browse when shopping at home, but most shop owners there are anxious to make a sale. They follow shoppers around and continuously present them with suggestions of things to buy. Then, instead of paying a set price, shopper and shopkeeper begin the lengthy process of bargaining for an agreed-upon price. I had limited patience with this system, and would often end up feeling irritated.

The process of recognizing, understanding, and adapting to these changes is called culture shock.

In contrast, when I later visited other countries, like India, with similar markets and culture of bargaining, I felt more confident and able to navigate shopping in markets. I still didn't love it, but my past experiences helped me adapt to these new cultures since I'd travelled in similar places before.

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### 5.5 SUCCESSFUL REPATRIATION PRACTICES

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Designing a repatriation program that aligns to wider business and talent management objectives can improve a company's overall return on mobility investment. Despite repatriation's place at the end of the assignment lifecycle, a significant portion of ensuring its success focuses on work before and during the assignment, not just at the end.

### 5.5.1 BEGIN WITH THE END IN MIND

- **Design a Repatriation Policy**

A repatriation policy should detail the types of support provided and align with the benefits offered in the existing international assignment policies. Additionally, it is important to ensure it outlines high level processes and roles and responsibilities for all stakeholders involved. Well-documented guidelines embedded in the existing assignment policies allows global mobility leaders to engage with potential assignees about the level of support they can expect to receive as their assignment draws to a close.

- **Set Assignments Up for Success**

A successful repatriation starts with a successful assignment. Careful selection of potential candidates, along with an assessment of the assignee and any accompanying family members' adaptability will ensure the best chance for success. In order for a company and its employees to gain the most value, integrating assignments and repatriation planning into employees' overall career planning is also key. To track progress and clearly measure success along the way, it is advisable to set clear assignment objectives.

Establishing a home country and a host country mentor for each employee is also a good practice. With host country mentors, employees will have a formal partner to help them adapt to the new location and navigate local cultural and organizational nuances. Home country mentors can help employees maintain a connection to the home country. This will keep assignees abreast of important organizational changes, pave the way for post assignment networking and help smooth reintegration.

Policy benefits should also be adequate to ensure a smooth move to the new location. Including important benefits such as intercultural training, language training, education assistance and spouse/partner transition assistance will help assignees and their families do well in the new location.

### 5.5.2 DON'T WAIT TILL THE END

- **On Assignment**

Setting up opportunities for assignees to network during home country visits is another integral part of preparing for successful repatriations. Preserving relationships with colleagues, former managers and senior leadership allows assignees to stay visible and top of mind for hiring managers and job opportunities as their assignments come to an end.

Companies can also consider providing formal job identification assistance at the end of assignments. While often companies rely on providing informal networking assistance, BGRS's 2016 Global

Mobility Trends Survey found that 26% provide more formal assistance by mandating each department be responsible for locating new positions for the employees they send on assignment. The survey also found a correlation between providing this formal assistance and lower attrition outcomes.

Proactively tracking assignment end dates and starting repatriation discussions early is another key best practice. Starting repatriation discussions more than six months out offers an important advantage for companies and their employees. As assignments enter into their final year employees may start to be anxious about finding a new position post-assignment and will start looking early. Beginning career planning and general repatriation discussions early may help prevent employees from searching outside the company for employment prospects.

### 5.5.3 AT THE TIME OF REPATRIATION

- **Offer Support**

Adequate support during repatriation is an important step in the overall assignment lifecycle. Companies should consider offering repatriation support beyond miscellaneous allowances and moving household goods back to the home country. Offering services such as outplacement assistance to help spouse/partners locate work and educational consultancy for families changing school systems will help families make the transition home smoother. Furthermore, home finding support and temporary accommodations will assure the logistical aspects of the move home are easier.

Reintegration training is also an element of effective repatriation programs. This training can mitigate the challenges of repatriation by proactively planning a successful reintegration both personally and professionally, as the assignee and their family transition home. They will learn how to leverage their newly acquired skills, international experience, networks and insights.

- **Create Integration Opportunities**

Companies should also consider creating specific opportunities for assignees to integrate the skills and experiences garnered on assignment with their colleagues. Some examples of programs that will achieve these goals include:

- Leading informational sessions for colleagues
- Joining global cross functional initiatives that will leverage their global leadership experience
- Speaking to high potential employees about the advantages of gaining global leadership skills and leveraging developmental assignments
- Engaging returning assignees to participate in a formal mentor program for future assignees

Returning assignees are an important source of feedback for the global mobility function. Once back from assignment, they can provide perspective on global mobility policies, benefits and support. They can also provide information on supplier performance, as well as input on the processes throughout the assignment lifecycle. Formally incorporating both quantitative and qualitative feedback allows global mobility leaders to track trends and identify issues for continuous program improvement. It can also offer important insight into the perceived value of international assignments from an employee's point of view.

Having a strong repatriation program helps protect a company's mobility investment; however, building a strong program requires a strategy that begins not at the end of assignment, but at the beginning. Taking the time to assess and implement a repatriation program that encompasses planning even before employees go on assignment will create a better experience for the employees and add value to the business overall. The company not only retains their mobility investment but also benefits from growing the global talent pipeline, and the mobility program continues to benefit and grow from the feedback. In short, an effectively designed repatriation program ultimately supports the company's wider talent and mobility objectives.

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## 5.6 SELF – ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

- 1) \_\_\_\_\_ are key talent segments in today's global mobile workforce.
- 2) Expatriates returning to their home countries are called \_\_\_\_\_.
- 3) \_\_\_\_\_ is somebody who has left their country of origin in order to reside in another country.
- 4) Being \_\_\_\_\_ means that you can discern how others are feeling and use that information to guide your own behaviour.
- 5) \_\_\_\_\_ is a feeling of disorientation, annoyance, and/or hostility experienced when you visit a country with norms and traditions different from your own.
- 6) The process of recognizing, understanding, and adapting to these changes is called \_\_\_\_\_.
- 7) During \_\_\_\_\_ you are more likely to recognize cultural similarities and be charmed by the differences.

### ANSWER

- 1) Expatriates And Repatriates
- 2) Repatriates.
- 3) An Expatriate
- 4) Emotionally Intelligent

- 5) Culture Shock
- 6) Culture Shock.
- 7) **Initial Euphoria / The Honeymoon Stage**

### **TRUE OR FALSE**

- 1) Expatriates returning to their home countries are called Expatriates.
- 2) The importance of the professional talent management of expatriates and repatriates cannot be over-emphasised.
- 3) An expatriate is somebody who has left their country of origin in order to reside in another country.
- 4) Being able to communicate in the language of your new home is important, even if you're not communicating in your native tongue.
- 5) Make sure that the local team also recognize their role in helping the whole family adapt.
- 6) It is often the assignee's partner who has more of a need for language training than the assignee. True
- 7) Often a family member of an assignee already based in the country will be sad to take on that role.
- 8) The process of recognizing, understanding, and adapting to these changes is called Culture Shock.

### **ANSWER**

TRUE. (2, 3, 6, 8)

FALSE. (1, 4, 5, 7)

### **MATCH THE COLUMN**

a) <b>Initial euphoria</b>	<b>1. The negotiation stage</b>
b) <b>Irritation and hostility</b>	<b>2. The mastery stage</b>
c) <b>Gradual understanding</b>	<b>3. The honeymoon stage</b>
d) <b>Adaptation or biculturalism</b>	<b>4. The adjustment stage</b>

### **ANSWER**

- a) 3
- b) 1
- c) 4
- d) 2

### **WRITE SHORT ANSWERS**

- 1) Explain expatriate success factors: the role of global mobility
- 2) Explore the role of family.

- 3) Tips to ease the relocation process.
- 4) What is cultural shock? How to deal with cultural shock
- 5) Explain stages of cultural shock.
- 6) Explain successful repatriation practices.

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## 5.7 SUMMARY

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Expatriates and repatriates are key talent segments in today's global mobile workforce. Create a dedicated expatriate and repatriate management programme as part of your global talent management strategy, with a particular focus on employee wellness. Expatriates returning to their home countries are called repatriates.

Create a dedicated expatriate and repatriate management programme as part of your global talent management strategy, with a particular focus on employee wellness. Ensure good communication with their home country so that they never feel isolated or neglected, keep them informed of all developments affecting them at the home and host countries.

An expatriate is somebody who has left their country of origin in order to reside in another country. Living and working in another country comes with a unique set of challenges. You'll need more than technical skills to cut it as an expat. The following characteristics such as Global Curiosity, Emotional Intelligence, Extreme Organization, Patience

When looking at expatriate success factors we cannot underestimate the importance of family support and involvement in the assignment project. When a family relocates, there is a typical set of issues they must deal with. If adequate support is not provided from the outset this can hinder the family's capacity to adapt. The Role Global Mobility Can Play in Delivering a Diverse Workforce such as the family must establish a new "norm", differences in roles can create frustrations and misunderstandings, some family members may find it easier to adapt to life in the new country.

The sending company has an important role to play in all this. Regardless of how high the value of family ranks in the home or host culture, the importance of family support amongst vital expatriate success factors should never be underestimated. The Role Global Mobility Can Play in Delivering a Diverse Workforce. Few tips to ease the relocation process focus on the arrival of the whole family and not just the assignee, have a specifically appointed person who the family can turn to, organize events that involve the whole family, offer support but don't overstep the mark, encourage the assignee to take some time off at the start of the assignment.

Culture shock is a feeling of disorientation, annoyance, and/or hostility experienced when you visit a country with norms and traditions different from your own. When you go abroad, your daily routine, culture, food, and the attitudes of people around you are no longer familiar. There are four stages of culture shock such as **Initial euphoria / The honeymoon stage**,



## **Irritation and hostility / The negotiation stage, Gradual understanding / The adjustment stage.**

Tips for dealing with culture shock Learn as much about your host country as possible, Ask your program's organizer for advice, Set learning goals for your trip abroad, Write down what you love when you first arrive, and look back later, Find a healthy distraction, Talk to others about how you feel, Try to let go of expectations, Try to see things through your host culture's eyes, Get involved with the local community, Make an effort to learn the local language.

Designing a repatriation program that aligns to wider business and talent management objectives can improve a company's overall return on mobility investment. A repatriation policy should detail the types of support provided and align with the benefits offered in the existing international assignment policies. A successful repatriation starts with a successful assignment. Setting up opportunities for assignees to network during home country visits is another integral part of preparing for successful repatriations. Adequate support during repatriation is an important step in the overall assignment lifecycle. Companies should also consider creating specific opportunities for assignees to integrate the skills and experiences garnered on assignment with their colleagues.

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### **5.8 KEY - WORDS**

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- **Expatriates** somebody who has left their country of origin in order to reside in another country.
- **Repatriates** a person who has returned to the country of origin or whose citizenship has been restored.
- **Emotional Intelligence** you can discern how others are feeling and use that information to guide your own behaviour.
- **Global Curiosity** Being interested in and excited about new cultures is essential.
- **Talent Management** how employers recruit and develop a workforce that is as productive as possible and likely to stay with their organization long term.
- **Culture shock** a normal process of adapting to a new culture.
- **Initial euphoria** a feeling of great happiness and excitement.
- **Irritation and hostility** You start to feel that what is different is actually inferior.
- **Gradual understanding** You've come to terms with your new home and have achieved a balance of emotions.
- **Adaptation or biculturalism** Reaching a high level of comfort in your new home is the final stage of culture shock.
- **Offer Support** Adequate support during repatriation is an important step in the overall assignment lifecycle.

- **On Assignment** Setting up opportunities for assignees to network during home country visits is another integral part of preparing for successful repatriations.
- **Create Integration** Opportunities Companies should also assignees to integrate the skills and experiences garnered on assignment with their colleagues.

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## LEGISLATION AND THE INTERNATIONAL WORKFORCE

### Unit Structure

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Legislation and the international workforce
  - 6.2.1 International Labor Standards
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  - 6.2.3 Principles of Labor Law In All Countries
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- 6.3 Employment Law
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- 6.4 Trade Unions and negotiations
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  - 6.4.2 Joining a trade union
  - 6.4.3 Trade union-related rights
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### 6.0 OBJECTIVES

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#### To Learn:

- International Labor Standards
- Regional Labor Standards
- Principles of Labor Law In All Countries

- Everything You Need To Know About An International Workforce
- Terms and Conditions of Employment
- Employee Representation and Industrial Relations
- Discrimination
- Maternity and Family Leave Rights
- Termination of Employment
- What a trade union is
- Joining a trade union
- Trade union-related rights

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## 6.1 INTRODUCTION

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**International labour law** is the body of rules spanning public and private international law which concern the rights and duties of employees, employers, trade unions and governments in regulating work (human activity) and the workplace. The International Labour Organization and the World Trade Organization have been the main international bodies involved in reforming labour markets. The International Monetary Fund and the World Bank have indirectly driven changes in labour policy by demanding structural adjustment conditions for receiving loans or grants. Issues regarding Conflict of laws arise, determined by national courts, when people work in more than one country, and supra-national bodies, particularly in the law of the European Union, has a growing body of rules regarding labour rights.

**International labour standards** refer to conventions agreed upon by international actors, resulting from a series of value judgments, set forth to protect basic worker rights, enhance workers' job security, and improve their terms of employment on a global scale. The intent of such standards, then, is to establish a worldwide minimum level of protection from inhumane labour practices through the adoption and implementation of said measures. From a theoretical standpoint, it has been maintained, on ethical grounds, that there are certain basic human rights that are universal to humankind. Thus, it is the aim of international labour standards to ensure the provision of such rights in the workplace, such as against workplace aggression, bullying, discrimination and gender inequality on the other hands for working diversity, workplace democracy and empowerment.

While the existence of international labour standards does not necessarily imply implementation or enforcement mechanisms, most real world cases have utilised formal treaties and agreements stemming from international institutions. The primary international agency charged with developing working standards is the International Labour Organization (ILO). Established in 1919, the ILO advocates international standards as essential for the eradication of labour conditions involving "injustice, hardship and privation". According to the ILO, international labour standards contribute

to the possibility of lasting peace, help to mitigate potentially adverse effects of international market competition and help the progress of international development.

Implementation, however, is not limited to the ILO nor is it constrained to the legislative model that the ILO represents. Other alternatives include direct trade sanctions, multilateral enforcement, and voluntary standards. In addition to controversies that arise over each of these models, greater issues have also been raised concerning the debate over the need for international labour standards themselves. However, while critics have arisen, the international community has largely come to a consensus in favour of basic protection of the world's labour force from inhumane practices.

Associated with the development of successful international labour standards is proper monitoring and enforcement of labour standards. Most monitoring occurs through the ILO, but domestic agencies and other NGOs also play a role in the successful monitoring of international labour standards.

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## 6.2 LEGISLATION AND THE INTERNATIONAL WORKFORCE

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Increasing competition, desire to enter new markets, and diversifying the customer base drives companies to go global. To find your footing, think global. International expansion isn't happening without employing a International workforce.

### 6.2.1 INTERNATIONAL LABOR STANDARDS

The International Labour Organization (ILO) is a United Nations Agency that sets universal labor standards. These standards are contained in 189 conventions or treaties which individual countries need to 'ratify' or sign up to. Once a country has signed up to those standards, it must adopt and enforce them as part of its domestic law. The most fundamental labor standards are contained in the 'Declaration on Fundamental Principles and Rights at Work'. This declaration sets out four fundamental policies for labor:

- A right of workers to free association and collective bargaining;
- A prohibition on forced or compulsory labor;
- A prohibition on child labor;
- A prohibition on unfair discrimination among workers.

Even where countries have signed up to international labor standards, there are huge variations in compliance and enforcement between countries. Any international enterprise needs to consider carefully the significant reputational risk that operating in some countries may present, if international standards are not complied with.

## 6.2.2 REGIONAL LABOR STANDARDS

Another form of international labor law is the set of rules that applies across a select group of countries. The most prominent example is European labor law which sets standards applying across the European Union. Rights for employees under European labor law include:

- The right to a written employment contract (whether a fixed-term contract or an indefinite one);
- The right of employees to free movement across European Union states;
- A right to a minimum of 4 weeks annual leave;
- Health and safety minimum standards (e.g., rules on how to return to work safely);
- Prohibited discrimination;
- Restrictions on redundancies.

The European Union does not make rules related to minimum wages or collective bargaining: These are determined solely by individual European Union countries.

The North American Agreement on Labor Cooperation (NAALC) is a 'side agreement' to the North American Free Trade Agreement (NAFTA). Under NAALC, all countries (Canada, United States and Mexico) agreed to enforce certain minimum labor standards covering:

- Freedom of association, and the right to organize;
- The right to collective bargaining;
- The right to strike;
- No child labor;
- A set of minimum labor standards relating to matters such as wages, hours and conditions of employment;
- Equal pay for equal work;
- Health and safety protections;
- Workers' compensation;
- Protections for migrant workers.

Compliance with these requirements is monitored by an administration office in the labor department of each country.

## 6.2.3 PRINCIPLES OF LABOR LAW IN ALL COUNTRIES

In addition to laws which have international 'reach' such, as ILO standards and EU laws, there are various general principles that need to be considered in each country that you expand into:

- **Employee Contracts.** Many countries require that a written employment contract be in place setting out the obligations that employers and employees have towards each other;
- **Minimum wage.** Many (not all) countries have a minimum wage in place. In an international expansion, enterprises should be particularly careful not to attempt to circumvent minimum wage protections with independent contracting arrangements;
- **Employee termination.** The grounds for ‘firing’ or terminating employees differ radically in different countries, and even between different states within the one country. While some countries (such as the United States) may permit employers to terminate ‘at will’, many do not: Certain reasons must be present and the termination must flow from a fair process;
- **Payroll obligations.** In nearly every country, it is the employer that is under the obligation to withhold employee payroll tax and submit it to the tax authorities: Employer submission of payroll taxes is usually taken to define a relationship as one of employment, rather than contracting;
- **Employee benefits.** Benefits administration is a key obligation of employers. In many locations, employers have to withhold compulsory contributions to healthcare costs, workers’ compensation, pensions and unemployment insurance.

## 6.2.4 EVERYTHING YOU NEED TO KNOW ABOUT A GLOBAL WORKFORCE

International workforce refers to the total number of an international pool of workers working for a particular company, connected through a global system of network and production. These are people willing to be engaged in or available for work internationally.

### (A) ADVANTAGES OF INTERNATIONAL WORKFORCE

A global workforce engages your business in multi-dimensional aspects and thus, serves as the baseline to establish a well-connected, powerful universal front.

