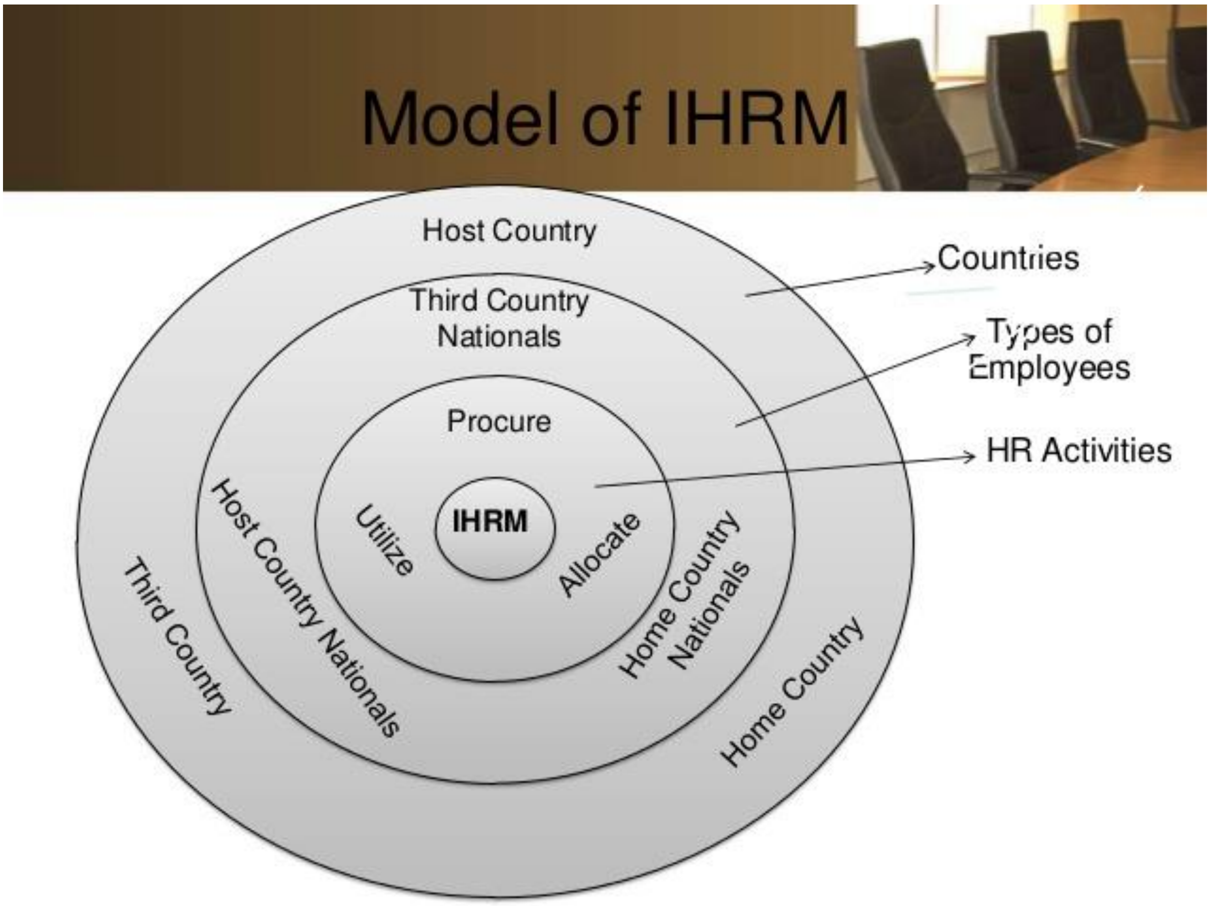
UNIT-I

Human and Cultural Variables in Global Organisations, Cross-cultural differences and managerial implications. Cross Cultural Research Methodologies and Hofstede Hermes Study. Structure in International Firms. Global Issues and Challenges.



What is International Human Resource Management?

- IHRM can be defined as set of activities aimed managing organizational human resources at international level to achieve organizational objectives and achieve competitive advantage over competitors at national and international level.
- IHRM includes typical HRM functions such as recruitment, selection, training and development, performance appraisal and dismissal done at international level and additional activities such as global skills management, expatriate management and so on.

Meaning of international Human Resource Management:

International Human resource management is the process of procuring allocating and effectively utilizing the human resources in a multinational corporation. While HR Managers in these organization have to integrate HR policies and practices across a number of subsidiaries spread in several countries so that the organization goals can be achieve at the same time they have to make these policies and practices sufficiently flexible to allow significant differences in these policies in different countries.

International HRM is concerned with identifying and understanding how the MNC's manage their geographically dispersed worked force in order to leverage their HR resources for obtaining local as well as global competitive advantage.

Definition of international Human Resource Management:

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In simple terms, IHRM is concerned about managing human resources at Multinational Companies (MNC) and it involves managing 03 types of employees namely,

- **Home country employees**- Employees belonging to home country of the firm where the corporate head quarter is situated.
- **Host country employees-** Employees belonging to the nation in which the subsidiary is situated.
- **Third country employees-** These are the employees who are not from home country/host country but are employed at subsidiary or corporate headquarters. As an example a American MNC which has a subsidiary at India may employ a French person as the CEO to the subsidiary. The Frenchman employed is a third country employee.

Differences between domestic and International HRM:

- Domestic HRM is done at national level and IHRM is done at international level.
- Domestic HRM is concerned with managing employees belonging to one nation and IHRM is concerned with managing employees belonging to many nations (Home country, host country and third country employees)
- Domestic HRM is concerned with managing limited number of HRM activities at national level and IHRM has concerned with managing additional activities such as expatriate management.
- Domestic HRM is less complicated due to less influence from the external environment. IHRM is very complicated as it is affected heavily by external factors such as cultural distance and institutional factors..