- **Access to global talent**

As an employer, you always look for the best talents that fit right with your company. Going global, you have more options to choose the best people from. The wider your search is, the more probability of you finding the ideal employees who align with your goals.

According to a report from Josh Bersin, organizations hiring internationally are 1.7 times more likely to transform into innovative leaders. It gives you an edge over the others in establishing an innovative and productive human capital.



- **Cost-effective hiring**

The labor cost and pay structure of developing countries are lesser than the developed countries. You can harness the same levels of an able and competent workforce at a relatively lower budget.

Besides, establishing new businesses in developing countries improves their economy and money influx that favours their progress.

- **Cultural diversity**

McKinsey's report on delivering through diversity identifies that ethnically diverse companies are 29% more profitable than companies that do not go beyond borders. This reaffirms the link between diversity and financial outperformance, a link that you do not want to miss.

Including a diverse global workforce also brings onboard better employee engagement. Deloitte's report suggests that engagement is the outcome of diversity and inclusion. The employee engagement levels are reportedly 101% high.

Thus, establishing a global workforce diversity encompasses several benefits on the productive and financial fronts.

- **A power team with different perspectives**

People from different backgrounds and regions have had different experiences and have faced distinct challenges. Thus, establishing a global workforce demographics equips you to encounter a diverse array of challenges.

Further, when such unique minds work together, they bring about a great potential to innovate. They include different perspectives and innovations that grow your business to greater heights.

- **Expanding to new markets**

When thinking of global expansions, you need to consider the nature and potential of the market in that specific country or region. Who better to guide you than a local who has resided and most likely worked from there?

A locality who understands the cultural intricacies and nuances can effectively communicate your business and its utility. They can also overcome language and cultural barriers and empathize with your local customer base.

A global workforce thus gives an in-depth understanding of new markets and helps you curate region-specific business strategies.

**(B) COMPLICATIONS IN GLOBAL WORKFORCE**

Even elixirs come with terms and conditions. Similarly, establishing and managing an international workforce overseas comes with its own complications.

**1. Employee-centric Complications**

Here, we highlight the complications faced by the employees employed in a global workforce.

- **Difficulty in collaboration**

Going international with your hiring includes your employees working at different time zones. These differences might lead to disruptions in the coordination and within the teams.

Also, liberties such as official holidays and vacation time vary from region to region. They would affect the availability of team members during meetings and decision-making.

Thus, managing time differences is one of the crucial factors you must address while planning for a global workforce.

- **Communication differences**

With only virtual communication at play, there are huge chances of miscommunications and communication gaps popping up between employees.

This Cultural wizard's report states that 51% of employees have a hard time understanding the full context of what their colleagues try to communicate. Lack of face-to-face conversations makes it harder to convey messages.

A lot hangs on assumptions. Thus, communication breakdowns may lead to a chaotic environment with employees not knowing their responsibilities and tasks. Setting up proper communication channels and mediums must become your priority.

- **Social disconnect and lack of team engagement**

A global workforce calls for the remote working of most of your employees. While remote working enables working from the comfort of our homes, at our own pace, it also means that employees stay isolated from their team members.

The feeling of isolation is bound to turn into disconnection and alienation. Subsequently, managers might feel such employees are less likely to be focused on their work and remain loyal to the company.

- **Lack of motivation and productivity**

Due to the lack of an orchestrated office environment, remote working also risks poor time management. This results in burnout and stress leading to a lack of motivation.

Social disconnection is also a major reason for lack of motivation. Further, it takes a toll on their mental health. This takes a toll on their mental health.

Forbes study states that 80% of workers are willing to quit due to employers' poor care of mental health issues. Thus, you must ensure you address mental health issue concerns, motivate and engage your teams to establish a fully functional global workforce.

## 2. **Employer-centric Complications**

Here, we address the complexities faced by employers in managing an international workforce.

- **Setting up local entities**

As a global employer, to hire from different countries, you will have to set up local entities and have a functioning team take care of the hiring processes.

It is easier said than done. This involves unnecessary expenses, loss of time and energy. Thus, you should look for ways to follow hiring and other operations without having to lose much.

- **Managing law and compliance**

The labor laws and regulations followed in each country are unique. Also, with time, they get updated and revised to stay at par with the growing technology and practices.

Thus, you have to ensure you stay compliant with all these laws and adhere to them without fail. You might not want to mess up or go against those laws.

It isn't just frowned upon. It comes with pricey penalties.

- **Managing payroll**

Similar to the compliance of labor laws, the payroll system, practices, and tax norms differ from country to country.

They also differ for different types of employment. For example, you will have to abide by the tax norms of your full-time employees while your contingent workforce takes care of their own taxes. Such things have to be considered while establishing a successful global company with a global workforce.

- **Managing rights and benefits**

The global workforce includes employees from different countries serving different job roles and positions in your company. Employee rights such as fair compensation, hikes, and other benefits such as health insurance policies are drafted based on these.

However, maintaining and updating records on all employees on a global scale is cumbersome. It is complex as these are the crucial aspects to an employee.

Thus, global workforce management, if not done right, might become chaotic.

## **(C) GLOBAL WORKFORCE MANAGEMENT**

Despite these complexities, transcending companies do require a fully functional international workforce. When handled well, your global workforce facilitates a successful global reach.

- **Address time-zone differences and barriers**

Addressing the time-zone differences is crucial for effective collaboration and communication. Respect their time-zone boundaries and encourage other employees to follow the same.

You can provide tips and guidelines to overcome these barriers. Regulate check-ins, check-outs, and other time trackers to instantly let everyone the availability of others for collaboration.

- **Foster a culture of communication**

As a global employer, it is your responsibility to foster good communication across your teams, beyond borders.

Remove the ambiguity that so often persists in virtual teams by training your international employees. Provide guidelines as to what mediums they can use and how their interactions can be optimized.

Disseminate clear goals to the teams and regularly update them with all necessary details. Keep them in the loop.

Foster better tools for clear-cut communication. Tools such as Zoom, Slack, Google Meet, Loom videos became prominent

since the onset of the pandemic. They are predominantly used for their clean and user-friendly UI.

- **Employee engagement**

As mentioned, the feeling of a disconnected dysfunctional team is a common issue among remote employees.

To avoid alienation, you can engage the remote workforce and teams to connect and strengthen their bonds.

- Regular team meetings and discussion
- Informal coffee chats beyond work discussions
- Fun virtual team building activities

These are some of the ways you can direct your managers to engage their teams.

- **Ensure mental health and low stress**

Employee burnouts and stress though common must be addressed to improve employee satisfaction and productivity.

Set up support structures and in-house counselling teams to help them cope up with the seclusion and burnouts. You can also provide tips and guidelines to plan their working hours to distribute work evenly and decrease stress levels.

- **Address motivational and productivity issues**

The challenges of keeping the remote workforce motivated have been bridged by innovative communication tools, employee portals, education sites, and other infotainment applications.

To cope up with productivity loss, ensure accountability. Set realistic expectations and goals. Communicate them clearly to your global employees. Deploy progress trackers, timesheets to keep track of their progress.

There's only a fine line between effective management and micromanagement. You might not want to step across. Have occasional one-on-one meetings to discuss their progress and provide support with any issues they face.

### **Outsource some responsibilities**

The former costs you more money and time, while the latter is both time and cost-effective.

- **Take help from EORs**

Employer on Record (EOR) organizations assist you in global hiring without you having to set up local entities. Instead, they have the required local legal entities in each country to help you hire.

- **Partner with PEOs**

Professional Employer Organizations (PEOs), often addressed as co-employers, help you stay compliant with prevailing labor laws and regulations across countries.

They monitor and revise your company policies regularly to ensure they adhere to the region-specific laws and regulations. Thus, you can steer clear of penalties to ensure a smooth business setup.

- **Payroll regulation**

We discussed how managing international payroll can be cumbersome, especially with different kinds of global employees on-board. You can simplify the process by outsourcing your payroll process to HR service providers.

By automation, they de-clutter your global payroll processes. They provide professional help in providing distinct wage policies for different employees.

- **Automate global benefits and compensation**

Similar to payroll regulation, the global benefits and compensation you provide for employees of different cadre can also be outsourced and automated. The service providers aid in providing well-deserved compensation and fitting benefits to your employees on your behalf.

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## 6.3 EMPLOYMENT LAW

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### 6.3.1 TERMS AND CONDITIONS OF EMPLOYMENT

As per the Indian Constitution, the Central as well as State Governments are empowered to enact suitable legislations to regulate and protect the interests of employees, as well to create and increase employment opportunities. Depending on the type of industry, nature of work undertaken, number of employees, location, remuneration of the employees, etc., different legislations such as the Industrial Disputes Act 1947 (ID Act), Factories Act 1948 (Factories Act), and shops and establishment acts of the relevant states (S&E Act) have been enacted.

With the objective to consolidate and reform labour laws and to facilitate the ease of doing business in India, the Government of India has enacted four labour codes which subsume approximately 29 labour laws. The four new labour codes are the Code on Wages 2019, the Code on Social Security 2020, the Occupational Safety, Health and Working Conditions Code 2020 and the Industrial Relations Code 2020. Whilst all the codes have been passed by both houses of Parliament and received the assent of the President, the codes are yet to be completely enforced by way of a specific notification in this regard by the Central Government. As at the time of

writing this chapter, the extant labour laws referred to and explained herein shall continue to apply.

**Worker:** The term ‘worker’ is used in the context of the Factories Act to mean a person employed directly or by or through any agency in any manufacturing process or in any kind of work incidental to, or connected with the manufacturing process, or subject of the manufacturing process.

**Workmen:** Industrial relations laws in India typically categorise employees as ‘workmen’ and ‘non-workmen’ (or ‘managerial’ employees). A ‘workman’ is a person employed in an industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work, for hire or reward. It excludes those employed in a managerial, administrative capacity or supervisory capacity drawing wages exceeding INR 10,000 from its purview.

Special laws are also enacted for recognition and protection of certain kind of employees such as contract labour and fixed-term employees.

In India, an employer-employee relationship can either be express or implied, written or oral. However, to avoid any dispute regarding the terms of employment, it is common practice to execute an employment contract. Only a few Indian states such as Karnataka and Delhi require an employer to issue a written employment contract to employees employed in shops and commercial establishments.

Terms and conditions of service which are regulated and mandated by statutes constitute implied terms of an employment contract. Therefore, provisions relating to payment of wages, statutory bonus, gratuity payments and mandatory social security contributions are considered to be implied terms of employment.

S&E Acts prescribe certain employment terms and conditions such as working hours, holidays, leave entitlements, procedure for termination of employment, and so on. Further, employers shall also be required to adhere to applicable social security legislations. For instance, as per the Employees’ Provident Funds and Miscellaneous Provisions Act 1952, every employer engaging 20 or more employees, shall be required to make prescribed contributions to the employees’ provident fund in respect of all its employees earning less than INR 15,000 per month.

Collective bargaining agreements are a predominant feature of the manufacturing sector and is the product of a charter of demands and several rounds of negotiations between an employer and members of a trade union. Collective bargaining agreements can only establish better employment conditions (such as remuneration (including bonus and yearly increments), leave entitlement and so on) than those prescribed under various labour law statutes. In India, collective bargaining may take place at company, industry, state and/or central level, depending on the number of employees forming part of the trade union and the demands of such trade unions.



### 6.3.2 EMPLOYEE REPRESENTATION AND INDUSTRIAL RELATIONS

Trade unions are governed by the Trade Unions Act 1926 (TU Act). The TU Act sets out the mechanism for registration of trade unions but does not make registration mandatory. Certain state-specific statutes such as the Maharashtra Recognition of Trade Union and Prevention of Unfair Labour Practices Act 1971 (Maharashtra TU Act) provides that a union with a membership of at least 30% of the total number of employees employed in any undertaking may apply to an industrial court for recognition. Once the trade union is recognised, refusal by an employer to bargain collectively in good faith is regarded as an unfair labour practice.

The TU Act guarantees certain rights to trade unions which, *inter alia*, includes the right to negotiate and secure terms of employment acceptable to its members by adopting various forms of collective bargaining and the right to hold demonstrations in furtherance of its objectives. The TU Act also provides registered trade unions certain immunity from prosecution for criminal conspiracy and from any suits or legal proceedings in any civil court in respect of any act carried out in furtherance of a trade disputes.

The ID Act prescribes the means for resolution of industrial disputes between individual workmen, trade unions and employers. It, *inter alia*, provides for non-discrimination of workmen based on their membership with trade unions and prescribes for prior notice conditions in relation to strikes that are typically organised by trade unions.

The ID Act provides for constitution of a works committee in an establishment with 100 or more workmen, in the event that the relevant government issues any specific or general directions to that effect, comprising of equal representation of workmen' and employers' representatives, to settle workmen-related disputes and any other issues related to conditions of service. The workmen representatives must be chosen in the prescribed manner and in consultation with the trade unions (*if any*).

A works committee does not have co-determination rights and is not intended to supplement the trade unions for the purpose of collective bargaining. They are not authorised to consider real or substantial changes in the conditions of service. Their task is only to smooth over any friction that may arise between the workforce and management on a day-to-day basis.

Since workmen representatives in a works committee are chosen in consultation with the trade union, both are to work in tandem with a common objective of procuring better employment for the workmen.

There is no statutory requirement to have a representative of workmen on the board of an Indian company.

### 6.3.3 DISCRIMINATION

The Indian Constitution prohibits discrimination of citizens on certain grounds such as religion and sex. In furtherance of these objectives, several legislations prohibit discrimination against protected classes of persons, such as persons with disabilities, or a person who is transgender or is HIV positive, in matters of employment. Similarly, special laws have been framed to promote employment of specific classes of persons. For example, the provision of paid maternity leave and other benefits under the Maternity Benefit Act 1961 (Maternity Benefit Act) seek to create a conducive working environment for female employees.

Discrimination in relation to remuneration on the grounds of gender (whether at the time of recruitment or during employment) is prohibited under the Equal Remuneration Act 1976. Further, the Rights of Persons with Disability Act 2016 (Disabilities Act) prohibits discrimination on the grounds of disability and the Maternity Benefit Act prohibits discrimination on the basis of maternity status. The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act 2017 prohibits discrimination against persons with HIV and/or AIDS and also prohibits the requirement for HIV testing as a pre-requisite for obtaining employment. The Transgender Persons (Protection of Rights) Act 2019 prohibits discrimination against a transgender person resulting in an unfair treatment in employment, or a denial of, or termination from, employment. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 (PoSH Act) prohibits sexual harassment against women at the workplace.

As per the PoSH Act, employers must formulate an anti-sexual harassment policy for women and widely disseminate the same at its offices. An Internal Committee should be constituted at each office engaging 10 or more employees to redress complaints of sexual harassment by women. Further, the employer is required to organise awareness programmes for employees at regular intervals to sensitise them with the provisions of the PoSH Act.

There are no statutory defences to a discrimination claim. However, employers may defend a discrimination claim if it can be shown that the impugned discrimination is a proportionate means of achieving a legitimate aim.

Employees may approach the authorities appointed under the relevant anti-discrimination statutes, such as the Internal Committee under the PoSH Act, or liaison officer under the Disabilities Act. Further, employees who qualify as workmen may also approach the authorities appointed under the ID Act.

If an aggrieved employee successfully proves discrimination before the competent authority, he/she may be re-instated (if he/she was terminated or was forced to resign on the basis of such discrimination) and/or be provided

with adequate compensation/damages. The anti-discrimination statutes prescribe certain additional reliefs to employees depending on the nature of discrimination (such as dismissal of person against whom a complaint of sexual harassment is filed, if the claim is proved).

Atypical workers are also afforded the same protection by the anti-discrimination statutes, as afforded to other permanent employees. There are no additional protections prescribed for atypical workers.

While there are Indian laws to protect whistle-blowers in matters pertaining to public sector establishments (including government companies and departments), no special protection is afforded to whistle-blowers in matters pertaining to the private sector.

### **6.3.4 MATERNITY AND FAMILY LEAVE RIGHTS**

As per the Maternity Benefit Act, every woman who has completed 80 days service with the employer is entitled to paid maternity leave of 26 weeks of which not more than eight weeks shall precede the expected date of delivery. However, in case of a woman with two or more surviving children, she will be entitled to 12 weeks of paid maternity leave. Commissioning mothers or adoptive mothers are also entitled to paid maternity leave. Additional paid leave is prescribed for miscarriage, medical termination of pregnancy and a tubectomy operation.

What rights, including rights to pay and benefits, does a woman have during maternity leave?

In addition to paid maternity leave, a woman is protected from dismissal or discharge from employment on account of pregnancy or while on maternity leave. Further, the terms and conditions of her service may not be varied to her disadvantage during such period. A woman is also entitled to receive from her employer a medical bonus if no pre-natal or post-natal care is provided to the employer free of charge.

Upon return to work from maternity leave, a woman is entitled to additional nursing breaks during the course of her daily work to attend to the needs of her child. Further, employers with 50 or more employees are required to provide creche facilities within a reasonable distance from the establishment and allow mothers to visit the creche at least four times a day. An employer may permit a woman to work from home, if the nature of work assigned to her is such that she may work from home.

While there is no statutory entitlement to paternity leave, an employer may at its discretion provide paternity leave to male employees.

There are no other parental leave rights that are required to be mandatorily observed by employers, besides the benefits prescribed under the Maternity Benefit Act.

Whilst not statutorily mandated, employees may be permitted flexibility in working conditions at the discretion of their employer.

### 6.3.5 TERMINATION OF EMPLOYMENT

Except in case of termination of employment for misconduct, an employer is mandated to provide notice of termination (or salary in lieu of notice) to the concerned employee. As per the ID Act, for termination of services of a workman who has been in continuous service for at least 240 days, an employer shall provide at least one months' notice (or salary in lieu of notice) (Notice of Retrenchment) along with statutory severance compensation. The notice period for dismissal of non-workmen will be determined as per the terms of their employment contract. The S&E Acts also prescribe for a notice period of one month for the termination of employment by the employer.

An employer may require employees to serve a period of garden leave during the notice period, in accordance with the employment contract of the employee.

All dismissals on grounds of misconduct must be superseded by a domestic enquiry conducted in accordance with the principles of natural justice. The employee must be given a reasonable opportunity to be heard as part of the enquiry process. If the services of a workman (who has completed continuous service of at least 240 days) is terminated on grounds other than misconduct, in addition to Notice of Retrenchment, (as mentioned in question 6.1 above), the employer is also required to serve notice to the appropriate government. Further, retrenchment compensation (i.e. statutory retrenchment compensation) equal to 15 days average pay for each completed year of continuous service or any part thereof in excess of six months (Retrenchment Compensation) shall be payable to the workmen.

In addition to the protection afforded by the ID Act to workmen, the Maternity Benefit Act also prohibits dismissal or discharge of women during their maternity leave.

An employer may also dismiss an employee for business-related reasons such as role redundancy, restructuring or closure, by following the procedure prescribed under the ID Act and/or the respective employment contract.

An employee may bring forth a claim of wrongful termination if the appropriate procedure is not followed for termination of his services. The competent authorities may grant relief such as reinstatement with back wages and/or compensation.

Employers may settle employee claims at any time after they are initiated. For claims raised by workmen, employers may record the terms of settlement by way of a settlement agreement.

In addition to the following procedures set out in questions 6.3 and 6.5 above, while dismissing a number of workmen, an employer shall ordinarily be required to retrench the workman who was the last person to be employed in a particular category. Further, additional requirements are prescribed in respect of factories – for instance, an employer of a factory with a workmen

headcount of more than 100 is required to obtain prior permission of the appropriate government for dismissing workmen, and the workmen shall be entitled to three months' notice (or salary in lieu of notice) along with Retrenchment Compensation.

If an employer does not comply with the procedure prescribed under the ID Act for employee dismissals, the concerned workmen may raise an industrial dispute with the appropriate authorities. Apart from holding such retrenchment to be illegal, the appropriate authorities may also prescribe penalties and/or imprisonment for the employer, as per the ID Act.

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## **6.4 TRADE UNION AND COLLECTIVE BARGAINING**

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### **6.4.1 WHAT A TRADE UNION IS?**

A trade union is an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.

One of a trade union's main aims is to protect and advance the interests of its members in the workplace.

Most trade unions are independent of any employer. However, trade unions try to develop close working relationships with employers. This can sometimes take the form of a partnership agreement between the employer and the trade union which identifies their common interests and objectives.

#### **TRADE UNIONS:**

- negotiate agreements with employers on pay and conditions
- discuss major changes to the workplace such as large scale redundancy
- discuss members' concerns with employers
- accompany members in disciplinary and grievance meetings
- provide members with legal and financial advice
- provide education facilities and certain consumer benefits such as discounted insurance

#### **1. Trade union recognition**

Employers which recognise a union will negotiate with it over members' pay and conditions.

Many recognition agreements are reached voluntarily, sometimes with the help of the Labour Relations Agency.

If agreement can't be reached and the organisation employs more than 20 people, a union may apply for statutory recognition. To do so, it must first request recognition from the employer in writing. If this is unsuccessful, the union can apply to the Industrial Court for a decision.

In considering the union's application, the Court must assess many factors including the level of union membership and the presence of any other unions. Often, the Court will organise a ballot among the affected workforce to decide whether recognition should be awarded. Throughout the process, the emphasis is on reaching voluntary agreement. The Industrial Court (the Court) is a Tribunal Non-Departmental Public Body with statutory powers. It was originally set up in 1919 to provide arbitration in industrial disputes and it still carries out this voluntary arbitration role.

## **2. Collective bargaining**

If a union is formally recognised by an employer, it can negotiate with the employer over terms and conditions. This is known as 'collective bargaining'.

For collective bargaining to work, unions and employers need to agree on how the arrangement is to operate. They might, for example, make agreements providing for the deduction of union subscriptions from members' wages; who is to represent workers in negotiations and how often meetings will take place.

Both these agreements on procedure and agreements between employers and unions changing the terms applying to workers (like a pay increase for example) are called 'collective agreements'.

Your contract of employment will probably set out which collective agreements cover you. It's possible that a union may negotiate on your behalf even if you're not a member.

Employment contracts - A contract of employment is an agreement between an employer and an employee which sets out their employment rights, responsibilities and duties. These are called the 'terms' of the contract.

### **6.4.2 JOINING A TRADE UNION**

Some workers join a trade union because they believe that a union can:

- negotiate better pay
- negotiate better working conditions, like more holidays or improved health and safety
- provide training for new skills
- give general advice and support

Union members have the right to be accompanied to a discipline or grievance hearing by a trade union representative (although trade unions are not compelled to provide this). All employees, regardless of whether they are union members or not, are entitled to be accompanied by a work colleague.

- **Grievance procedures** - Grievances are concerns, problems or complaints that employees raise with their employer. There is no legally binding process that you or your employer must follow when raising or handling a grievance at work. However, there are some principles you and your employer should observe.
- **Disciplinary procedures** - Employers use disciplinary procedures to tell employees that their performance or conduct isn't up to the expected standard and to encourage improvement.
- Recognised unions also have rights to consultation where redundancies or a transfer of business are proposed. There is a regular subscription cost for union membership and different rates may apply to trainees and part-timers. Unions will not normally help with problems which pre-date membership.
- **Employment protection during business transfers and takeovers** - How much redundancy pay you get depends on your wage, how long you have worked at the company and your age. When your employer gives you your redundancy payment they must also give you a statement showing how it was calculated.
- **Redundancy pay** - How much redundancy pay you get depends on your wage, how long you have worked at the company and your age. When your employer gives you your redundancy payment they must also give you a statement showing how it was calculated.

#### 1. **How to join a union**

If you want to join a recognised union in your workplace, you could approach a representative for information like the shop steward. Or, contact the Northern Ireland Committee of the Irish Congress of Trade Unions (ICTU) to find out which union is relevant to you.

### 6.4.3 TRADE UNION-RELATED RIGHTS

The law gives you the right to join a trade union wherever you work. This right applies whether a union has been recognised or not. You're protected from being disadvantaged for being a union member. Specifically trade union membership is an unlawful reason for:

- refusing you employment
- dismissing you
- selecting you for redundancy
- Trade union membership: your employment rights - Employers and employment agencies must not treat you unfairly because you decide to join, decide to leave, refuse to leave or refuse to join a trade union. If they do, you may be able to make a complaint to an industrial tribunal.

The law gives you the right not to join a trade union. The same protection applies to you as it does to union members. In particular, employers are not permitted to operate a 'closed shop' (that is, make all workers join the



employer's preferred union). An employer can't deduct payments from you, to a union or charity in lieu of union membership without your permission.

## 1. Blacklisting

You can't be discriminated against because you are in a union or because of your union activity.

With rare exceptions, it's also illegal to compile, use, sell or supply a 'blacklist' of union members that will be used to discriminate against you.

**Blacklisting Regulations NI guidance** - The Employment Relations (Northern Ireland) Order 1999 (Blacklists) Regulations (Northern Ireland) 2014 (the Regulations) came into operation on 6 April 2014. They were introduced to prohibit the use of 'blacklists' in respect of employees or potential employees. The Regulations cannot be avoided by employers instructing employment agencies to vet employees, as the Regulations provide that employment agencies cannot refuse to provide their services because an individual appears on a blacklist

## 2. Trade union activities

When a union is recognised by an employer, members have the right to time off at an appropriate time to take part in trade union activities. These may include:

- voting in ballots on industrial action
- voting in union elections
- meeting to discuss urgent matters
- attending the annual conference
- Time off for trade union duties and activities - Employees who are members of a trade union that is recognised by their employer have a statutory right to take a reasonable amount of paid and unpaid time off for certain union duties and activities.

You don't have the right to be paid for any time spent taking industrial action.

Industrial action - If workplace disputes are not resolved, it can lead to industrial action. Find out what protection there is for workers and when it applies and what you can do if you are punished for taking industrial action.

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## 6.5 SELF - ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

- 1) \_\_\_\_\_ is the body of rules spanning public and private international law which concern the

rights and duties of employees, employers, trade unions and governments in regulating work (human activity) and the workplace.

- 2) \_\_\_\_\_ refer to conventions agreed upon by international actors, resulting from a series of value judgments, set forth to protect basic worker rights, enhance workers' job security, and improve their terms of employment on a global scale.
- 3) The \_\_\_\_\_ is a united nations agency that sets universal labour standards.
- 4) The complexities faced by employers in managing an international workforce is called \_\_\_\_\_
- 5) The complications faced by the employees employed in a global workforce is called \_\_\_\_\_
- 6) The term \_\_\_\_\_ is used in the context of the factories connected with the manufacturing process, or subject of the manufacturing process.
- 7) A \_\_\_\_\_ is a person employed in an industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work, for hire or reward.
- 8) Every woman who has completed 80 days service with the employer is entitled to paid maternity leave of \_\_\_\_\_ of which not more than eight weeks shall precede the expected date of delivery.
- 9) In case of a woman with two or more surviving children, she will be entitled to \_\_\_\_\_ of paid maternity leave.
- 10) \_\_\_\_\_ is an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.
- 11) If a union is formally recognised by an employer, it can negotiate with the employer over terms and conditions is called \_\_\_\_\_.
- 12) If workplace disputes are not resolved, it can lead to \_\_\_\_\_.

### **ANSWER**

- 1) International labour law
- 2) International labour standards
- 3) international labour organization (ILO)
- 4) employer-centric complications
- 5) employee-centric complications
- 6) 'worker'
- 7) 'workman'
- 8) 26 weeks
- 9) 12 weeks

- 10) A trade union
- 11) 'collective bargaining'.
- 12) industrial action.

### **TRUE OF FALSE**

- 1) Increasing competition, desire to enter new markets, and diversifying the customer base drives companies to go global.
- 2) A prohibition on forced or compulsory labour, child labour and unfair discrimination among workers is declaration on fundamental principles and rights at work.
- 3) International workforce refers to the total number of a national pool of workers working for a particular company, connected through a global system of network and production.
- 4) The complications faced by the employees employed in a global workforce is called employer-centric complications.
- 5) An employer-employee relationship can either be express or implied, written or oral.

### **ANSWER**

True. (1, 2, 5)

False. (3, 4)

### **WRITE SHORT ANSWERS**

- 1) Explain Principles Of Labour Law In All Countries.
- 2) What Is International Labor Standards?
- 3) Advantage Of International Labor Standards
- 4) Explain Global Workforce Management.
- 5) Explain Terms And Conditions Of Employment Law.
- 6) What Is Trade Union?
- 7) What Is Industrial Relations?
- 8) Why Should Workers Join A Trade Union?

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## **6.6 SUMMARY**

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- International labor law covers all laws that apply across different countries, as well as comparisons of laws between different countries.
- In an international expansion you need to ensure that international labor standards are complied with in each jurisdiction that you expand into.
- In your international expansion, pay attention to any labor standards that apply to the region that you are moving your business into.

- Ensure you are familiar with all the key employer obligations set out in domestic law in your international location.
- A global workforce engages your business in multi-dimensional aspects and thus, serves as the baseline to establish a well-connected, powerful universal front.
- As per the Indian Constitution, the Central as well as State Governments are empowered to enact suitable legislations to regulate and protect the interests of employees, as well to create and increase employment opportunities.
- If a union is formally recognised by an employer, it can negotiate with the employer over terms and conditions. This is known as 'collective bargaining'.
- A trade union is an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.
- Except in case of termination of employment for misconduct, an employer is mandated to provide notice of termination (or salary in lieu of notice) to the concerned employee.
- As per the Maternity Benefit Act, every woman who has completed 80 days service with the employer is entitled to paid maternity leave of 26 weeks of which not more than eight weeks shall precede the expected date of delivery.
- The Indian Constitution prohibits discrimination of citizens on certain grounds such as religion and sex. Trade unions are governed by the Trade Unions Act 1926 (TU Act).

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## 6.7 KEYWORDS

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- **International labour standards** legal instruments, drawn up by the ILO constituents (governments, employers and workers), that set out basic principles and rights at work.
- **international labour organization (ILO)** promoting social justice and internationally recognized human and labour rights
- **employer-centric complications** the complications faced by the employees employed in a global workforce
- **employee-centric complications** the complexities faced by employers in managing an international workforce.
- **‘worker’** one that works especially at manual or industrial labor or with a particular material.
- **‘workman’** a man who works with his hands, for example building or repairing houses or roads.
- **A trade union** an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.

- **'collective bargaining'** the process in which working people, through their unions, negotiate contracts with their employers to determine their terms of employment,
- **Industrial Relation** to a relationship between the employers and employees
- **Grievance procedures** means of internal dispute resolution by which an employee may have his or her grievances addressed.
- **Disciplinary procedures** tell employees that their performance or conduct isn't up to the expected standard and to encourage improvement.
- **discrimination** the unfair or prejudicial treatment of people and groups based on characteristics such as race, gender, age, or sexual orientation.
- **global workforce** to the total number of an international pool of workers working for a particular company
- **Cultural diversity** the existence of a variety of cultural or ethnic groups within a society.
- **Employee Contracts** an agreement or term of hire that is extended from an employer to an employee to set the terms
- **Minimum wage** the lowest wage permitted by law or by a special agreement.
- **Employee termination** the end of an employee's work with a company.
- **Payroll obligations** after salary distribution, it is the obligation of the payroll manager to transfer all the withdrawn money to the respective government agencies.
- **Employee benefits** provided to employees over and above salaries and wages.

### **REFERENCE:**

[https://en.wikipedia.org/wiki/International\\_labour\\_law](https://en.wikipedia.org/wiki/International_labour_law)

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# INTERNATIONAL TRAINING AND DEVELOPMENT

## Unit Structure

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Define and contrast between training and development
- 7.3 Developmental aspect of international assignments and its relation to international career paths
- 7.4 Training and developing international management teams
  - 7.4.1 Reasons behind the management development training programs
  - 7.4.2 Objectives of management development
  - 7.4.3 Two types of management development
- 7.5 Trends in international training and development
- 7.6 Self-Assessment Questions
- 7.7 Summary
- 7.8 Key-Words

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## 7.0 OBJECTIVES

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### To Learn:

- IHRM is concerned with handling the human resources at Multinational Companies (MNCs) and it includes managing three types of employees.
- Define and contrast between training and development
- Understand Trends in international training and development
- **What are the Two types of management development?**
- **Objectives of management development**
- **What are the Reasons behind the management development training programs?**
- Explain Training and developing international management teams
- Explore Developmental aspect of international assignments and its relation to international career paths

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## 7.1 INTRODUCTION

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Training and Development is a structured program with different methods designed by professionals in particular job. It has become most common and continuous task in any organisation for updating skills and knowledge of employees in accordance with changing environment. Optimisation of cost with available resources has become pressing need for every organisation which will be possible only by way of improving efficiency and productivity of employees, possible only by way of providing proper employee training and development conditioned to that it should be provided by professionals.

International Human Resource Management (IHRM) can be defined as a set of activities targeting human resource management at the international level. It strives to meet organizational objectives and achieve competitive advantage over competitors at national and international level.

IHRM comprises of typical HRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at the international level and additional exercises such as global skills management, expatriate management and so on.

In short, IHRM is concerned with handling the human resources at Multinational Companies (MNCs) and it includes managing three types of employees –

- **Home country employees** – Employees residing in the home country of the company where the corporate head quarter is situated, for example, an Indian working in India for some company whose headquarters are in India itself.
- **Host country employees** – Employees residing in the nation in which the subsidiary is located, for example, an Indian working as an NRI in some foreign country.
- **Third country employees** – These are the employees who are not from home country or host country but are employed at the additional or corporate headquarters.

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## 7.2 DEFINE AND CONTRAST BETWEEN TRAINING AND DEVELOPMENT

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Training and development is one of the most important aspects of staffing. The process of increasing the knowledge, skills and abilities of employees for doing a work is known as **Training**. It is a process by which attitudes, skills, and capabilities to do a particular job are increased. It is a process of learning new skills and applying knowledge. Its main aim is to improve the performance of the current job and prepare them for any future job. Training enhances productivity and reduces accidents and wastage of resources. It also helps to increase the morale and satisfaction of the employees.



**Development** refers to the overall growth of the employees. These are learning opportunities which are designed for employees to grow. These include not only those activities which help to improve employees' performance, but also help in employees' growth.

Training focuses on developing the skills, which are already possessed by an employee, whereas development focuses on developing hidden qualities and talents of employees.

<b>BASIS</b>	<b>TRAINING</b>	<b>DEVELOPMENT</b>
<b>Meaning</b>	Training refers to the process of increasing the knowledge, skills and abilities of employees for doing a work.	Development refers to the overall growth of the employees. These are learning opportunities which are designed for employees to grow.
<b>Aim</b>	Its main aim is to help the employee to do the job better.	Its main aim is overall growth of employees.
<b>Orientation</b>	It is job oriented.	It is career oriented.
<b>Scope of learning</b>	It has a narrow scope as it is a part of development.	It has a broader scope as it includes training.
<b>Suitability</b>	It is more suitable for technical staff.	It is more suitable for managerial staff.
<b>Skills</b>	It involves teaching technical skills.	It involves teaching technical, human and conceptual skills.
<b>Duration</b>	It is a short-term process.	It is a long-term process as it is career oriented.
<b>Level of trainees involved</b>	Trainees are non-managerial here.	Trainees are managerial here.
<b>Depth of knowledge imparted</b>	Knowledge is imparted for doing a specific kind of job.	Knowledge is imparted for the growth of an employee in all respects.
<b>Initiative in learning</b>	Employers take initiative in providing training to their employees.	Individuals take initiative by themselves for their growth and development.

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### 7.3 DEVELOPMENTAL ASPECT OF INTERNATIONAL ASSIGNMENTS AND ITS RELATION TO INTERNATIONAL CAREER PATHS

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

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

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

International managers need not only to recognise the cultural differences but also to manage them effectively. If the team is to succeed, they need to develop processes for coaching, mentoring and assessing performance across a variety of attitudes, beliefs and standards.

Here are a few components of a training regimen that highlights the basic needed modifications for international success:

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

- 1. Develop Relationship Skills**

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

- 2. Learn the Language**

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

### 3. Understand the Culture and the Market

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

### 4. Know the Simple Differences

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

### 5. Be prepared for the Marketplace

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

### 6. Find a Mentor or Trusted Partner

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

### 7. Have Patience

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

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## 7.4 TRAINING AND DEVELOPING INTERNATIONAL MANAGEMENT TEAMS

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**Management Development** is described as the process from which the managers learn and improve their skills & knowledge not only to benefit themselves but also their employing organizations.

Earlier training programmes in industrial organisations were mostly concentrated on improved performance in a particular job. They were intended to emphasise on learning whatever skill and knowledge necessary for the satisfactory performance of the job. Training were for the most part job holders in rank and file-positions. With the passage of time organisations are growing and the complexity in the work is also increasing. Now the role of the managers is not as easy as it was earlier. The term manager has been used to mean people at different levels of hierarchy. All those persons who have authority over the others and are responsible for their activities and for the operation of an enterprise are managers. They have not only to deal with the staff but also with other outsiders etc. and have a decided influence on the organisation. Even the corporate chairman,

departmental head, personnel administrator, planner or coordinator is. In fact a manager, although many of them do not supervise others but are on the board of management. So the title of manager cannot be standardized. It is their actions which are significant. Even a worker may be considered a manager, some times.