Objectives of IHRM:

- Create a local appeal without compromising upon the global identity.
- Generating awareness of cross cultural sensitivities among managers globally and hiring of staff across geographic boundaries.
- Training upon cultures and sensitivities of the host country.

Need of IHRM:

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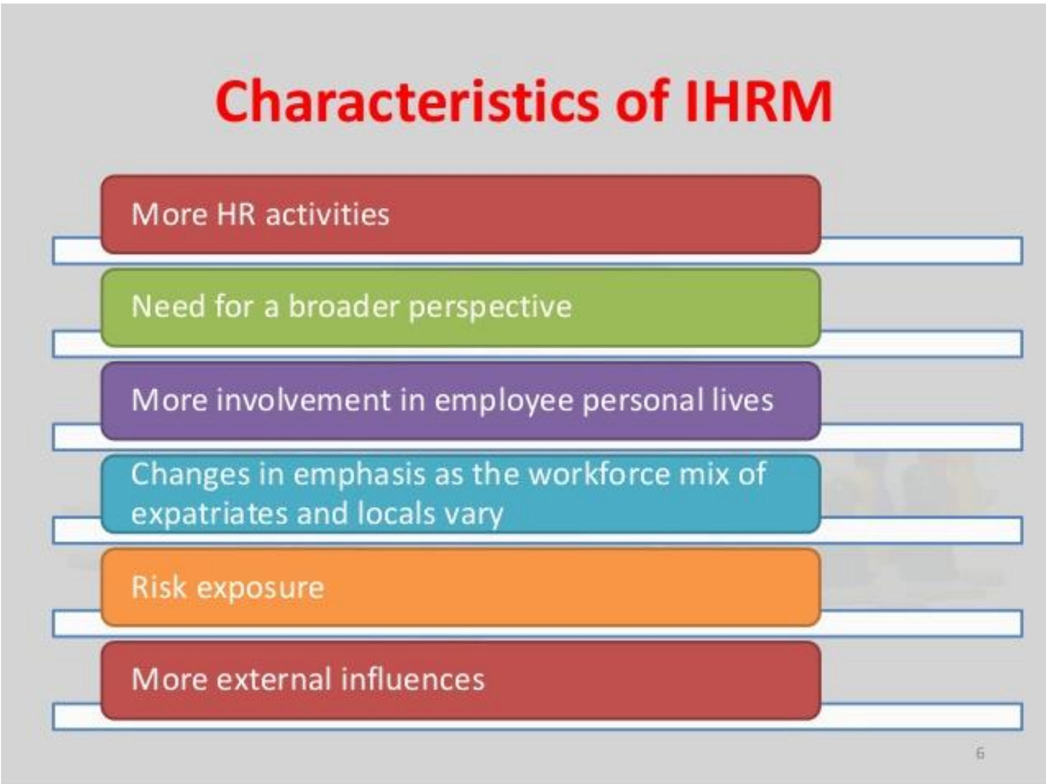
- Generating awareness of cross cultural sensitivities among managers globally and hiring of staff across geographic boundaries.
- Training upon cultures and sensitivities of the host country.

Characteristics of IHRM:



IHRM approaches:

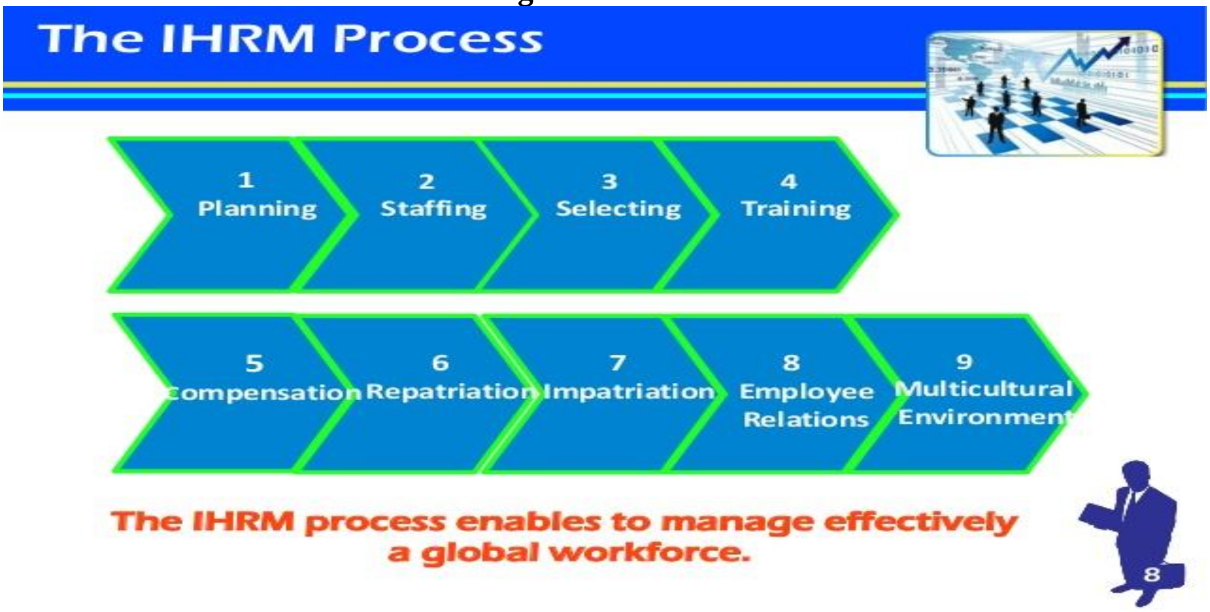
- **Ethnocentric:** key positions filled by nationals of parent company
- **Polycentric:** host country nationals recruited to manage subsidiary in their own country
- **Geocentric:** best people recruited, whatever their national it
- **Regiocentric:** best people recruited within region in which the subsidiary operates (e.g. EU, USA).