So a manager is the dynamic life-giving element in any concern. His calibre and performance will largely determine the success of any enterprise. If any concern wants to expand, it must attempt to improve the quality of managers, it should introduce imaginative and systematic development schemes for them. So it can be said that due to the increasing role and its complexities and importance a new word like management development came into existence. Because the term training seemed inappropriate.

Management Development is a systematic process of training and growth by which managerial personnel gain and apply skill, knowledge, altitude and insights to manage the work in their organisation effectively and efficiently. In other words.

*"Management Development is an educational process utilizing a systematic and organized procedure by which managerial personnel learn conceptual and technical knowledge for general purpose."*

#### **7.4.1 REASONS BEHIND THE MANAGEMENT DEVELOPMENT TRAINING PROGRAMS**

**Some of the reasons behind the management development training programs are:**

1. It is managements' responsibility of ensuring the success of the organization.
2. It is the management who deal with people of different background, culture, language, etc.
3. Mergers and acquisitions, downsizing, etc. are all under management's control.
4. It is managements' responsibility to ensure that the employees obtain the required KSAs to perform the tasks.
5. It is managements' responsibility to ensure that right people is hired for the right job, at the right time for the right place.
6. Manager's job is complex i.e. for the managers understanding the training need is not easy because his training need is determined by how well his department is meeting its objective and goal.
7. It is the management who makes decisions on the basis of judgment and intuition.
8. It is the management that understand the organization, its vision, mission, ethics, values, strategies, capabilities, and how his organization fits into the industry, and how his behaviour will influence people outside the organization.

Therefore, managers must be able to get the required knowledge, skills, and attitudes (KSAs) to meet the challenges as soon as they arise.

The more future oriented method and more concerned with education of the employees. To become a better performer by education implies that management development activities attempt to instil sound reasoning processes.

#### **7.4.2 OBJECTIVES OF MANAGEMENT DEVELOPMENT**

The objective of management development is. In general, to improve the quality of managers/executives performance now and in future. Some main objectives of the management development are as under:

1. To develop managers/executives for better performance on their present job or assignment
2. To provide a steady source of competent persons at different levels so as to meet the future requirements of the organisation.
3. To enable the managers to understand the problems of the business organisation in so far as they arise out of its policies and system of control.
4. To create conditions and a climate which contribute to the growth process.
5. To replace elderly executives, who have risen from low ranks, by highly competent and academically qualified professionals.
6. To increase morale of the managers.
7. To acquire knowledge about the problems of human relations.
8. To create the second line of defence in the organization so as to meet the emergencies.
9. To broaden the outlook of the various levels of management especially top management regarding their role, position and responsibilities.
10. To help the top management to understand the economic, technical and institutional forces in order to solve business problems.
11. To increase the versatility of the managers
12. To stimulate creativity in the thoughts of the managers.
13. To create a sense of inter-departmental coordination among managers.
14. To indicate how to apply to practical problems the knowledge of the physical and social aspects of business problems and management.

So we can say that management development is an educational process utilizing a systematic and organized procedure by which management

personnel learn conceptual and theoretical knowledge for general purpose. These purpose are

- i. Productivity
- ii. Quality
- iii. Human Resource Planning
- iv. Morale
- v. Obsolescence prevention, and
- vi. Personnel growth

#### **7.4.3 TWO TYPES OF MANAGEMENT DEVELOPMENT**

**Management development method is further divided into two parts:**

##### **1. ON THE JOB METHODS OF MANAGEMENT DEVELOPMENT**

The development of a manager's abilities can take place on the job. The two techniques for on the job development are:

###### **a. COACHING**

In coaching the trainee is placed under a senior manager who acts as an guide or coach and teaches job knowledge and skill to the trainee. He instructs him what he wants him to do, how it can be done etc., and helps him to correct errors and perform effectively. It is just as track coaches who observe, analyse and attempt to improve the performance of their athletes. This technique of development is quite rewarding. As the managers learn by doing. It also creates the opportunities for high level interaction and rapid feedback on performance. But this has a limitation also as we cannot expect that alt excellent managers will be effective coaches.

Thus, the effectiveness of this technique relies on the ability of the concerned 'coach'. According to a survey conducted by International Coach Federation (ICF), more than 4,000 companies are using coach for their executives. These coaches are experts most of the time outside consultants. A coach is the best training plan for the CEO's because

1. It is one-to-one interaction
2. It can be done at the convenience of CEO
3. It can be done on phone, meetings, through e-mails, chat
4. It provides an opportunity to receive feedback from an expert
5. It helps in identifying weaknesses and focus on the area that needs improvement This method best suits for the

people at the top because if we see on emotional front, when a person reaches the top, he gets lonely and it becomes difficult to find someone to talk to. It helps in finding out the executive's specific developmental needs. The needs can be identified through 360 degree performance review.

#### **b. JOB ROTATION**

**Job-Rotation:** It refers to the transfer or movement of executive from one job to another and from one plan to another on some planned basis for educational learning purposes. Such rotation may continue for a period ranging from 6 months to 24 months. Under this method, the trainees are rotated over various routine jobs in a department, division or unit before they are due for promotion as managers. The idea behind this is to give them the required diversified skills and a broader outlook, which are very important at the upper management levels. It also increases the inter-departmental cooperation and helps in reducing the monotony of the work.

### **2. OFF THE JOB METHODS OF MANAGEMENT DEVELOPMENT**

There are many management development techniques that an employee can take in off the job. The few popular methods are:

#### **a. CASE STUDIES**

**Case Studies** try to simulate decision-making situation that trainees may find at their work place. It reflects the situations and complex problems faced by managers, staff, HR, CEO, etc. The objective of the case study method is to get trainees to apply known concepts and ideologies and ascertain new ones. The case study method emphasize on approach to see a particular problem rather than a solution. Their solutions are not as important as the understanding of advantages and disadvantages.

#### **Procedure of the Case Study Method**

- The trainee is given with some written material, and the some complex situations of a real or imaginary organization. A case study may range from 50 to 200 pages depending upon the problem of the organization.
- A series of questions usually appears at the end of the case study.
- The longer case studies provide enough of the information to be examined while the shorter ones require the trainee to explore and conduct research to gather appropriate amount of information.



- The trainee then makes certain judgment and opines about the case by identifying and giving possible solutions to the problem.
- In between trainees are given time to digest the information. If there is enough time left, they are also allowed to collect relevant information that supports their solution.
- Once the individuals reach the solution of a problem, they meet in small groups to discuss the options, solutions generated.
- Then, the trainee meets with the trainer, who further discusses the case.
- Case Study method focuses on:
  - Building decision making skills
  - Assessing and developing Knowledge, Skills and Attitudes (KSAs)
  - Developing communication and interpersonal skills
  - Developing management skills
  - Developing procedural and strategic knowledge

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## **7.5 TRENDS IN INTERNATIONAL TRAINING AND DEVELOPMENT**

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The world is becoming increasingly connected, and terms like ‘global economy’ are no longer of merely academic interest. In the modern world, even if you’re confined to one country, you’re still participating on the global stage and competing against similar countries from around the globe. As such, there are many challenges you will face as you operate your business in this economy.

### **1. GROWING EMERGING MARKETS**

Developing countries will see the highest economic growth as they come closer to the standards of living of the developed world. If you want your business to grow rapidly, consider selling into one of these emerging markets. Language, financial stability, economic system and local cultural factors can influence which markets you should favour.

### **2. POPULATION AND DEMOGRAPHIC SHIFTS**

The population of the industrialized world is aging while many developing countries still have very youthful populations. Businesses catering to well-off pensioners can profit from a focus on developed countries, while those targeting young families, mothers and children can look in Latin America, Africa and the Far East for growth.

### 3. SPEED OF INNOVATION

The pace of innovation is increasing as many new companies develop new products and improved versions of traditional items. Western companies no longer can expect to be automatically at the forefront of technical development, and this trend will intensify as more businesses in developing countries acquire the expertise to innovate successfully.

### 4. MORE INFORMED BUYERS

More intense and more rapid communications allow customers everywhere to purchase products made anywhere around the globe and to access information about what to buy. As pricing and quality information become available across all markets, businesses will lose pricing power, especially the power to set different prices in different markets.

### 5. INCREASED BUSINESS COMPETITION

As more businesses enter international markets, Western companies will see increased competition. Because companies based in developing markets often have lower labour costs, the challenge for Western firms is to keep ahead with faster and more effective innovation as well as a high degree of automation.

### 6. SLOWER ECONOMIC GROWTH

The motor of rapid growth has been the Western economies and the largest of the emerging markets, such as China and Brazil. Western economies are stagnating, and emerging market growth has slowed, so economic growth over the next several years will be slower. International businesses must plan for profitability in the face of more slowly growing demand.

### 7. EMERGENCE OF CLEAN TECHNOLOGY

Environmental factors are already a major influence in the West and will become more so worldwide. Businesses must take into account the environmental impact of their normal operations. They can try to market environmentally friendly technologies internationally. The advantage of this market is that it is expected to grow more rapidly than the overall economy.

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## 7.6 SELF-ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

1. \_\_\_\_\_ is a structured program with different methods designed by professionals in particular job.
2. \_\_\_\_\_ can be defined as a set of activities targeting human resource management at the international level.

3. An Indian working in India for some company whose headquarters are in India itself is called \_\_\_\_\_.
4. \_\_\_\_\_ refers to the transfer or movement of executive from one job to another and from one place to another on some planned basis for educational learning purposes.
5. \_\_\_\_\_ try to simulate decision-making situation that trainees may find at their work place.

### **ANSWER**

1. Training and Development
2. International Human Resource Management (IHRM)
3. Home country employees.
4. Job-Rotation
5. Case Studies

### **TRUE OR FALSE**

1. HRM comprises of typical IHRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at the international level and additional exercises such as global skills management, expatriate management and so on. False
2. An Indian working in India for some company whose headquarters are in India itself is called Host country employees. False
3. An Indian working as an NRI in some foreign country is called Host country employees. True
4. Language Proficiency can play a role in refining relationship skills. True
5. Expatriates should learn what is held sacred and what is viewed positively. False
6. Employees must master these soft skills to be excellent team players, communicators and problem solvers. True
7. In coaching the trainee is placed under a senior manager who acts as an guide or coach and teaches job knowledge and skill to the trainee. True

### **ANSWER**

True. (3,4, 6, 7)

False. (1, 2, 5)

### **WRITE SHORT ANSWERS**

1. Difference between Training & Development.
2. **What are the Reasons behind the management development training programs?**
3. Understand The objective of management development

4. **What are the two types of management development?**
5. What are the Trends in international training and development?

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## 7.7 SUMMARY

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Training and Development is a structured program with different methods designed by professionals in particular job.

International Human Resources Management is concerned with handling the human resources at Multinational Companies (MNCs) and it includes managing three types of employees Home country employees, Host country employees and Third country employees.

Training and development is one of the most important aspects of staffing. The process of increasing the knowledge, skills and abilities of employees for doing a work is known as **Training**. **Development** refers to the overall growth of the employees.

Developing a global mindset and leading with cultural intelligence are two phrases that are used quite often by management teams, Training employees and giving them the tools needed to develop the global mindset.

A few components of a training regimen that highlights the basic needed modifications for international success such as **Develop Relationship Skills, Learn the Language, Understand the Culture and the Market, Know the Simple Differences, Be prepared for the Marketplace, Find a Mentor or Trusted Partner and Have Patience**

**Management Development** is described as the process from which the managers learn and improve their skills & knowledge not only to benefit themselves but also their employing organizations.

Management Development is an educational process utilizing a systematic and organized procedure by which management personnel learn conceptual and theoretical knowledge for general purpose. These purpose are Productivity, Quality, Human Resource Planning, Morale, Obsolescence prevention, and Personnel growth

**Management development method is divided into two parts ON THE JOB METHODS and OFF THE JOB METHODS.** The two techniques for on the job development are Coaching and Job Rotation. The technique for off the job development are Case Studies.

The world is becoming increasingly connected, and terms like ‘global economy’ are no longer of merely academic interest. Few Trends In International Training And Development Are Growing Emerging Markets, Population And Demographic Shifts, Speed Of Innovation, Increased Business Competition, Slower Economic Growth And Emergence Of Clean Technology

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## 7.8 KEY-WORDS

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- **IHRM** set of activities targeting human resource management at the international level.
- Training and Development structured program with different methods designed by professionals in particular job.
- **Home country** Employees residing in the home country of the company where the corporate head quarter is situated
- **Host country** – Employees residing in the nation in which the subsidiary is located
- **Managerial** relating to a manager or to the functions, responsibilities, or position of management.
- **Non- managerial** not of or relating to a manager or group of managers
- **Management Development** process from which the managers learn and improve their skills & knowledge not only to benefit themselves but also their employing organizations.
- **On the job methods** the methods that are applied to the workplace during the working of the employee.
- **Off the job methods** Employee training at a site away from the actual work environment.
- **global economy** the sum of activities that take place both within a country and between different countries.

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# GLOBAL UNIONS, REGIONAL INTEGRATION AND FRAMEWORK AGREEMENTS

## Unit Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Global Unions
  - 8.2.1 Global Union Federation
- 8.3 Regional Agreement
  - 8.3.1 What are the four main types of regional integration?
  - 8.3.2 What are the 5 levels of regional integration?
- 8.4 Framework Agreements
  - 8.4.1 When Would a Framework Agreement Be Useful?
  - 8.4.2 How to Implement a Framework Agreement?
  - 8.4.3 What are Test Automation Frameworks and Types?
- 8.5 Self-Assessment Questions
- 8.6 Summary
- 8.7 Key-Words

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## 8.0 OBJECTIVES

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### To Learn:

- Global Union Federation
- What are the four main types of regional integration?
- What are the 5 levels of regional integration?
- When Would a Framework Agreement Be Useful?
- How to Implement a Framework Agreement?
- What are Test Automation Frameworks and Types?

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## 8.1 INTRODUCTION

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**Global Union Federations (GUFs)** seek to build international co-operation, joint action, and global solidarity among trade unions in different countries that share common employers. There is a growing global trade union recognition by multinational enterprises of GUFs at the headquarter

levels, and beyond, and of the work that they do, as well as an important increase in social dialogue. In some cases, this interaction has resulted in the negotiation of International Framework Agreements (IFAs), also known as Global Framework Agreements (GFAs).

**Regional Integration** is a process in which neighbouring states enter into an agreement in order to upgrade cooperation through common institutions and rules. The objectives of the agreement could range from economic to political to environmental, although it has typically taken the form of a political economy initiative where commercial interests are the focus for achieving broader socio-political and security objectives, as defined by national governments. Regional integration has been organized either via supranational institutional structures or through intergovernmental decision-making, or a combination of both.

**Framework Agreement** is an agreement between two parties that recognizes that the parties have not come to a final agreement on all matters relevant to the relationship between them, but have come to agreement on enough matters to move forward with the relationship, with further details to be agreed to in the future. A framework agreement is not an interim agreement. It's more detailed than a declaration of principles, but is less than a full-fledged treaty. Its purpose is to establish the fundamental compromises necessary to enable the parties to then flesh out and complete a comprehensive agreement that will end the conflict and establish a lasting peace.

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## 8.2 GLOBAL UNIONS

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Globalization has considerable economic growth while at the same time; it has caused social problems such as unequal distribution of income. The vast number of developing countries as a whole has remained at a disadvantageous position. Globalization has not only produced political and economic implications for various countries but also brought far-reaching influence on the world trade union movement. All this has captured the wide attention of trade unions at national, regional and international levels. Globalization is essentially the process of integrating national and local markets into a single global market. Economic Globalization Constitutes integration of national economies into the international economy through trade, direct foreign investment, and short term capital flows, international flows of workers and humanity in general and flows of technology.

It consisting of the Interactional Trade union Confederation (ITUC), Global union federations (GUF) and the Trade union Advisory Committee to the OECD (TUAC) are engaging with large International organizations such as the International monetary fund, the world Bank group, the united Nations and their programmes and funds, the world health organization and the world Trade organization to promote a fair globalization.



## 8.2.1 GLOBAL UNION FEDERATIONS

Global Union Federations are the international representatives of unions organizing in specific industry sectors or occupational groups. Most AFL-CIO unions belong to the union federation for their sector.

**Building and Wood Workers International** represents 326 free and democratic unions in the building, building materials, wood, forestry and allied sectors, representing about 12 million members in 130 countries. Its mission is to promote trade unions around the world, and to promote and enforce workers' rights in the context of sustainable development.

**Education International** is the voice of teachers and other education employees around the globe. A federation of 401 associations and unions in 171 countries and territories, it represents 30 million educators and support professionals in educational institutions from early childhood centres to universities.

**Industrial Global Union** represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors. It is a force in solidarity fighting for better working conditions and trade union rights around the world.

**International Arts and Entertainment Alliance (IAEA)** The alliance has three sections: the International Federation of Actors (FIA), the International Federation of Musicians (FIM), and the Media, Entertainment and Arts section of the UNI Global Union (UNI-MEI).

**International Domestic Workers Federation** is a membership-based global organization of domestic and household workers that is made up of both unions and associations.

The International Federation of Journalists is the world's largest organization of journalists. First established in 1926, the federation represents about 600,000 members in 134 countries. It promotes international action to defend press freedom and social justice.

**The International Transport Workers' Federation** consists of about 700 unions representing more than 4.5 million transport workers from some 150 countries. Its mission is to promote respect for trade union and human rights worldwide, to work for peace based on social justice and economic progress, to help its affiliated unions defend member interests, and to provide research and information services to its affiliates.

**The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations** represents workers employed in agriculture and plantations, the preparation and manufacture of food and beverages, hotels, restaurants and catering services, and all stages of tobacco processing. It is currently composed of 388 trade unions in 125 countries representing more than 12 million workers. Founded in 1920, it strives to build solidarity at every stage of the food chain, organize

within transnational companies, and lead global action to defend human, democratic and trade union rights.

**Public Services International** brings together more than 20 million workers represented by 669 unions in 154 countries and territories. Dedicated to promoting quality public services in every part of the world, its members—two-thirds of whom are women—work in social services, health care, municipal and community services, central government, and public utilities such as water and electricity.