Issues in IHRM:

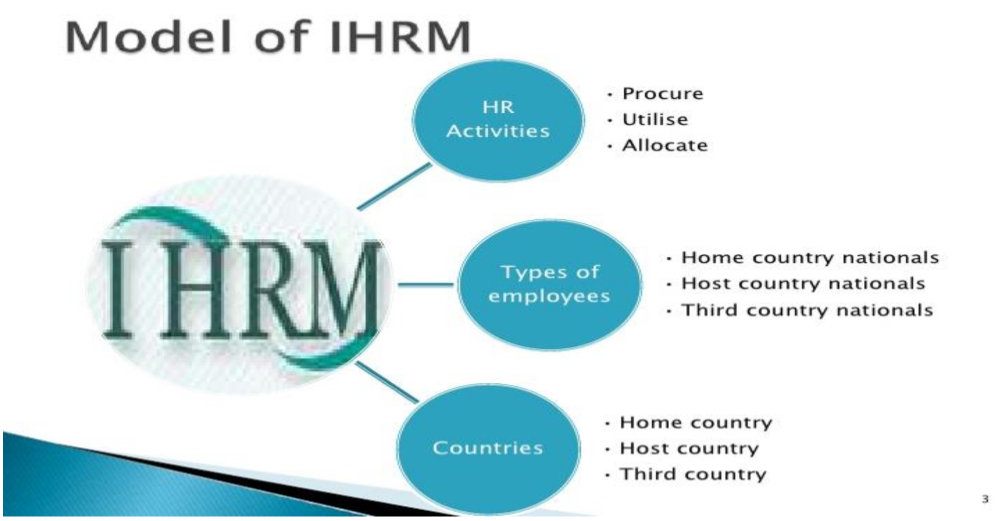
- Managing International Assignments
- Employee and Family Adjustments
- Selecting the right person for foreign assignments
- Culture and Gauge
- Language and Communication

Functions of IHRM:

International Human Resource Management Process:



Model of IHRM:



CULTURE:

"Culture is a set of beliefs and values about what is desirable and undesirable in a community of people, and a set of formal or informal practices to support the values" Culture is a subtle but pervasive force.

Culture – refers to the attitudes, values, customs, and behavior patterns that characterize a social group - the ways in which a particular group of people lives, including their shared knowledge, values, customs and physical objects

Importance of cultural sensitivity for global business:

- To communicate effectively with customers, suppliers, foreign employees, business partners etc.
- Conduct negotiations
- Predict trends in social behaviour likely to affect foreign operations

- Predict Impact of cultural differences on advertisements and promotion
- Understand ethical standards and social responsibility
- Conduct efficient meetings
- Understand how people interpret market research and other information

Characteristics of Culture:

- Culture is Shared – by group of people
- Culture is Learned – ideals which shape Life
- No culture remains in an Isolation

Cultural Predispositions:

Strategic Predispositions Four distinct predispositions toward doing things in a particular way:

- Ethnocentric
- Polycentric
- Regio-centric
- Geocentric

Ethnocentric predisposition: A nationalistic philosophy of management whereby the values and interests of the parent company guide strategic decisions.

Polycentric predisposition: A philosophy of management whereby strategic decisions are tailored to suit the cultures of the countries where the MNC operates

Regio-centric predisposition: A philosophy of management whereby the firm tries to blend its own interests with those of its subsidiaries on a regional basis.

Geocentric predisposition: A philosophy of management whereby the company tries to integrate a global systems approach to decision making.

Meeting the challenge in cultural predisposition:

The Globalization perspective

1) Belief that one worldwide approach to doing business is key to efficiency and effectiveness
2) Many factors facilitate the need to develop unique strategies for different cultures:
    - Diversify the world wide standards
    - Continual demand by local customers for differentiated products
    - Importance of being insider as in case of customer who prefers to "buy local"

Dimensions and Hofstede's Model:

Geert Hofstede, (born 2October 1928 in Haarlem, Netherlands) is an influential Dutch researcher in the fields of organisational studies, organisational culture, cultural economics and management. He is a well-known pioneer in his research of cross-cultural groups and organisations

Hofstede's cultural dimensions:

- High vs. Low context cultures
- Power distance
- Collectivism vs. Individualism
- Masculinity vs. Femininity
- Uncertainty avoidance
- Long vs. Short term orientation

High vs. Low context cultures: This division, which stems from E. T. Hall's research, applies to the reliance on the immediate physical context in communication.

High vs. Low context cultures

Features of high context cultures	Features of low context cultures
Communicate through high context messages	Communicate through low context messages
Many things are left unsaid, allowing the culture to explain.	The communicator needs to be much more explicit.
People feel responsible for their family and their subordinates at work	Independence and individualism is emphasized.
The concept of 'face', i.e. strong public image.	No concept of 'face'.
If a member's face is threatened, the whole group's honour is in danger	Everyone is responsible for themselves

Power distance: This dimension applies to the perception of power and authority by the less influential members of a given community. It is the extent to which the less powerful members of organisations and institutions accept and expect that power is distributed unequally.

High vs. Low power distance

Features of high power distance cultures	Features of low power distance cultures
Members accept power distance as part of social order, it determines what is right and wrong.	Power is exerted only where it is necessary.
More powerful members of society perceive their subordinates as unequal.	People are equal, they consider social inequalities obsolete.
Subordinates fear the more powerful members.	Cooperation should be based on the principle of solidarity.
There is not much trust among co-workers	Subordinates are considered as older, more experienced colleagues.
Majority of people are dependent on others.	Co-workers are prone to trust one another.
Subordinates are blamed for mistakes.	The system is blamed for mistakes.
There is a strong conflict between the strong and the weak members	Everyone should have equal rights
Social inequalities are accepted; every person has a high or low place in the social order and is protected by law	Strong and weak members coexist in harmony

Individualism vs. Collectivism: It is the degree to which individuals are integrated into groups. In individualistic societies, the stress is put on personal achievements and individual rights. In collectivist societies, individuals act predominantly as members of a lifelong and cohesive group.

Individualism vs Collectivism

Features of individualistic cultures	Features of collectivistic cultures
Everyone has the right to have their own opinions.	Opinions are shaped by the group.
A person's commitments include: their own interest, self-education, their own debts.	Commitments towards the family: harmony, respect, family honoor and loyalty.
Education is a lifelong process, one learns how to learn and acquire useful information and skills.	Education is for young people, one learns how to behave.
People are expected to care for themselves and their immediate family.	Everyone is a part of a larger group and is expected to be loyal and care for its well-being.
People have high self-awareness and are independent.	Group awareness precedes, mutual relationships and ties are emphasized.
Friendship is a basic human need.	Friendships are determined by group membership.
Decisions are made individually and are influenced by people's beliefs and opinions	The group makes all decisions.

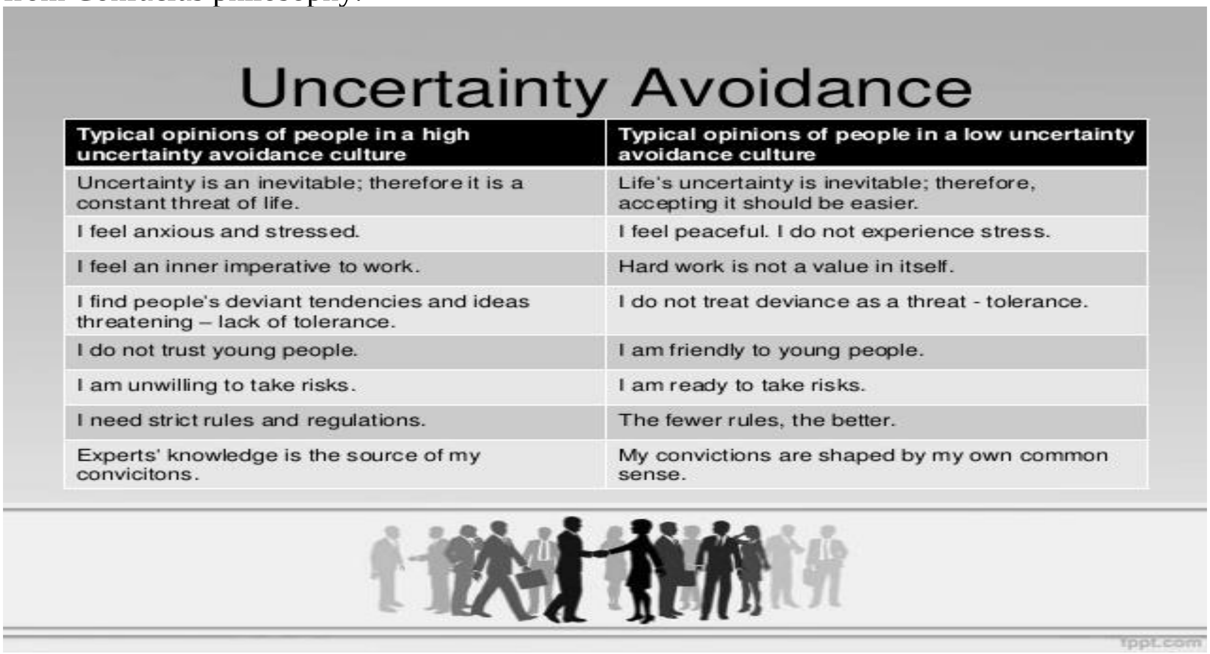
Masculinity vs. Femininity:

- Masculine cultures value success, money and material possessions, whereas feminine cultures place more value on relationships and quality of life. In masculine cultures, the differences between gender roles are more rigid and less fluid than in feminine cultures.
- Interestingly, masculine cultures are those that used to be at war often, while feminine cultures are those in which men and women had to support each other in order to persevere in harsh life conditions

Masculinity vs Femininity

Typical opinions of people from a masculine culture	Typical opinions of people from a feminine culture
Men's role is to rule, women's role is to raise up children.	Men are also involved in children's upbringing.
Gender roles are explicit and concrete.	Gender roles are interchangeable.
Men should dominate in a society.	Genders should be treated equally.
Independence is the highest ideal.	Mutual dependence is the highest ideal.
People who achieve success are worthy of admiration.	People who handle adversity deserve appreciation.
Ambitions lead to action.	Service is the greatest motivator to action.
The great and the fast are beautiful.	The little and the slow are beautiful.
You live to work.	You work to live.