**UNI Global Union** represents more than 20 million workers from more than 900 trade unions in the fastest-growing sectors in the world—skills and services. Its charge is to ensure these jobs are decent and workers' rights are protected, including the right to join a union and engage in collective bargaining.

- **Trade Union position on Globalization: Policy goals**
  - Comprehensive social security and old pension programmes to protect the poorest.
  - Increased access to collective bargaining to ensure that workers can negotiate for a fair share of growth
  - Statutory minimum wage to protect lowest paid workers and those with weak or non-existent bargaining position.
- **In view of Globalization refuses to unions: Globalization is a result of market forces:**
  - Technological change
  - Improved Communication and transport
  - policy choices
  - Trade and investment liberalization
  - Capital market liberalization
- **Trade union position on globalization and policy goals:**
  - Fair procedures for dismissed of workers, including severance pay and access to retraining
  - Investment in education and training
  - Decent work as on objective of development strategies
  - Employment, Rights at work, Social protection, Social dialogue and Gender equity.

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### 8.3 REGIONAL AGREEMENT

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Regional integration helps countries overcome divisions that impede the flow of goods, services, capital, people and ideas. These divisions are a constraint to economic growth, especially in developing countries. The

World Bank Group helps its client countries to promote regional integration through common physical and institutional infrastructure.

Divisions between countries created by geography, poor infrastructure and inefficient policies are an impediment to economic growth. Regional integration allows countries to overcome these costly divisions integrating goods, services and factors' markets, thus facilitating the flow of trade, capital, energy, people and ideas.

**Regional integration can be promoted through common physical and institutional infrastructure. Specifically, regional integration requires cooperation between countries in:**

- Trade, investment and domestic regulation;
- Transport, ICT and energy infrastructure;
- Macroeconomic and financial policy;
- The provision of other common public goods (e.g. shared natural resources, security, and education).

Cooperation in these areas has taken different institutional forms, with different levels of policy commitments and shared sovereignty, and has had different priorities in different world regions.

**Regional integration can lead to substantial economic gains. Regional integration allows countries to:**

- Improve market efficiency;
- Share the costs of public goods or large infrastructure projects;
- Decide policy cooperatively and have an anchor to reform;
- Have a building block for global integration;
- Reap other non-economic benefits, such as peace and security.

**However, there are risks to regional integration that need to be identified and managed.**

- Countries may have different preferences on priorities for regional integration, depending on their connectivity gaps, economic geography, or preferences for sovereignty in specific areas.
- Regional integration's impact on trade and investment flows, allocation of economic activity, growth, income distribution are often difficult to assess.
- Lack of adequate complementary policies and institutions may lead to inefficient outcomes. For instance, policy barriers at the border may offset the gains transport infrastructure cooperation.
- Regional integration creates winners and losers, notably within countries. Policies and institutions are needed to ensure that regionalism is inclusive and social, environmental, governance risks are managed.

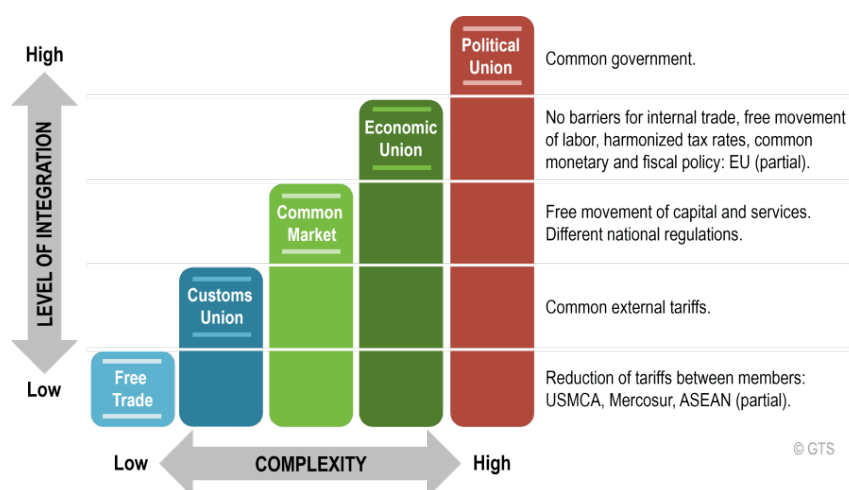
### 8.3.1 WHAT ARE THE FOUR MAIN TYPES OF REGIONAL INTEGRATION?

Regional economic integration has enabled countries to focus on issues that are relevant to their stage of development as well as encourage trade between neighbours.

**There are four main types of regional economic integration.**

1. **Free trade area.** This is the most basic form of economic cooperation. Member countries remove all barriers to trade between themselves but are free to independently determine trade policies with non-member nations. An example is the North American Free Trade Agreement (NAFTA).
2. **Customs union.** This type provides for economic cooperation as in a free-trade zone. Barriers to trade are removed between member countries. The primary difference from the free trade area is that members agree to treat trade with non-member countries in a similar manner.
3. **Common market.** This type allows for the creation of economically integrated markets between member countries. Trade barriers are removed, as are any restrictions on the movement of labour and capital between member countries. Like customs unions, there is a common trade policy for trade with non-member nations. The primary advantage to workers is that they no longer need a visa or work permit to work in another member country of a common market. An example is the Common Market for Eastern and Southern Africa (COMESA).
4. **Economic union.** This type is created when countries enter into an economic agreement to remove barriers to trade and adopt common economic policies. An example is the European Union (EU).

### 8.3.2 WHAT ARE THE 5 LEVELS OF REGIONAL INTEGRATION?



Economic integration can be classified into five additive levels, each present in the global landscape:

- **Free trade.** Tariffs (a tax imposed on imported goods) between member countries are significantly reduced, and some are abolished altogether. Each member country keeps its tariffs regarding third countries, including its economic policy. The general goal of free trade agreements is to develop economies of scale and comparative advantages, promoting economic efficiency. A challenge concerns resolving disputes as free trade agreements tend to offer limited arrangements and dispute resolution mechanisms. Therefore, they are prone to the respective influence and leverage of the involved nations, which can lead to different outcomes depending on their economic size. A large and complex economy having a free trade agreement with smaller economies is better positioned to negotiate advantageous clauses and dispute resolution.
- **Custom union.** Sets common external tariffs among member countries, implying that the same tariffs are applied to third countries; a common trade regime is achieved. Custom unions are particularly useful to level the competitive playing field and address the problem of re-exports where importers can be using preferential tariffs in one country to enter (re-export) another country with which it has preferential tariffs. Movements of capital and labour remain restricted.
- **Common market.** Services and capital are free to move within member countries, expanding scale economies and comparative advantages. However, each national market has its own regulations, such as product standards, wages, and benefits.
- **Economic union (single market).** All tariffs are removed for trade between member countries, creating a uniform market. There are also free movements of labour, enabling workers in a member country to move and work in another member country. Monetary and fiscal policies between member countries are harmonized, which implies a level of political integration. A further step concerns a monetary union where a common currency is used, such as the European Union (Euro).
- **Political union.** Represents the potentially most advanced form of integration with a common government and where the sovereignty of a member country is significantly reduced. Only found within nation-states, such as federations where a central government and regions (provinces, states, etc.) have a level of autonomy over well-defined matters such as education.

As the level of economic integration increases, so does the complexity of its regulations. This involves a set of numerous regulations, enforcement, and arbitration mechanisms to ensure that importers and exporters comply. The complexity comes at a cost that may undermine the competitiveness of

the areas under economic integration since it allows for less flexibility for national policies and a loss of autonomy. The devolution of economic integration could occur if the complexity and restrictions it creates, including the loss of sovereignty, are no longer judged to be acceptable by its members.

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## 8.4 FRAMEWORK AGREEMENTS

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A framework agreement allows the supplier and customer to agree upon core legal terms upfront. Then, each time the customer wishes to place an order with the supplier, each order forms part of the previously negotiated agreement. This means that the parties only need to agree to the commercial details each time they place an order. For example, the volume of goods to be supplied, or timeframes for delivery. The core agreement may even specify some of the commercial terms to apply across all orders. For example, a price list and payment terms. This way, there is even less to negotiate each time they place an order.

The key benefit of a framework agreement is that it streamlines recurring commercial relationships. As the legal terms have already been agreed in advance, the parties need to agree to fewer terms at the order stage. This allows for commercial teams to negotiate most orders without the need for legal involvement.

### 8.4.1 WHEN WOULD A FRAMEWORK AGREEMENT BE USEFUL?

**Example 1:** Your client is a retail store that has a number of product suppliers. You agree on the core legal terms to apply to each supplier. Each time your store managers need to place an order for products with a supplier both parties have already agreed to the price list, payment terms, and legal terms. The store managers and the suppliers may negotiate on the volume of products the supplier will supply and delivery dates.

**Example 2:** Your client has a relationship with an external marketing agency that prepares television campaigns. You agree on a core set of terms with the marketing agency. Each time your client requires a new television campaign, your internal marketing team can issue an order to the marketing agency. This will specify the timeframe, price and deliverables associated with the campaign.

### 8.4.2 HOW TO IMPLEMENT A FRAMEWORK AGREEMENT?

#### 1. Implement an Order Structure

The core legal terms of the agreement must state that the agreement operates as a framework or order agreement. This means orders can be issued and accepted under the agreement. It also means each order is subject to the terms of the agreement.

#### 2. Set Out the Process for Issuing Orders in the Agreement

Where you are the supplier, you may prefer the client to place orders via a specific process. For example, via your online ordering system. You may also have requirements as to what an order must contain. On the other hand, where you are the client, you may wish for more flexibility in placing orders. For example, over the phone and email, and in the contents of an order.

### **3. Specify When the Order Becomes Binding**

When you are the supplier, you may wish to specify that an order issued by the customer will be binding only once accepted by both parties in writing. Where you are the client, you may consider implementing a regime whereby you deem orders to be accepted by the supplier a certain number of days after being issued.

### **4. Specify Which Terms Prevail in the Event of Inconsistency**

The typical approach is for the terms of the agreement to prevail. However, consider whether you can agree on any special conditions and whether these special conditions may take precedence.

### **5. Consider the Impact of Termination of the Agreement for Each Order**

You may wish to specify that each order continues until it is complete or otherwise by a specific end date in the order.

## **8.4.3 WHAT ARE TEST AUTOMATION FRAMEWORKS AND TYPES?**

Framework supports automation testing as a technical implementation guideline. For example, consider a scenario where a testing team includes members who are based on different automation testing code. And, they are not able to grasp the common pieces of code and scripts updated by a team member in a project.

The automation framework not only offers the benefit of reusing the code in various scenarios, but it also helps the team to write down the test script in a standard format. Hence, the test automation framework handles all the issues. Besides, there are many other benefits of using automation framework testing as listed below:

- Maintain a well-defined strategy across the test suites
- Enhanced speed at which testing progresses
- Maintaining the test code will be easy
- The URL or Application can be tested accurately
- Continuous testing of coding and delivery will be achieved

Test automation framework is helpful when you need to execute the same test scripts multiple times with different builds to examine the application and validate output. It is better to avoid automated testing for functionality, which you used only once since building automation script itself is time-consuming.



Each automation framework has its own architecture, advantages, and disadvantages. Some of these frameworks are:

1. Linear Automation Framework
2. Modular Driven Framework
3. Behaviour Driven framework
4. Data-Driven Framework
5. Keyword-Driven Framework
6. Hybrid Testing Framework

### 1. Linear Automation Framework

The linear Automation framework is commonly used in the testing of small applications. This framework is also called as a Record and playback framework.

**Pros:** There is no need to write custom code, so expertise in test automation is not necessary.

**Cons:** The data is hardcoded in the test script; hence, the test cases cannot be re-run with multiple sets. You need to make some changes if the data is altered.

### 2. Modular Driven Framework

In this Framework, the tester can create test scripts module wise by breaking down the whole application into smaller modules as per the client requirements and create test scripts individually.

**Pros:** Modular driven framework ensures the division of scripts that leads to easier maintenance and scalability. You can write independent test scripts.

**Cons:** The modular driven framework requires additional time in analysing the test cases and identifying reusable flows.

### 3. Behaviour Driven Development Framework

Behaviour Driven Development framework is to create a platform, which allows every person, like Developers, Testers, business analyst, etc., to participate actively. It also increases collaboration between the tester and the developers on your project.

**Pros:** You can use non-technical, natural language to create test specifications on this behaviour-driven testing.

**Cons:** To work with this framework, sufficient technical skills as well as prior experience in Test driven development is required.

### 4. Data-driven Testing Framework

Generally, Test Data is read from the external files like Excel Files, Text Files, CSV Files, ODBC Sources, DAO Objects and they are loaded into the variables inside the Test Script. The data-driven framework allows us to create test automation scripts by passing different sets of test data.

**Pros:** It reduces the number of scripts required. Hence, multiple scenarios can be tested in less code.

**Cons:** You will need a highly experienced tester who should be proficient in various programming languages to completely utilize the design of this framework.

### 5. The Keyword-Driven Testing Framework

The keyword-Driven Testing framework is also known as table-driven testing. This framework is suitable only for small projects or applications. The automation test scripts performed are based on the keywords specified in the excel sheet of the project.

**Pros:** A single keyword can be used across multiple test scripts, so the code is reusable.

**Cons:** The initial cost of setting up the framework is high, and it is time-consuming & complex.

### 6. The Hybrid test Automation Framework

Hybrid Framework is used to combine the benefits of Keyword Driven and Data-Driven frameworks.

**Pros:** This type leverages the advantages of all kinds of related frameworks.

**Cons:** Tests are fully scripted in a Hybrid Testing Framework thus increases the automation effort.

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## 8.5 SELF-ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

- 1) \_\_\_\_\_ is a process in which neighbouring states enter into an agreement in order to upgrade cooperation through common institutions and rules.
- 2) \_\_\_\_\_ is an agreement between two parties that recognizes that the parties have not come to a final agreement on all matters relevant to the relationship between them, but have come to agreement on enough matters to move forward with the relationship, with further details to be agreed to in the future.
- 3) \_\_\_\_\_ are the international representatives of unions organizing in specific industry sectors or occupational groups.
- 4) \_\_\_\_\_ is a force in solidarity fighting for better working conditions and trade union rights around the world.
- 5) \_\_\_\_\_ helps countries overcome divisions that impede the flow of goods, services, capital, people and ideas.
- 6) \_\_\_\_\_ allows the supplier and customer to agree upon core legal terms upfront.

### ANSWER

- 1) Regional Integration

- 2) Framework Agreement
- 3) Global Union Federations
- 4) Industrial Global Union
- 5) Regional integration
- 6) A framework agreement

### **TRUE OR FALSE**

- 1) A framework agreement is an interim agreement.
- 2) Globalization has considerable economic growth while at the same time; it has caused social problems such as unequal distribution of income.
- 3) Building and Wood Workers International mission is to promote trade unions around the world, and to promote and enforce workers' rights in the context of sustainable development.
- 4) Global Union Federations are the national representatives of unions organizing in specific industry sectors or occupational groups.
- 5) International Domestic Workers Federation is a membership-based global organization of domestic and household workers that is made up of both unions and associations.
- 6) Framework agreement are a constraint to economic growth, especially in developing countries.
- 7) The key benefit of a framework agreement is that it streamlines recurring commercial relationships.

### **ANSWER**

True. (2, 3, 5, 7)

False. (1, 4, 6)

### **MATCH THE COLUMN**

a. <b>Free trade area</b>	1. The creation of economically integrated markets between member countries.
b. <b>Customs union</b>	2. Countries enter into an economic agreement to remove barriers to trade and adopt common economic policies.
c. <b>Common market</b>	3. Provides for economic cooperation as in a free-trade zone.
d. <b>Economic union</b>	4. The most basic form of economic cooperation.

### **ANSWER**

- a. 4
- b. 3
- c. 1
- d. 2

## **WRITE SHORT ANSWERS**

1. What Is Global Union?
2. What Is Regional Integration?
3. What Are The Four Main Types Of Regional Integration?
4. What Are The 5 Levels Of Regional Integration?
5. What Is Framework Agreements?
6. How To Implement A Framework Agreement?
7. What Are Test Automation Frameworks And Types?

## **8.6 SUMMARY**

Global Union Federations (GUFs) seek to build international co-operation, joint action, and global solidarity among trade unions in different countries that share common employers.

Regional Integration is a process in which neighbouring states enter into an agreement in order to upgrade cooperation through common institutions and rules.

Framework Agreement is an agreement between two parties that recognizes that the parties have not come to a final agreement on all matters relevant to the relationship between them, but have come to agreement on enough matters to move forward with the relationship, with further details to be agreed to in the future.

Economic Globalization Constitutes integration of national economies into the international economy through trade, direct foreign investment, and short term capital flows, international flows of workers and humanity in general and flows of technology.

Global Union Federations are the international representatives of unions organizing in specific industry sectors or occupational groups. Most AFL-CIO unions belong to the union federation for their sector such as Building and Wood Workers International, Education International, Industrial Global Union represents, International Arts and Entertainment, International Domestic Workers Federation, The International Transport Workers' Federation, The International Union, Public Services International, UNI Global Union

Regional integration can be promoted through common physical and institutional infrastructure. Specifically, regional integration requires cooperation between countries in Trade, investment and domestic regulation; Transport, ICT and energy infrastructure; Macroeconomic and financial policy; The provision of other common public goods.

There are four main types of regional economic integration. **Free trade area, Customs union, Common market and Economic union.**

Economic integration can be classified into five additive levels, each present in the global landscape such as Free trade, **Custom union**, **Common market**, **Economic union (single market)** and **Political union**.

Framework supports automation testing as a technical implementation guideline. There are many other benefits of using automation framework testing such as Maintain a well-defined strategy across the test suites, Enhanced speed at which testing progresses, Maintaining the test code will be easy, The URL or Application can be tested accurately and Continuous testing of coding and delivery will be achieved

Each automation framework has its own architecture, advantages, and disadvantages. Some of these frameworks are Linear Automation Framework, Modular Driven Framework, Behaviour, Driven framework, Data-Driven Framework, Keyword-Driven Framework and Hybrid Testing Framework

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## 8.7 KEY-WORDS

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- **Global Union Federations (GUFs)** seek to build international co-operation, joint action, and global solidarity among trade unions in different countries that share common employers.
- **Regional Integration** is a process in which neighbouring states enter into an agreement in order to upgrade cooperation through common institutions and rules.
- **Framework agreement** allows the supplier and customer to agree upon core legal terms upfront.
- **Free trade area** the most basic form of economic cooperation.
- **Customs union** provides for economic cooperation as in a free-trade zone.
- **Common market** allows for the creation of economically integrated markets between member countries.
- **Economic union** is created when countries enter into an economic agreement to remove barriers to trade and adopt common economic policies.
- **Free trade** Tariffs (a tax imposed on imported goods) between member countries are significantly reduced, and some are abolished altogether.
- **Custom union** Sets common external tariffs among member countries, implying that the same tariffs are applied to third countries; a common trade regime is achieved.