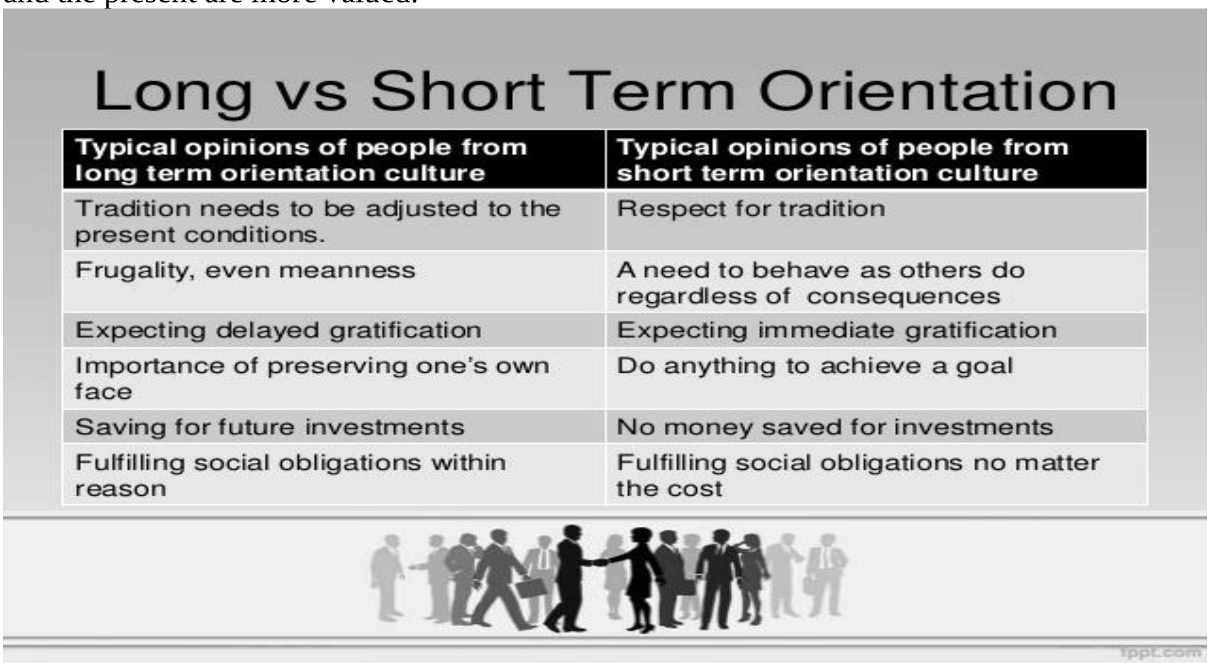
Uncertainty Avoidance: High uncertainty avoidance stems from striving for truth and the belief that it is in fact cognizable. This conviction is important in the Western rationalistic tradition. It can be juxtaposed with the Eastern pursuit of virtues stemming from Confucius philosophy.



Uncertainty Avoidance

Typical opinions of people in a high uncertainty avoidance culture	Typical opinions of people in a low uncertainty avoidance culture
Uncertainty is an inevitable; therefore it is a constant threat of life.	Life's uncertainty is inevitable; therefore, accepting it should be easier.
I feel anxious and stressed.	I feel peaceful. I do not experience stress.
I feel an inner imperative to work.	Hard work is not a value in itself.
I find people's deviant tendencies and ideas threatening – lack of tolerance.	I do not treat deviance as a threat - tolerance.
I do not trust young people.	I am friendly to young people.
I am unwilling to take risks.	I am ready to take risks.
I need strict rules and regulations.	The fewer rules, the better.
Experts' knowledge is the source of my convicitons.	My convictions are shaped by my own common sense.

Long vs. Short Term Orientation:•This distinction was added as the last one to Hofstedes typology. It describes societies' time perspective. Long term oriented societies attach more importance to the future. In short term oriented societies, the past and the present are more valued.



Long vs Short Term Orientation

Typical opinions of people from long term orientation culture	Typical opinions of people from short term orientation culture
Tradition needs to be adjusted to the present conditions.	Respect for tradition
Frugality, even meanness	A need to behave as others do regardless of consequences
Expecting delayed gratification	Expecting immediate gratification
Importance of preserving one's own face	Do anything to achieve a goal
Saving for future investments	No money saved for investments
Fulfilling social obligations within reason	Fulfilling social obligations no matter the cost

Managing Across Cultures:

Involves the ability to recognize and embrace similarities and differences among nations and cultures and then approach key organizational and strategic issues with an open and curious mind

Culture - The dominant pattern of living, thinking, and believing that is developed and transmitted by people, consciously or unconsciously, to subsequent generations.

Cultural values - Those consciously and subconsciously deeply held beliefs that specify general preferences, behaviors, and define what is right and wrong.

Characteristics of culture:

- Innovations & risk taking
- Attention to detail
- Outcome orientation
- People Orientation
- Team orientation
- Aggressiveness
- Stability

How organizational culture starts :

- Develop a new idea.
- Bring key people together & share a common vision
- Act of creation of an organization
- Collaborate
- Take accountability

Core abilities of the managing across cultures:

- Understand
- Appreciate and
- use cultural factors
- motivate the employee
- Global mind-set
- Strong culture -> Employee behavior -> reduced turnover

Strategy for managing across cultures:

- MNC strategies must address the cultural similarities and differences in their varied markets
- Globalization
- National responsiveness
- Need to understand the difference consumer taste
- Regional market -> response -> national standards & regulations by government

Organizational Structures

very international business firm has to face various issues related to organizational policies. These organizational issues are to be addressed carefully in order to keep the business healthy and profitable. Although there are numerous issues, both small and big, we will primarily concentrate only on the major issues that need to be addressed.

Centralization vs. Decentralization

Centralization is the systematic and consistent reservation of authority at central points in the organization. In **centralization,** the decision-making capability lies with a few selected employees. The implications of centralization are

- Decision making power is reserved at the top level.

- Operating authority lies with the mid-level managers.
- Operation at lower level is directed by the top level.

Almost every important decision and operational activities at the lower level are taken by the top management.

Decentralization is a systematic distribution of authority at all levels of management. In a decentralized entity, major decisions are taken by the top management to build the policies concerning the entire organization. Remaining authority is delegated to the mid- and lower-level managers.