- **Common market** Services and capital are free to move within member countries, expanding scale economies and comparative advantages.
- **Economic union (single market)** All tariffs are removed for trade between member countries, creating a uniform market.
- **Political union** Represents the potentially most advanced form of integration with a common government and where the sovereignty of a member country is significantly reduced.
- **Linear Automation framework** is commonly used in the testing of small applications.
- **Modular Driven Framework** can create test scripts module wise by breaking down the whole application into smaller modules as per the client requirements and create test scripts individually.
- **Behaviour Driven Development framework** is to create a platform, which allows every person, like Developers, Testers, business analyst, etc., to participate actively.
- **data-driven testing framework** allows to create test automation scripts by passing different sets of test data.
- **The keyword-Driven Testing framework** based on the keywords specified in the excel sheet of the project.
- **Hybrid Framework** is used to combine the benefits of Keyword Driven and Data-Driven frameworks.

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# EMERGING TRENDS IN EMPLOYEE RELATIONS AND EMPLOYEE INVOLVEMENT

## Unit Structure

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Emerging Trends in Employee Relations
  - 9.2.1 Industrial Relations in Unorganized Sector
  - 9.2.2 Neo-Liberal Judicial Trends
  - 9.2.3 New Forms of Informal Economy Organizations
- 9.3 Emerging Trends and Employee Involvement
  - 9.3.1 What Is Employee Engagement and Why Is It So Important?
  - 9.3.2 Consequences of a Lack of Employee Engagement
  - 9.3.3 Employee Trends Relevant in 2022
- 9.4 Self-Assessment Questions
- 9.5 Summary
- 9.6 Key-Words

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## 9.0 OBJECTIVES

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### To Learn:

- What are Emerging Trends in Employee Relations?
- **Understand New Forms of Informal Economy Organizations.**
- **Explain Neo-Liberal Judicial Trends.**
- **Understand Industrial Relations in Unorganized Sector.**
- What are Emerging Trends and Employee Involvement?
- **What Is Employee Engagement and Why Is It So Important?**
- **What is Consequences of a Lack of Employee Engagement?**
- **What are the HR initiatives for employee engagement that are relevant for 2022?**

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## 9.1 INTRODUCTION

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Employee Relations has traditionally been organized using one of the three models – decentralized, centralized, and mixed. Centralized design refers to an ER team that is responsible for managing employee relations issues and



conducting investigations across the organization. The team does not have to be geographically centralized. The mixed Employee Relations model relies on a centralized team for managing some or most of the employee relations cases and investigations with field representatives (HR professionals) to manage some employee relations issues. In the decentralized model, employee relations issues are managed within specific functions or verticals by Employee Relations and HR professionals. A recent survey by HR Acuity suggests a shift towards the centralization of the ER function. The survey report noted a year over year decline in the number of organizations using a decentralized approach for employee relations. Industries like pharmaceuticals and technology were found to be heavily dependent on the centralized model, while other industries like finance, insurance, and healthcare took the mixed approach to Employee Relations.

Like other HR functions, Employee Relations is also becoming more data-driven and outcome driven. Organizations are increasingly focusing on cost, root cause, and tracking metrics to drive continuous improvement. By analysing key trends, Employee Relations teams can also benefit from significant cost savings and determine the actual cost of grievances and litigation.

Employee Relations professionals could expect more employees to open up and report sexual misconduct and be ready to act in anticipating employees' public allegations. Building awareness of anti-harassment laws isn't going to be enough, Employee Relations professionals will need to proactively create an environment in which all employees feel safe.

Employee engagement isn't a new organizational strategy, however, every few years new employee engagement trends set the ball rolling. The last few years have seen a focused shift towards employee engagement because of the transformations in the workplace.

Global employee engagement trends have shifted considerably in lieu of the pandemic. Covid-19 gave rise to new trends in employee engagement that was in-line with the realities of the new normal. While the last 2 years were all about remote employee engagement, employee engagement trends 2022 are all about maximizing the employee experience in hybrid workplaces.

The desire to boost employee engagement in hybrid workplaces has been spreading like wildfire among HRs and businesses today. A highly engaged workforce that adds value and revenue to the business is the dream of every organization. To accomplish this, HRs are now constantly experimenting and innovating with their employee engagement strategy.

The pandemic was accompanied by job uncertainty, layoffs, and the great resignation phase. All this increased the need for employee engagement initiatives, for organizations to relook at their employee engagement strategy, and start afresh.

Employee engagement trends continue to evolve even as you read this, however, we've compiled the top employee engagement trends 2022 that promise to work in these unprecedented times.

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## 9.2 EMERGING TRENDS IN EMPLOYEE RELATIONS

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The trade Unions are found to be in cordial relations with the management unlike old times. Similarly in employment relations, focus has changed from just paying salary on time and painful performance appraisals to developing employees. What has changed so much? Why are these changes prevailing?

There are various factors relating to economy, technology and human relations which are responsible for these changes. Out of these emerging trends, few colours are pleasant to employers and few are to employees. The trade unions significance is changing. The reasons of joining or leaving trade unions have been greatly influenced by what is happening in the outside world. Now workers and employees thinking prospective is long term and they look for more benefits instead of clinging to one group.

The competition is increasing in today's era. The workers and employees even after they leave a particular job has 'n' number of options to get absorbed. This is because of the influence of globalization. The foreign investors are ready to invest in other countries' industries or set up their own factories in other countries. This gives rise of the number of jobs to the inhabitants of that host country. Hence, employees or workers do not fear while leaving jobs. This is what has led to attrition also.

Mergers and Acquisitions leads to transfer of ownership. This transfer brings changes in the dynamics of Trade unions. Along with this, the merger of one company into another changes the organizational culture. Change in the ownership can be a bliss or a boom. The compensation structure, hierarchical levels, business and technologies changes. This trend is more common these days. Every second day we hear about this company is now acquired by that company in that much account and similar things. The employers and government are coming up with new and emerging models to deal with these changes so as to make as favourable as possible for employees. Due to technology advancements, the change management has become dire need of the day. The manual efforts are decreasing due to increasing use of technology. Hence, it is important to train the workforce to match the changes in technology and to make them apt to work effectively. This has put a lot of focus on training and development of human resources. Competency mapping for hiring has also been emerged out of these trends. This is because due to technology advancements, specific skill sets are required for a particular job.

The Deregulation also plays a major role as an emerging trend in IR and ER. There is reduction in the pension funds from government as well as increase and at some places decrease in the age of retirement. The policies like voluntary employment separation and various others signifies the same. The trends in joining trade unions is also changing. Now the trade unions

has declined density. The young generations are in a competitive job searches and they are not interested in joining unions as this is not even a practice in emerging industries like Information Technology sector. The young employees and women feel a risk in joining any trade union, the risk is deteriorating the relationship with the employers. Hence, now there is less member strength in trade unions. The Collective bargaining levels are also changing. In fact, the levels are reducing day by day.

In the present period the bargaining power of the unions is observed to be reducing due to decentralization of unions. IR issues are dealt more at the company level than industry level. When the unions' coordination was at industry level, whole industry used to immobilize because of issues or conflict of IR at one single place and have a major impact on the whole nation but due to decentralization of IR those trends are not observed now. Now if the IR issue arises, it is dealt in the same company without affecting the other companies of the same industry. This may be because as the relationship between the workers and the management is strengthening, because of more educated employees and industry knowledge among the employees, even the employees believe that the effective way of dealing with the issues is through going local.

### **9.2.1 INDUSTRIAL RELATIONS IN UNORGANIZED SECTOR**

The emergence of U-WIN cards or now the Aadhaar card in itself to ensure that all unorganized workers get social security scheme benefits covered under the Unorganized Workers' Social Security Act, 2008.

The efficacy of delivery of various welfare schemes by the government to the unorganized sector's workers is dependent on the identification of genuine workers/beneficiaries. This can be well illustrated by the words of our former Prime Minister Dr. Manmohan Singh "Lack of identity proof results in harassment and denial of services to the poor and marginalized".

Though for all categories of workers covered under the Welfare Funds, legal obligation to issue identity cards is on the part of the employer or contractor concerned. In practice, employer or contractors generally do not indicate the workers on their record to avoid recovery of PF contributions, excise duty etc. Thus, only a limited number of workers are able to get the requisite identity cards from their employers/contractors. And it's far more difficult when it comes to regulation of the same in the unorganized sectors as they are home-based workers.

Many investigations have revealed that genuine target beneficiaries are not able to avail of the benefits to which they are entitled and at the same time many non-entitled individuals are availing of welfare benefits by securing identity cards through dubious means. This can be validated by a research studies conducted by SRC which indicated that the number of bogus workers at over 25 percent of persons identified as unorganized workers. Thus, it is essential to set up an appropriate mechanism for identifying genuine beneficiaries in administering any welfare scheme and keeping the data-base of such beneficiaries up-dated.

This calls for the emergence of a data base which would help in locating each and every beneficiary clearly. Once the data base is in place, smart card either U-Win or Aadhaar could be issued to the respective beneficiary, which would carry all relevant information pertaining to the beneficiary and his/her family members and also about the benefits due to the card holder with regard to the schemes he/she fits in. Also, updating information pertaining to a beneficiary will be hassle-free once the smart cards are operational.

Post that is imperative that the data base is updated with all the beneficiaries. This can be done by using authorized agencies to survey the workers and link issuance of smart cards to that of registration of workers.

### **9.2.2 NEO-LIBERAL JUDICIAL TRENDS**

The general perception during the regulation era was that the working class could count on the judiciary as one of their allies, though there have also been judgements that sought to curb labour indiscipline and establish order in the shop floor. But some significant judgements delivered during the 1990s and later relating to contract labour, privatization, right to strike, bandhs and so on did not support the contentions and interests of workers and trade unions. The Supreme Court had affirmed the policy independence of the executive (i.e. the government) in the case of privatization also made critical remarks in general against the right to strike and prohibited the right to strike of public employees. It also imposed restraints on public protests like bandhs and so on and endorsed or asked the government to impose the Essential Service Maintenance Act (ESMA).

In addition to all these it also reversed its own order providing for automatic absorption of contract labour upon abolition and argued that automatic absorption was not provided for in the relevant law thus, it rewrote the positions held by the apex Court on issues like contract labour and the right to strike. The position and action of the judiciary relating to workers' actions such as strikes is an interesting instance of change in its stance. It had admitted that the public interest litigations questioning the acts and deeds of the trade unions, the strikes by public employees, the bonus payment to municipal employees in Mumbai, and so on and passed restraining orders on unions' actions. The central and the state governments have been too willing to invoke ESMA on strikes and the judiciary often endorses and even encourages it.

### **9.2.3 NEW FORMS OF INFORMAL ECONOMY ORGANIZATIONS**

The stringent conditions of mainstream trade unions towards the informal economy spurred the rise of several new forms labour and union types of organizations among the informal economy workers. The Self Employed Women Association (SEWA) is the most notable amongst them. Though it was registered as a trade union it has combined the functions of a trade union, a cooperative and a pressure group and so on. Its significant role has not been limited to organizing the informal economy workers. It participated actively in the creation of international networks like WIEGO

and played an important role in the adoption by ILO of the Home Workers Convention. It was instrumental in creation of organizations and networks like the Street Net, the National Centre for Labour (NCL). The Government of India formulated the National Policy for Street Vendors recently mainly due to the pressure exerted by organizations of informal economy workers and the powerful lobbying work of NASVI and SEWA.

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### **9.3 EMERGING TRENDS AND EMPLOYEE INVOLVEMENT**

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Nowadays, motivating and stimulating employees is an important aspect of the work of many promising entrepreneurs. It becomes necessary not only to be able to find a qualified and capable worker but also to interest him in work and provide him with all the necessary tools and resources. And if the business owner does not fulfil this, then the company risks losing a valuable colleague after a short period.

Practice shows that managers pay a lot of attention to motivating their employees. Some even hire a development team to achieve the desired result. However, the main problem is that motivation has a very short-term effect. Motivation affects the emotional area exclusively, determines the interest in working in a particular company. This is clearly not enough.

#### **9.3.1 WHAT IS EMPLOYEE ENGAGEMENT AND WHY IS IT SO IMPORTANT?**

For the employer, the overall involvement of the employee is much more important. Engagement, in addition to satisfaction, reflects the cognitive layer. That is, whether the employee has a sense of purpose and associates himself with the company in which he works. It also reveals a willingness to put extra effort into achieving better results for the good of the organization.

Perhaps, nothing can reveal an employee better than increasing his involvement in the affairs of the company. Indeed, only in this case, he will consider your business as his own and, as a result, try to make it successful.

#### **9.3.2 CONSEQUENCES OF A LACK OF EMPLOYEE ENGAGEMENT**

The consequences of a lack of engagement can be very serious both for the emotional and physical state of the employee himself and for the organization as a whole. This is a decline in employee performance, high costs for obtaining results, the departure of valuable employees, etc. In other words, lack of employee engagement can lead to a number of negative consequences:

The company is losing its productivity. Of course, employees can strictly follow their job descriptions, but this approach will clearly not contribute to the evolution of the organization. The highly engaged employees work with a reasonable amount of enthusiasm. And if there are none in your

organization, then according to Gallup's calculations, the company's productivity decreases by 22%;

Loss of money. And this is due to just about every aspect of low employee engagement. Ranging from reduced productivity to costs associated with increased staff turnover. The latter, for example, can cost you 2.5 times more than an employee's salary;

The reputation of the company is diminishing. The reputation of a company and the quality of the services it provides directly depend on the degree to which employees are interested in its success.

### **9.3.3 EMPLOYEE TRENDS RELEVANT IN 2022**

Below are 10 hr initiatives for employee engagement that are relevant for 2022.

#### **1. Application of the Human-Centered Approach to Personnel Management**

To create an organization that can be effective in today's flow of change, it is recommended to perform a people-centered approach to improve employee management. This means that businesses need to clearly define their mission, set a unique value proposition for the employer. Furthermore, it is important to anticipate and develop future skills in employees, manage the involvement and satisfaction of the team of specialists.

#### **2. Application of the Strategic Planning Function**

The strategic personnel planning function allows firms to make balanced decisions about the involvement of specialists needed to realize business strategy. Personnel planning is essential for business success. Therefore, one of the most significant employee engagement trends in 2022 is investing in staff training. Effective training, which aims to provide employees with important educational information, allows developing the valuable skills and abilities that are necessary for the successful growth of the company.

HR professionals should also apply HR analytics instruments for strategic planning and review engaging a combined workforce. Increasingly, modern firms attract not only full-time employees but also freelancers. According to estimates, their share in the overall structure of the company's workforce will be over 30% in the next few years.

#### **3. Establishing an Effective Employee Adaptation Process**

Practice shows that up to 20% of layoffs occur in the first 45 days of work. This testifies to the importance of new employees' adaptation. You shouldn't only be concerned about engagement when a new employee is hired. It should have the highest priority right from the start.



#### **4. Determining What Motivates Employees**

It all starts with engagement research. Companies usually start with employee surveys to identify motivating factors.

#### **5. Premature Assessment of the Employee's Condition**

It is a daily task for an HR specialist to clearly and timely notice a decrease in employee motivation and engagement. He must be able to identify and work with alarms. Signs of professional burnout can be reduced work efficiency, regularly bad mood, apathy, etc.

#### **6. Building Close Communication**

According to research, about a third of employees would like their manager to contact them more often. Lack of effective communication is often the reason for low productivity. Indeed, often employees cannot understand what exactly is expected of them, and it is simply not possible to clarify. In addition, regular meetings with management give employees a clearer understanding of the company's values, priorities, and goals. Therefore, building close communication with employees is one of the employment trends in 2022.

#### **7. Focusing on the Strengths of the Employee**

Another trend that is gaining popularity is to give employees tasks based on their strengths and personal interests. At the same time, the employee's job responsibilities will have a secondary role. Interest-based work will allow the employee to demonstrate maximum results. In addition, it will help prevent the great resignation of employees.

#### **8. Employee Encouragement**

Employee engagement 2022 is impossible without a sense of its own value and significance. If the employee sees that his work is appreciated, he will respond with an even greater result. It will not be superfluous to indicate to the employee a certain set of advantages that the company is ready to give him for good work. This can include, for example, the ability to work remotely or offset the schedule by one to two hours.

#### **9. Giving Employees More Empowerment and Growth Opportunities**

Companies with the best employee engagement demonstrate that activities that employees themselves propose and organize have the best impact on motivation and engagement. They don't have to be purely entertaining. They should help personal and professional employee development, reflect the importance of daily work. Thus, HR professionals must move in 2022 from creating policies, procedures, and event design to empowering employees to implement initiatives themselves.



## 10. Providing Employees with Opportunities to Gain Experience (Even Through Their Own Mistakes)

Professionalism comes with employee experience, and experience comes with practice. That is, you can organize your team so that it can feel a sense and cope with all the difficulties autonomously and independently. Of course, when a problem requires a prompt response, you cannot give employees the time to find the best solution themselves. But some situations do not require an instant solution. Therefore, you need to allow employees to express themselves. Promoting Balance Between Work and Personal Life

As practice shows, work-life balance is important for a productive professional and personal life. Here are a few points to be aware of:

- Employees who have a balance between work and personal life are more likely to feel motivated and less stressed at work;
- Employees who have a balance between work and personal life increase the productivity of the company and reduce conflicts between colleagues and management;
- Companies that encourage ways to improve a balance between work and personal life are more attractive as potential employers;
- Companies that promote a balance between work and personal life often have higher employee retention rates and lower employee turnover rates.

Leaders who want to maximize employee engagement must pay attention to this trend. To help employees maintain a balance between work and personal life, people managers can take different approaches. This can include the inviolability of weekends, timeouts during work, maximum concentration on work issues. Keeping a clear work schedule is also a topical strategy.

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## 9.4 SELF-ASSESSMENT QUESTIONS

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### FILL IN THE BLANK

1. \_\_\_\_\_ describes the relationship between employers and employees.
2. \_\_\_\_\_ the direct participation of staff to help an organization fulfil its mission and meet its objectives by applying their own ideas, expertise, and efforts towards solving problems and making decisions.
3. \_\_\_\_\_ an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.