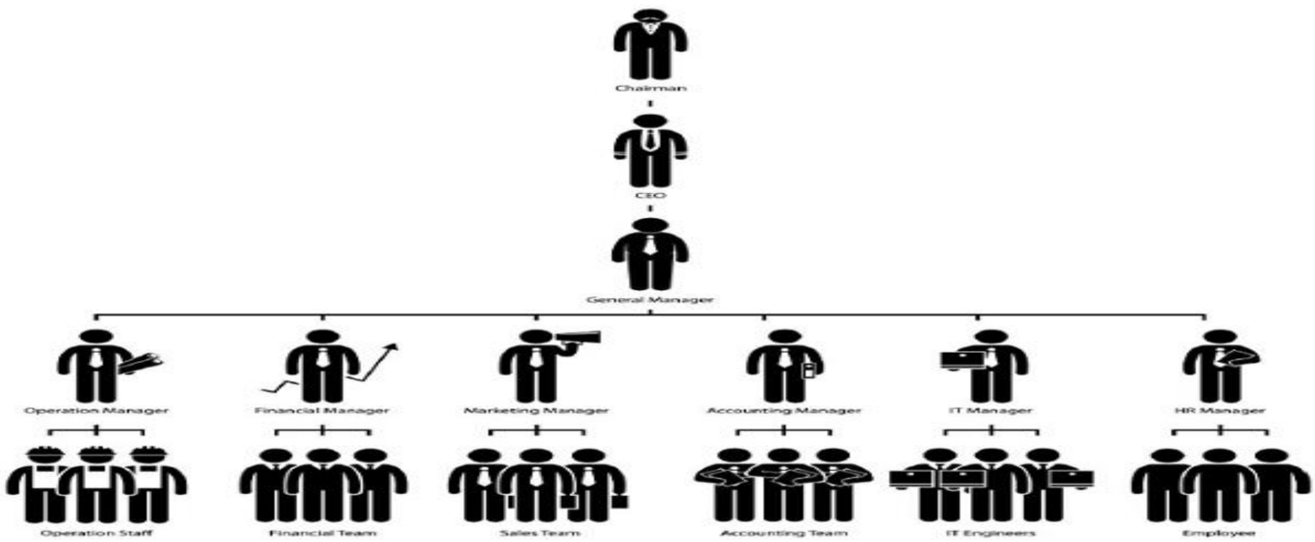
Use of Subsidiary Board of Directors

International firms, especially the fully-owned ones, usually have a board of directors to oversee and direct the top-level management. The major responsibilities of board-members are to −

- Advice, approve, and appraise local management.
- Help the management unit in providing response to local conditions.
- Assist the top management in strategic planning.
- Supervise the firm’s ethical issues.

Organizational Structures

Any international business organization, depending on its requirements and operations, would have an organization structure to streamline all its processes. In this section, we will try to understand some of the major types of organizational structures.



Initial Division Structures

Initial division structures are common in subsidiaries, export firms, and on-site manufacturers. **Subsidiaries** that follow this kind of organization structure include firms where the main export is expertise, for example, consultants and financial firms. **Export firms** include those having technologically advanced products and manufacturing units. Companies having **on-site manufacturing operations** follow this structure to cut down their costs.

International Division Structure

This structure is built to handle all international operations by a division created for control. It is often adopted by firms that are still in the development stages of international business operations.

Advantages

- International attitude gets the attention of top management
- United approach to international operations

Disadvantages

- Separates domestic managers from their international counterparts
- Difficulty in ideating and acting strategically and in allocating resources globally

Global Product Division

Global product divisions include domestic divisions that are allowed to take global responsibility for product groups. These divisions operate as profit centers.

Advantages

- Helps manage product, technology, customer diversity
- Ability to cater to local needs
- Marketing, production, and finance gets a coordinated approach on a product-by-product, global basis

Disadvantages

- Duplication of facilities and staff personnel within divisions

- Division manager gets attracted to geographic prospects and neglects long-term goals
- Division managers spending huge to tap local, not international markets

Global Area Division

Global area division structure is used for operations that are controlled on a geographic rather than a product basis. Firms in mature businesses with select product lines use it.

Advantages

- International operations and domestic operations remain at the same level
- Global division managers manage business operations in selected geographic area
- Ability to reduce cost per unit and price competitively

Disadvantages

- Difficult to align product emphasis in a geographically oriented manner.
- New R&D efforts are often ignored, as sale in mature market is where the focus is.

Global Functional Division

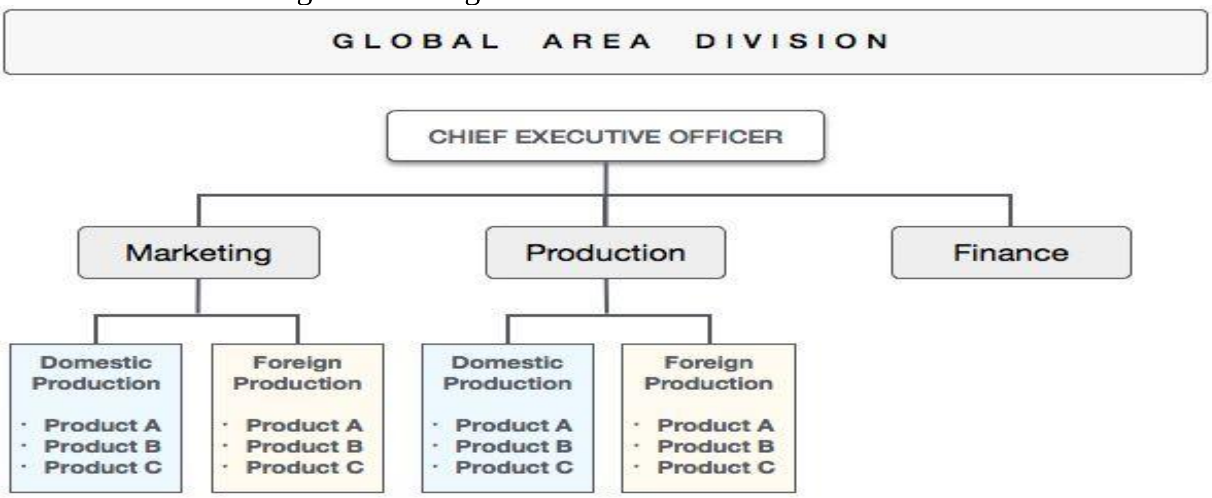
This structure is to primarily organize global operations based on function; product orientation is secondary for firms using global function division structure.