4. \_\_\_\_\_ the process of combining two companies into one.
5. \_\_\_\_\_ the planning, organizing, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and societal goals.”
6. \_\_\_\_\_ a process in which an organization's leaders define their vision for the future and identify their organization's goals and objectives.
7. \_\_\_\_\_ evaluating the meaning of message by the receiver before sender completes his message.
8. \_\_\_\_\_ when there's one active communicator who's speaking to a single person or group of people.
9. \_\_\_\_\_ the enthusiasm, energy level, commitment, and amount of creativity that an employee brings to the organization on a daily basis.

### **ANSWER**

1. Employee Relations
2. Employee Involvement
3. Trade Unions
4. Mergers and Acquisitions
5. Personnel Management
6. Strategic Planning Function
7. Premature Evaluation
8. Building Close Communication
9. Employee Encouragement

### **WRITE SHORT ANSWERS**

1. What are Emerging Trends in Employee Relations?
2. Understand Industrial Relations in Unorganized Sector.
3. What are Emerging Trends and Employee Involvement?
4. What Is Employee Engagement and Why Is It So Important?

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## **9.5 SUMMARY**

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Employee Relations has traditionally been organized using one of the three models – decentralized, centralized, and mixed.

Employee engagement isn't a new organizational strategy, however, every few years new employee engagement trends set the ball rolling.

The trade Unions are found to be in cordial relations with the management unlike old times. The reasons of joining or leaving trade unions have been greatly influenced by what is happening in the outside world.

The Deregulation also plays a major role as an emerging trend in Industrial Relation and Employee Relations.

The position and action of the judiciary relating to workers' actions such as strikes is an interesting instance of change in its stance.

The stringent conditions of mainstream trade unions towards the informal economy spurred the rise of several new forms labour and union types of organizations among the informal economy workers.

Managers pay a lot of attention to motivating their employees and hire a development team to achieve the desired result.

The consequences of a lack of engagement can be very serious both for the emotional and physical state of the employee himself and for the organization as a whole.

To create an organization that can be effective in today's flow of change, it is recommended to perform a people-cantered approach to improve employee management.

The strategic personnel planning function allows firms to make balanced decisions about the involvement of specialists needed to realize business strategy.

It is a daily task for an HR specialist to clearly and timely notice a decrease in employee motivation and engagement.

Trend that is gaining popularity is to give employees tasks based on their strengths and personal interests.

Companies with the best employee engagement demonstrate that activities that employees themselves propose and organize have the best impact on motivation and engagement.

Professionalism comes with employee experience, and experience comes with practice.

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## 9.6 KEY-WORDS

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- **Employee Relations** describes the relationship between employers and employees.
- **Employee Involvement** The direct participation of staff to help an organization fulfill its mission and meet its objectives by applying their own ideas, expertise, and efforts towards solving problems and making decisions.
- **Trade Unions** an organisation made up of members (a membership-based organisation) and its membership must be made up mainly of workers.
- **Mergers and Acquisitions** the process of combining two companies into one.

- **Personnel Management** the planning, organizing, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and societal goals.”
- **Strategic Planning Function** a process in which an organization's leaders define their vision for the future and identify their organization's goals and objectives.
- **Premature Evaluation** evaluating the meaning of message by the receiver before sender completes his message.
- **Building Close Communication** when there's one active communicator who's speaking to a single person or group of people.
- **Employee Encouragement** the enthusiasm, energy level, commitment, and amount of creativity that an employee brings to the organization on a daily basis.

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## INTERNATIONAL LABOUR STANDARDS

### Unit Structure

- 10.0 Objectives
- 10.1 Introduction
- 10.2 International Labour Standards
- 10.3 Regional Labor Standard
- 10.4 Why Are ILS Relevant To Business?
- 10.5 How International Labour Standards Are Used
- 10.6 International Labour Standards On Occupational Safety And Health
  - 10.6.1 Relevant ILS Instruments
  - 10.6.2 Health And Safety In Particular Branches Of Economic Activity
  - 10.6.3 Protection Against Specific Risks
- 10.7 What Are The Common Occupational Health And Safety Standards?
- 10.8 What Are The Benefits Of International Labour Standards?
- 10.9 Self-Assessment Questions
- 10.10 Summary
- 10.11 Key-Words

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### 10.0 OBJECTIVES

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#### To Learn:

- What are International Labour Standards?
- What is Regional Labor Standard?
- Why Are ILS Relevant To Business?
- How International Labour Standards Are Used?
- Understand International Labour Standards On Occupational Safety And Health
- What Are The Common Occupational Health And Safety Standards?
- What Are The Benefits Of International Labour Standards?

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### 10.1 INTRODUCTION

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ILO International Labour Standards (ILS) are legal instruments, drawn up by the ILO constituents (governments, employers and workers), that set out basic principles and rights at work. They are either Conventions, which are

legally-binding international treaties that may be ratified by ILO Member States, or Recommendations, which serve as non-binding guidelines. In many cases, a Convention lays down the basic principles to be implemented by ratifying countries, while a related Recommendation can also be autonomous (not linked to any Convention).

ILS are adopted at the International Labour Conference (ILC) and Member States are required to submit them to their competent authority (normally the parliament) for consideration. In the case of Conventions, this means consideration for ratification. Ratifying countries commit to applying the Convention in national law and practice and to reporting its application at regular intervals to the ILO regular supervisory system. Representation and complaint procedures can be initiated against countries for violations of a Convention they have ratified.

By the end of June 2018, the ILO had adopted 189 Conventions, 205 Recommendations and 6 Protocols covering a broad range of work issues. Areas covered by ILS include: basic human rights, occupational safety and health, wages, working time, employment policy and promotion, vocational guidance and training, skills development, specific categories of workers, labour administration and inspection, maternity protection and social security, indigenous and tribal people, and migrant workers.

The ILO Governing Body has identified the following eight Conventions as “fundamental”, covering subjects that are considered as fundamental principles and rights at work: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); and Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

The principles of these Conventions are also covered in the ILO Declaration on Fundamental Principles and Rights at Work (1998). In 1995, the ILO launched a campaign to achieve universal ratification of these fundamental Conventions.

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## 10.2 INTERNATIONAL LABOUR STANDARDS

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The International Labour Organization (ILO) is a United Nations Agency that sets universal labor standards. These standards are contained in 189 conventions or treaties which individual countries need to ‘ratify’ or sign up to. Once a country has signed up to those standards, it must adopt and enforce them as part of its domestic law. The most fundamental labor standards are contained in the ‘Declaration on Fundamental Principles and Rights at Work’. This declaration sets out four fundamental policies for labor:

- A right of workers to free association and collective bargaining;
- A prohibition on forced or compulsory labor;
- A prohibition on child labor;
- A prohibition on unfair discrimination among workers.

Even where countries have signed up to international labor standards, there are huge variations in compliance and enforcement between countries. Any international enterprise needs to consider carefully the significant reputational risk that operating in some countries may present, if international standards are not complied with.

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## 10.3 REGIONAL LABOR STANDARDS

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Another form of international labor law is the set of rules that applies across a select group of countries. The most prominent example is European labor law which sets standards applying across the European Union. Rights for employees under European labor law include:

- The right to a written employment contract (whether a fixed-term contract or an indefinite one);
- The right of employees to free movement across European Union states;
- A right to a minimum of 4 weeks annual leave;
- Health and safety minimum standards (e.g., rules on how to return to work safely);
- Prohibited discrimination;
- Restrictions on redundancies.

The European Union does not make rules related to minimum wages or collective bargaining: These are determined solely by individual European Union countries.

The North American Agreement on Labor Cooperation (NAALC) is a 'side agreement' to the North American Free Trade Agreement (NAFTA). Under NAALC, all countries (Canada, United States and Mexico) agreed to enforce certain minimum labor standards covering:

- Freedom of association, and the right to organize;
- The right to collective bargaining;
- The right to strike;
- No child labor;
- A set of minimum labor standards relating to matters such as wages, hours and conditions of employment;
- Equal pay for equal work;



- Health and safety protections;
- Workers' compensation;
- Protections for migrant workers.

Compliance with these requirements is monitored by an administration office in the labor department of each country.

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## 10.4 WHY ARE ILS RELEVANT TO BUSINESS?

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ILS are addressed to governments. Nevertheless, they are also relevant to business in the following ways:

- Business is affected by ILS through national legislation. When a country ratifies a Convention, this instrument sets the framework for national law and practice on a certain subject. If existing national law or practice does not comply with the Convention, new labour laws, amendments of existing laws, or new implementation directives may result. As a consequence, business may be required to change its labour practices, which can involve significant administrative measures and costs.
- Even if ILS are not taken up by national law, the contents of collective agreements may be inspired by them.
- ILS can be a relevant source of practical guidance for business in areas not covered by national law or collective agreements. Many companies operating internationally have considered ILS, or the 1998 ILO Declaration, in developing their codes of conduct or other responsible business conduct initiatives. Global initiatives for voluntary business engagement, such as the UN Global Compact, draw on these sources in their labour principles and the Global Compact business stakeholders engage to work towards their realisation in their business strategies and day-to-day operations. International Framework Agreements (IFAs) negotiated between Global Union Federations (GUFs) and multinational enterprises usually make specific references to the ILO's fundamental Conventions.

Given the above, employers must play a key role in the ILO and at national level in formulating, implementing and supervising ILS, and in ensuring that due account is taken of the business perspective, including the needs of enterprises of all sizes operating in different geographical areas, economic sectors and social frameworks. Together with governments and workers, employers are responsible for making ILS and their implementation balanced, realistic and meaningful.

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## 10.5 HOW INTERNATIONAL LABOUR STANDARDS ARE USED

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### i. Models and targets for labour law

International labour standards are primarily tools for governments which, in consultation with employers and workers, are seeking to draft and implement labour law and social policy in conformity with internationally accepted standards. For many countries, this process begins with a decision to consider ratifying an ILO Convention. Countries often go through a period of examining and, if necessary, revising their legislation and policies in order to achieve compliance with the instrument they wish to ratify. International labour standards thus serve as targets for harmonizing national law and practice in a particular field; the actual ratification may come further along the path of implementing the standard. Some countries decide not to ratify a Convention but to bring their legislation into line with it anyway; such countries use ILO standards as models for drafting their law and policy. Others ratify ILO Conventions fairly quickly and then work to bring their national law and practice into line after ratification. The comments of the ILO supervisory bodies and technical assistance (see section “Applying and promoting International Labour Standards”) can guide them in this process. For such countries, ratification is the first step on the path to implementing a standard.

### ii. Sources of international law applied at the national level

In numerous countries, ratified international treaties apply automatically at the national level. Their courts are thus able to use international labour standards to decide cases on which national law is inadequate or silent, or to draw on definitions set out in the standards, such as of “forced labour” or “discrimination”. Alongside voluntary initiatives and non-statutory rules, the legal system is one of the means through which international standards are disseminated. The use of these standards by the highest courts of certain countries, as observed by the ILO for over a decade, bears witness to their increasing acceptance and use at the national level. In this way, national and international systems for the regulation of labour are a mutual source of inspiration. International labour standards there appear to be a universal point of reference for an increasing number of actors at the international level, thereby reinforcing international labour law, which is becoming an essential resource in the denunciation of inequalities in the world of work and the regulation of labour relations, conditions and disputes, as reflected in more widespread respect for the values defended by the ILO.

### iii. Guidelines for social policy

In addition to shaping law, international labour standards can provide guidance for developing national and local policies, such as employment, work and family policies. They can also be used to

improve various administrative structures, such as labour administration, labour inspection, social security and employment services. Standards can also serve as a source of good industrial relations applied by labour dispute resolution bodies, and as models for collective agreements.

#### iv. Other areas of influence

While ILO constituents are the main users of international labour standards, other actors have also found them to be useful tools. Indeed, new actors are using international labour standards and therefore participating in their diffusion at the international level.

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## 10.6 INTERNATIONAL LABOUR STANDARDS ON OCCUPATIONAL SAFETY AND HEALTH

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The ILO Constitution sets forth the principle that workers must be protected from sickness, disease and injury arising from their employment. Yet for millions of workers the reality is very different. According to the most recent ILO global estimates, 2.78 million work-related deaths are recorded every year, of which 2.4 million are related to occupational diseases. In addition to the immense suffering caused for workers and their families, the associated economic costs are colossal for enterprises, countries and the world. The losses in terms of compensation, lost work days, interrupted production, training and reconversion, as well as health-care expenditure, represent around 3.94 per cent of the world's annual GDP (See the website of the World Day for Safety and Health at Work 2018 ). Employers face costly early retirements, loss of skilled staff, absenteeism and high insurance premiums. Yet, many of these tragedies are preventable through the implementation of sound prevention, reporting and inspection practices. ILO standards on occupational safety and health provide essential tools for governments, employers and workers to establish such practices and provide for maximum safety at work.

### 10.6.1 RELEVANT ILO INSTRUMENTS

The ILO has adopted more than 40 standards specifically dealing with occupational safety and health, as well as over 40 Codes of Practice. Nearly half of ILO instruments deal directly or indirectly with occupational safety and health issues.

#### Key instruments on occupational safety and health

- **Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)** - As an instrument setting out a promotional framework, this Convention is designed to provide for coherent and systematic treatment of occupational safety and health issues and to promote recognition of existing Conventions on occupational safety and health. The Convention is aimed at establishing and implementing coherent national policies on occupational safety and health through dialogue between government,

workers' and employers' organizations and to promote a national preventive safety and health culture.

- **Occupational Safety and Health Convention, 1981 (No. 155) - and its Protocol of 2002** - The convention provides for the adoption of a coherent national occupational safety and health policy, as well as action to be taken by governments and within enterprises to promote occupational safety and health and to improve working conditions. This policy shall be developed by taking into consideration national conditions and practice. The Protocol calls for the establishment and the periodic review of requirements and procedures for the recording and notification of occupational accidents and diseases, and for the publication of related annual statistics.
- **Occupational Health Services Convention, 1985 (No. 161)** - This convention provides for the establishment of enterprise-level occupational health services which are entrusted with essentially preventive functions and which are responsible for advising the employer, the workers and their representatives in the enterprise on maintaining a safe and healthy working environment.

#### 10.6.2 HEALTH AND SAFETY IN PARTICULAR BRANCHES OF ECONOMIC ACTIVITY

- **Hygiene (Commerce and Offices) Convention, 1964 (No. 120)** - This instrument has the objective of preserving the health and welfare of workers employed in trading establishments, and establishments, institutions and administrative services in which workers are mainly engaged in office work and other related services through elementary hygiene measures responding to the requirements of welfare at the workplace.
- **Occupational Safety and Health (Dock Work) Convention, 1979 (No. 152)** - See under dockworkers.
- **Safety and Health in Construction Convention, 1988 (No. 167)** - The convention provides for detailed technical preventive and protective measures having due regard for the specific requirements of this sector. These measures relate to safety of workplaces, machines and equipment used, work at heights and work executed in compressed air.
- **Safety and Health in Mines Convention, 1995 (No. 176)** - This instrument regulates the various aspects of safety and health characteristic for work in mines, including inspection, special working devices, and special protective equipment of workers. It also prescribes requirements relating to mine rescue.
- **Safety and Health in Agriculture Convention, 2001 (No. 184)** - The convention has the objective of preventing accidents and injury to health arising out of, linked with, or occurring in the course of

agricultural and forestry work. To this end, the Convention includes measures relating to machinery safety and ergonomics, handling and transport of materials, sound management of chemicals, animal handling, protection against biological risks, and welfare and accommodation facilities.

### 10.6.3 PROTECTION AGAINST SPECIFIC RISKS

- **Radiation Protection Convention, 1960 (No. 115)** - The objective of the Convention is to set out basic requirements with a view to protect workers against the risks associated with exposure to ionising radiations. Protective measures to be taken include the limitation of workers' exposure to ionising radiations to the lowest practicable level following the technical knowledge available at the time, avoiding any unnecessary exposure, as well as the monitoring of the workplace and of the workers' health. The Convention further refers to requirements with regard to emergency situations that may arise.
- **Occupational Cancer Convention, 1974 (No. 139)** - This instrument aims at the establishment of a mechanism for the creation of a policy to prevent the risks of occupational cancer caused by exposure, generally over a prolonged period, to chemical and physical agents of various types present in the workplace. For this purpose, states are obliged to determine periodically carcinogenic substances and agents to which occupational exposure shall be prohibited or regulated, to make every effort to replace these substances and agents by non- or less carcinogenic ones, to prescribe protective and supervisory measures as well as to prescribe the necessary medical examinations of workers exposed.
- **Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)** - The convention provides that, as far as possible, the working environment shall be kept free from any hazards due to air pollution, noise or vibration. To achieve this, technical measures shall be applied to enterprises or processes, and where this is not possible, supplementary measures regarding the organization of work shall be taken instead.
- **Asbestos Convention, 1986 (No. 162)** - Aims at preventing the harmful effects of exposure to asbestos on the health of workers by indicating reasonable and practicable methods and techniques of reducing occupational exposure to asbestos to a minimum. With a view to achieving this objective, the convention enumerates various detailed measures, which are based essentially on the prevention and control of health hazards due to occupational exposure to asbestos, and the protection of workers against these hazards.
- **Chemicals Convention, 1990 (No. 170)** - The Convention provides for the adoption and implementation of a coherent policy on safety in the use of chemicals at work, which includes the production, the handling, the storage, and the transport of chemicals as well as the

disposal and treatment of waste chemicals, the release of chemicals resulting from work activities, and the maintenance, repair and cleaning of equipment and containers of chemicals. In addition, it allocates specific responsibilities to suppliers and exporting states.

## **CODES OF PRACTICE**

ILO Codes of Practice set out practical guidelines for public authorities, employers, workers, enterprises, and specialized occupational safety and health protection bodies (such as enterprise safety committees). They are not legally binding instruments and are not intended to replace the provisions of national laws or regulations, or accepted standards. Codes of Practice provide guidance on safety and health at work in certain economic sectors (e.g. construction, opencast mines, coal mines, iron and steel industries, non-ferrous metals industries, agriculture, shipbuilding and ship repairing, forestry), on protecting workers against certain hazards (e.g. radiation, lasers, visual display units, chemicals, asbestos, airborne substances), and on certain safety and health measures (e.g. occupational safety and health management systems; ethical guidelines for workers' health surveillance; recording and notification of occupational accidents and diseases; protection of workers' personal data; safety, health and working conditions in the transfer of technology to developing countries).