Advantages

- It emphasizes on functional leadership, centralized-control, and leaner managerial staff
- Favorable for firms that require a tight, centralized coordination and control over integrated production mechanisms
- Helps those firms that need to transport products and raw materials between geographic areas

Disadvantages

- Not suitable for all types of businesses. Applicable to only oil and mining firms
- Difficult to coordinate manufacturing and marketing processes
- Managing multiple product lines can be challenging, as production and marketing are not integrated.



Mixed Matrix

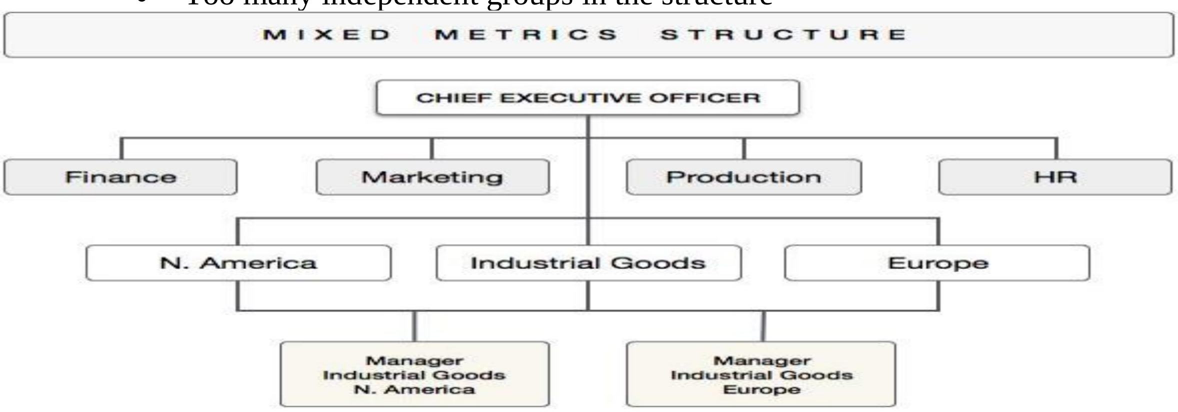
This structure combines global product, area, and functional arrangements and it has a cross-cutting committee structure.

Advantages

- Can be designed to meet individual needs
- Promotes an integrated strategic approach tailored to local needs and priorities

Disadvantages

- Complex structure, coordinating and getting everyone to work toward common goals becomes difficult.
- Too many independent groups in the structure



TOP CHALLENGES WITH A GLOBAL WORKFORCE

Effective Communication

It is a challenge to work closely within the team when your teams are across the globe. Handling the virtual workforce is quite a big task to accomplish. There is a big difference between physical office spaces and virtual office spaces. Teams have to put extra efforts to maintain a professional relation virtual and make sure the communication is effective.

Managing Talent Diversity

When your organization has a presence at different places, the cultures also differ. Due to globalization, the workforce has become more diverse. Human resource leaders face a challenge when dealing with a heterogeneous team. Having a diverse workforce will have implications for management.

Managers should understand the differences between in-office and remote resources and make decisions accordingly. HR managers should implement practices that unite the workforce to enhance creativity, productivity, and efficiency.

Managing the workforce effectively with HR software will help organizations have transparency, better communication, and positive work culture.

Abiding by Local Laws

Legal implications harm your organization's brand image and also can incur high costs when ignored. Many labor laws change with state and country boundaries. The organization must ensure that they abide by the local laws and regulations. If the company breaks any rules, it may need to stop operations in that area.

Talent Gaps

One of the biggest challenges of the HR department is to attract, hire, develop, and retain employees that have the skillset to execute a skilled job. It is an additional challenge to find someone that is skilled who knows the local and international market.

The HR teams need to acquaint themselves with immigration laws to hire resources from other countries. HR software solutions reduce the gap between the talent and the talent system.

Conflicts of Interest

When your organization has a global presence, integration of different markets will be a challenge. The local market also changes and differs from state to state. When it comes to the world market, resources belonging to different nations will have their interest that impacts your business goals.

Challenges for HR Managers

1) Adapting to Change

Organizations are adapting to the transformation of the global village. The technology is also evolving, which comes out as a challenge to adapt and implement change. All your workforce must acquaint with the changes as well.

2) Work Culture and Environment

When your business is on the path of expansion, it will acquire and merge with different people, governments, and businesses. During all of this hustle and bustle, it is a challenge to concentrate on setting up a high work culture and sustain a positive work environment.

3) Setting up the Right Ethics and Values

Ethics and value play a fundamental role in business success. Having a diverse workforce gets people from different backgrounds together. It is a challenge to align your workforce with your organization's goals. The best way they can achieve this is to set the best practices to increase longevity.

4) Maintaining a Low Attrition Rate

Any organization invests a lot of time and money to hire and train the right people that are fit for the job. Globalization has increased the number of opportunities in the market. Resources change for better opportunities or financial growth. The organization will have to start again from scratch to hire and train. It is a big challenge for HR managers to keep a low attrition rate.

5) Work-life Balance

Having a balance in professional and personal life is crucial for happiness and stability. HR managers have a huge responsibility to create a perfect balance between work and personal life. Perfect balance helps to boost productivity and retention rate.