## **10.7 WHAT ARE THE COMMON OCCUPATIONAL HEALTH AND SAFETY STANDARDS?**

Workplace safety is an important part of any job and requires that everyone in the company adhere to the safety guidelines and policies in place. Carefully following appropriate safety guidelines can go a long way toward preventing workplace injuries. Here are some ways you can work to stay safe on the job.

### **1. Be Aware**

Always be alert to what's happening in your surroundings; remember that your safety is your responsibility. Understand the particular hazards related to your job or workplace, and keep clear of potentially hazardous areas or situations. Be awake and attentive on the job, and be particularly aware of machinery. Avoid going to work under the influence of alcohol or drugs, which can compromise your concentration, coordination, judgment, motor control and alertness.

### **2. Maintain Correct Posture**

Use correct posture to protect your back while at work. If you sit at a desk, keep your shoulders and hips in line and avoid hunching over. Use correct form when lifting objects and avoid twisting and stooping. The following tips provide information about lifting correctly:

- Use both hands to lift or carry a heavy object.
- Adopt a proper lifting stance by putting the strain on your legs, keeping your back straight and not bending at the waist.

- Wear a back brace for heavy work.
- Test the weight before picking up the item.
- Lift items smoothly and slowly.
- Move your feet instead of your back when traveling or turning with a heavy object.
- Hold the load close to your body.
- Ask for help to move loads that are too heavy for you.

### **3. Take Breaks Regularly**

Feeling tired and burned out makes you less likely to be aware of your surroundings and is a common cause of workplace injuries. Regular breaks help you stay fresh and alert on the job. It is particularly important to take short breaks when you have a task that requires repetitive movements over a long period of time.

### **4. Use Equipment Properly**

Always take the proper precautions when operating machinery or using tools. Taking shortcuts is a leading cause of workplace injuries. Use the appropriate tool for the job, and use it in the right way. When using tools and machinery, put safety first with the following tips:

- Only use machinery you are trained and authorized to use.
- Keep tools clean and in good working order.
- Organize tools and always return them to their proper place.
- Make sure the machine operator sees you, don't approach from a blind spot or from behind.
- Only perform tasks you have been properly trained to perform.
- Never leave machinery unattended while it is running.
- Always obey operating instructions.
- Never remove or tamper with safety guards.
- If something seems wrong, immediately stop the machine and get assistance.
- Communicate with those around you.
- Never walk in front of heavy equipment.
- Read and follow all labels and instructions.
- Don't tamper with hazardous items, including cords, switches and electric controls.
- Wear appropriate and compact clothing; loose, billowing clothing and accessories can easily get caught in moving parts.
- Never place fingers or other objects into moving machinery.



- Turn off equipment before moving, cleaning, adjusting, oiling or un-jamming.

## **5. Locate Emergency Exits**

Always know where emergency exits are located and keep the path to them clear. You should also have clear access to emergency shutoffs on machinery.

## **6. Report Safety Concerns**

If you notice a potential safety hazard or risk, report it to your supervisor immediately so they can address the situation. Keep communication lines open and work as a team to create a safe working environment.

## **7. Practice Effective Housekeeping**

Maintain a clean and organized workplace environment. Make housekeeping an ongoing project that everyone is involved in and keep these tips in mind:

- Prevent trips, slips and falls by keeping all floors clean and dry.
- Eliminate fire hazards by removing combustible materials and storing flammable materials away from sources of ignition.
- Control dust accumulation.
- Avoid tracking materials and cross contamination by keeping mats clean and having separate cleaning protocols for different areas.
- Use appropriate procedures to prevent falling objects.
- Keep the workplace clutter free.
- Store all materials and equipment properly.
- Regularly inspect tools and personal protective equipment to make sure they are in good working order.

## **8. Make Use Of Mechanical Aids**

Take the extra time to obtain a wheelbarrow, crank, conveyor belt, forklift or other mechanical aid to assist you in lifting heavy objects. Attempting to lift something that is too heavy can cause injuries that could have been avoided.

## **9. Reduce Workplace Stress**

Stress can contribute to difficulty concentrating and depression, which make it hard to be alert at work. There are many causes of stress at work including conflicts with others, heavy workloads, long hours and job insecurity. If you are experiencing workplace stress, talk to your supervisor about ways to address your concerns.

## 10. Use Appropriate Safety Equipment

It is important to use the proper safety equipment for a task to help protect yourself from injury:

- Wear appropriate clothing and shoes for your job.
- Know the location of fire extinguishers and first aid kits.
- Use a hard hat if there is a risk of falling objects.
- Wear gloves when handling toxic substances or sharp objects.
- Wear goggles when there is a hazard to your eyes.
- Use safety harnesses if there is a danger of falling.
- Wear non-skid shoes when working on slippery surfaces or lifting heavy objects.
- Wear a breathing mask.
- Use all protective equipment intended for your task including seat belts, protective headgear or clothing and safety glasses.

Creating an environment that is safe is the responsibility of everyone; do your part by following safety guidelines and policies. If you are injured on the job, notify your supervisor immediately and get assistance. Avoid taking risks when it comes to safety, be aware and do your part to maintain a safe workplace environment. If you've been injured on the job, call to schedule an appointment to see how our team of specialists can help to get you feeling better and back to work!

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## 10.8 WHAT ARE THE BENEFITS OF INTERNATIONAL LABOUR STANDARDS?

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The challenges of globalization have made international labour standards more relevant than ever. What benefits do they provide today?

### 1. A Path To Full And Productive Employment And Decent Work For All: The 2030 Goals

International labour standards are first and foremost about the development of people as human beings. In the Declaration of Philadelphia (1944), the international community recognized that “labour is not a commodity”. Labour is not an inanimate product, like an apple or a television set that can be negotiated for the highest profit or the lowest price. Work is part of everyone's daily life and is crucial to a person's dignity, well-being and development as a human being. Economic development should include the creation of jobs and working conditions in which people can work in freedom, safety and dignity. In short, economic development is not undertaken for its own sake, but to improve the lives of human beings. International labour standards are there to ensure that it remains focused on improving the life and dignity of men and women.

Decent work resumes the aspirations of humans in relation to work. It brings together access to productive and suitably remunerated work, safety at the workplace and social protection for families, better prospects for personal development and social integration, freedom for individuals to set out their claims, to organize and to participate in decisions that affect their lives, and equality of opportunity and treatment for all men and women.

Decent work is not merely an objective, it is a means of achieving the specific targets of the new international programme of sustainable development. At the United Nations General Assembly in September 2015, decent work and the four pillars of the Decent Work Agenda – employment creation, social protection, rights at work and social dialogue – became the central elements of the new Sustainable Development Agenda 2030. Goal 8 of the 2030 Agenda calls for the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Moreover, the principal elements of decent work are broadly incorporated into the targets of a large number of the 16 Goals of the United Nations new vision of development.

## **2. An International Legal Framework For Fair And Stable Globalization**

Achieving the goal of decent work in the globalized economy requires action at the international level. The world community is responding to this challenge in part by developing international legal instruments on trade, finance, the environment, human rights and labour. The ILO contributes to this legal framework by elaborating and promoting international labour standards aimed at making sure that economic growth and development go hand-in-hand with the creation of decent work. The ILO's unique tripartite structure ensures that these standards are backed by governments, employers and workers alike. International labour standards therefore lay down the basic minimum social standards agreed upon by all the players in the global economy.

## **3. A Level Playing Field**

An international legal framework on social standards ensures a level playing field in the global economy. It helps governments and employers to avoid the temptation of lowering labour standards in the hope that this could give them a greater comparative advantage in inter- national trade. In the long run, such practices do not benefit anyone. Lowering labour standards can encourage the spread of low-wage, low-skill and high-turnover industries and prevent a country from developing more stable high-skilled employment, while at the same time slowing the economic growth of trade partners. Because international labour standards are minimum standards adopted by governments and the social partners, it is in everyone's interest to see these rules applied across the board, so that those who do not put them into practice do not undermine the efforts of those who do.

#### **4. A Means Of Improving Economic Performance**

International labour standards have been sometimes perceived as being costly and therefore hindering economic development. However, a growing body of research has indicated that compliance with international labour standards is often accompanied by improvements in productivity and economic performance.

Minimum wage and working-time standards, and respect for equality, can translate into greater satisfaction and improved performance for workers and reduced staff turnover. Investment in vocational training can result in a better trained workforce and higher employment levels. Safety standards can reduce costly accidents and expenditure on health care. Employment protection can encourage workers to take risks and to innovate. Social protection, such as unemployment schemes, and active labour market policies can facilitate labour market flexibility, and make economic liberalization and privatization sustainable and more acceptable to the public. Freedom of association and collective bargaining can lead to better labour–management consultation and cooperation, thereby improving working conditions, reducing the number of costly labour conflicts and enhancing social stability.

The beneficial effects of labour standards do not go unnoticed by foreign investors. Studies have shown that in their criteria for choosing countries in which to invest, foreign investors rank workforce quality and political and social stability above low labour costs. At the same time, there is little evidence that countries which do not respect labour standards are more competitive in the global economy. International labour standards not only respond to changes in the world of work for the protection of workers, but also take into account the needs of sustainable enterprises.

#### **5. A Safety Net In Times Of Economic Crisis**

Even fast-growing economies with high-skilled workers can experience unforeseen economic downturns. The Asian financial crisis of 1997, the 2000 dot-com bubble burst and the 2008 financial and economic crisis showed how decades of economic growth can be undone by dramatic currency devaluations or falling market prices. For instance, during the 1997 Asian crisis, as well as the 2008 crisis, unemployment increased significantly in many of the countries affected. The disastrous effects of these crises on workers were compounded by the fact that in many of these countries social protection systems, notably unemployment and health insurance, active labour market policies and social dialogue were barely developed.

The adoption of an approach that balances macroeconomic and employment goals, while at the same time taking social impacts into account, can help to address these challenges.

## **6. A Strategy For Reducing Poverty**

Economic development has always depended on the acceptance of rules. Legislation and functioning legal institutions ensure property rights, the enforcement of contracts, respect for procedure and protection from crime – all legal elements of good governance without which no economy can operate. A market governed by a fair set of rules and institutions is more efficient and brings benefit to everyone. The labour market is no different. Fair labour practices set out in international labour standards and applied through a national legal system ensure an efficient and stable labour market for workers and employers alike.

In many developing and transition economies, a large part of the work- force is engaged in the informal economy. Moreover, such countries often lack the capacity to provide effective social justice. Yet international labour standards can also be effective tools in these situations. Most ILO standards apply to all workers, not just those working under formal employment arrangements. Some standards, such as those dealing with homeworkers, migrant and rural workers, and indigenous and tribal peoples, deal specifically with certain areas of the informal economy. The reinforcement of freedom of association, the extension of social protection, the improvement of occupational safety and health, the development of vocational training, and other measures required by international labour standards have proved to be effective strategies in reducing poverty and bringing workers into the formal economy. Furthermore, international labour standards call for the creation of institutions and mechanisms which can enforce labour rights. In combination with a set of defined rights and rules, functioning legal institutions can help formalize the economy and create a climate of trust and order which is essential for economic growth and development.

## **7. The Sum Of International Experience And Knowledge**

International labour standards are the result of discussions among governments, employers and workers, in consultation with experts from around the world. They represent the international consensus on how a particular labour problem could be addressed at the global level and reflect knowledge and experience from all corners of the world. Governments, employers' and workers' organizations, international institutions, multinational enterprises and non-governmental organizations can benefit from this knowledge by incorporating the standards in their policies, operational objectives and day-to-day action. The legal nature of the standards means that they can be used in legal systems and administrations at the national level, and as part of the corpus of international law which can bring about greater integration of the international community.

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## 10.9 SELF-ASSESSMENT QUESTIONS

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### **FILL IN THE BLANK**

1. \_\_\_\_\_ are legal instruments, drawn up by the ILO constituents (governments, employers and workers), that set out basic principles and rights at work.
2. ILS are adopted at the \_\_\_\_\_ and Member States are required to submit them to their competent authority (normally the parliament) for consideration.
3. The \_\_\_\_\_ is a United Nations Agency that sets universal labor standards.
4. In \_\_\_\_\_, the international community recognized that “labour is not a commodity”.
5. The \_\_\_\_\_ unique tripartite structure ensures that these standards are backed by governments, employers and workers alike.

### **ANSWER**

1. International Labour Standards (ILS)
2. International Labour Conference (ILC)
3. International Labour Organization (ILO)
4. The Declaration of Philadelphia (1944)
5. International Labour Organization (ILO)

### **TRUE OR FALSE**

1. ILS are adopted at the International Labour Conference (ILC) and Member States are required to submit them to their competent authority (normally the parliament) for consideration.
2. The International Labour Organization (ILO) is a United Nations Agency that sets universal labor standards.
3. The most fundamental labor standards are contained in the ‘fundamental Conventions’.
4. Business is affected by International Labour Standards through International legislation.
5. International Labour Standards can be a relevant source of practical guidance for business in areas not covered by national law or collective agreements.

6. The ILO Constitution sets forth the principle that workers must be protected from sickness, disease and injury arising from their employment.
7. The ILO has adopted less than 40 standards specifically dealing with occupational safety and health, as well as over 40 Codes of Practice.
8. Minimum wage and working-time standards, and respect for equality, can translate into greater satisfaction and improved performance for workers and reduced staff turnover.

### **ANSWER**

True. (1, 2, 5, 6, 8)

False. (3, 4, 7)

### **WRITE SHORT ANSWERS**

1. What is International Labour Standards?
2. What is Regional Labor Standard?
3. Why Are ILS Relevant To Business?
4. How International Labour Standards Are Used?
5. Understand International Labour Standards On Occupational Safety And Health.
6. What Are The Common Occupational Health And Safety Standards?
7. What Are The Benefits Of International Labour Standards?

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## **10.10 SUMMARY**

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ILO International Labour Standards (ILS) are legal instruments, drawn up by the ILO constituents (governments, employers and workers), that set out basic principles and rights at work. The International Labour Organization (ILO) is a United Nations Agency that sets universal labor standards.

ILS are adopted at the International Labour Conference (ILC) and Member States are required to submit them to their competent authority (normally the parliament) for consideration.

The ILO Governing Body has identified the following eight Conventions as “fundamental”, covering subjects that are considered as fundamental principles and rights at work: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration



Convention, 1951 (No. 100); and Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

The most fundamental labor standards are contained in the 'Declaration on Fundamental Principles and Rights at Work'. This declaration sets out four fundamental policies for labor are A right of workers to free association and collective bargaining; A prohibition on forced or compulsory labor; A prohibition on child labor; A prohibition on unfair discrimination among workers.

Rights for employees under European labor law include: The right to a written employment contract (whether a fixed-term contract or an indefinite one); The right of employees to free movement across European Union states; A right to a minimum of 4 weeks annual leave; Health and safety minimum standards (e.g., rules on how to return to work safely); Prohibited discrimination; Restrictions on redundancies.

Under NAALC, all countries (Canada, United States and Mexico) agreed to enforce certain minimum labor standards covering: Freedom of association, and the right to organize; The right to collective bargaining; The right to strike; No child labor; A set of minimum labor standards relating to matters such as wages, hours and conditions of employment; Equal pay for equal work; Health and safety protections; Workers' compensation; Protections for migrant workers.

Key instruments on occupational safety and health are ***Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)*** ; Occupational Safety and Health Convention, 1981 (No. 155) - and its Protocol of 2002; Occupational Health Services Convention, 1985 (No. 161)

Health and safety in particular branches of economic activity such as ***Hygiene (Commerce and Offices) Convention, 1964 (No. 120)***; Occupational Safety and Health (Dock Work) Convention, 1979 (No. 152); Safety and Health in Construction Convention, 1988 (No. 167); Safety and Health in Mines Convention, 1995 (No. 176); Safety and Health in Agriculture Convention, 2001 (No. 184)

Protection against specific risks are ***Radiation Protection Convention, 1960 (No. 115)***; Occupational Cancer Convention, 1974 (No. 139); ***Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)***; Asbestos Convention, 1986 (No. 162); Chemicals Convention, 1990 (No. 170)

The challenges of globalization have made international labour standards more relevant than ever. benefits do they provide today are A Path To Full And Productive Employment And Decent Work For All: The 2030 Goals; An International Legal Framework For Fair And Stable Globalization; A Level Playing Field; A Means Of Improving Economic Performance; A Safety Net In Times Of Economic Crisis; A Strategy For Reducing Poverty; The Sum Of International Experience And Knowledge

## 10.11 KEY-WORDS

- **International Labour Standards** promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity.
- **Regional Labor Standard** Another form of international labor law is the set of rules that applies across a select group of countries.
- **International Labour Conference** establishes and adopts international labour standards and is a forum for discussion of key social and labour questions.
- **International Labour Organization** the UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights.
- **Freedom of association** the right of a person coming together with other individuals to collectively express, promote, pursue and/or defend common interests.
- **collective bargaining** the process in which working people, through their unions, negotiate contracts with their employers to determine their terms of employment
- **Prohibited discrimination** The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, place of birth or any of them.
- **Restrictions on redundancies** a situation in which someone loses their job because their employer does not need them
- **The right to strike** a statutory right in India guaranteed under Section 22(1)(a) of the Industrial Disputes Act, 1957
- **Equal pay for equal work** men and women must receive equal pay for performing jobs that may be very different but are of equal or comparable value. T
- **Health and safety protections** policies and protections put in place to ensure plant and factory worker protection from hazards that could cause injury.
- **Workers' compensation** a government-mandated program that pays benefits to workers who become injured or disabled.
- **Protections for migrant workers** the right to form associations and trade unions in the State of employment for the promotion and protection of their economic, social, cultural and other interests.
- **Radiation Protection Convention, 1960 (No. 115)** to set out basic requirements with a view to protect workers against the risks associated with exposure to ionising radiations
- **Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)** the working environment shall be kept free from any hazards due to air pollution, noise or vibration.

- **Codes of Practice** set out practical guidelines for public authorities, employers, workers, enterprises, and specialized occupational safety and health protection bodies (such as enterprise safety committees).

**REFERENCE:**

**<https://www.ioe-emp.org/policy-priorities/international-labour-standards>**

**<https://nhglobalpartners.com/international-labor-law-explained-for-employers/>**

**<https://www.ilo.org/global/standards/introduction-to-international-labour-standards/the-benefits-of-international-labour-standards/lang-en/index.htm>**

**<https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/occupational-safety-and-health/lang-en/index.htm>**

**<https://www.slma.cc/occupational-health-safety-tips/>**

**<https://www.ilo.org/global/standards/introduction-to-international-labour-standards/the-benefits-of-international-labour-standards/lang-en/index.htm>**

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