6) Stress and Conflict

Globalization has fueled competitiveness and made things faster. It also has increased the number of working hours, higher targets, and competition. It is the responsibility of the HR department to reduce stress and solve conflicts if any arise. It is a challenge for them to keep the tension and conflicts between the teams minimum.

7) Needed Organization Restructures

The world is moving at high pace organizations need to adapt to the pace and restructure the workforce effectively. It is a challenge for managers to restructure their processes.

How to Overcome the HR Challenges of a Global Workforce

Mentor Programs

Mentor programs are one of the most effective ways to manage a diverse workforce. Business leaders can choose managers from different departments for the mentor program to train and give feedback to employees from different backgrounds.

Strategic Deployment of Talent

More organizations are entering the global market. That increases the necessity of strategic deployment of diverse talents to analyze and succeed in niche markets. Be sure to allocate a good spread of talent across all your departments, so every pod has the experts they need to keep things running smoothly.

Analyze the Results

An HR manager needs to regularly assess issues like payroll, development, and work environment. It benefits to understand their longevity and growth. It also helps to understand the changes required in the work process.

Motivated Workforce
Workforce motivation is a critical key to success. It helps inspire your workforce to achieve business goals. If your team is content, that can motivate them to be overachievers.

Tip: Ensure motivated employees by making sure they're placed in the right roles.

Monetary Benefits
Monetary benefits can motivate employees like nothing else. Organizations should appreciate the top performers and reward them gifts, incentives, vouchers, and travel internationally to other offices to learn more about them.

UNIT-II

Structural Evolution of Global Organisations -- Cross cultural leadership and decision making, Cross-cultural communication and negotiation. Managing across Cultures. Religious and Economic Implications.

International Organizational Structures: Type # 1.

Expo-documents against acceptancert Department:

Exports are often looked after by a company's marketing or sales department in the initial stages when the volume of exports sales is low. However, with increase in exports turnover, an independent exports department is often setup and separated from domestic marketing, as shown in Fig. 17.2.

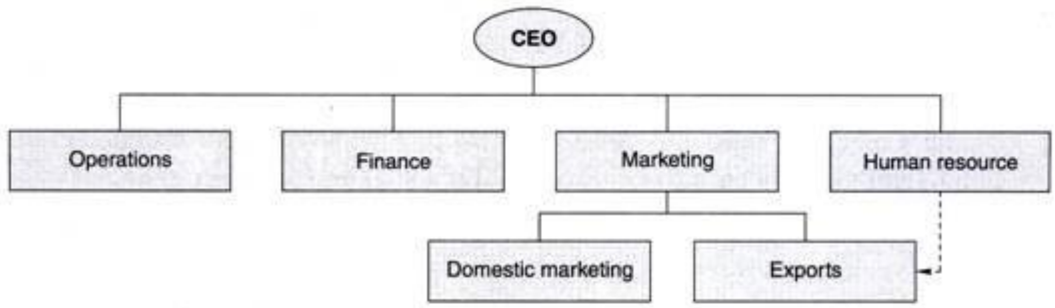


Fig. 17.2 Exports department

Exports activities are controlled by a company's home-based office through a designated head of export department, i.e. Vice President, Director, or Manager (Exports). The role of the HR department is primarily confined to planning and recruiting staff for exports, training and development, and compensation.

Sometimes, some HR activities, such as recruiting foreign sales or agency personnel are carried out by the exports or marketing department with or without consultation with the HR department.

International Organizational Structures: Type # 2.

International division structure:

As the foreign operations of a company grow, businesses often realize the overseas growth opportunities and an independent international division is created which handles all of a company's international operations (Fig. 17.3). The head of international division, who directly reports to the chief executive officer, coordinates and monitors all foreign activities.

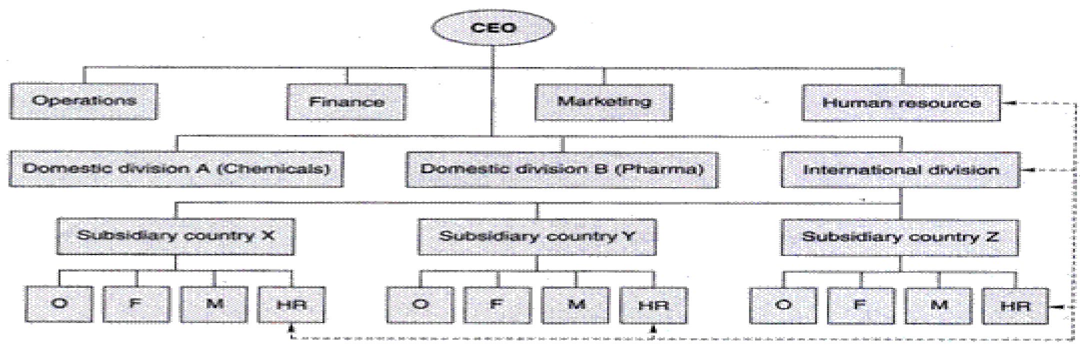


Fig. 17.3 International division structure

The in-charge of subsidiaries reports to the head of the international division. Some parallel but less formal reporting also takes place directly to various functional heads at the corporate headquarters.

The corporate human resource department coordinates and implements staffing, expatriate management, and training and development at the corporate level for international assignments. Further, it also interacts with the HR divisions of individual subsidiaries.

The international structure ensures the attention of the top management towards developing a holistic and unified approach to international operations. Such a structure facilitates cross-product and cross-geographic co-ordination, and reduces resource duplication.

Although an international structure provides much greater autonomy in decision-making, it is often used during the early stages of internationalization with relatively low ratio of foreign to domestic sales, and limited foreign product and geographic diversity.

International Organizational Structures: Type # 3.

Global Organizational Structures:

Rise in a company's overseas operations necessitates integration of its activities across the world and building up a worldwide organizational structure.

While conceptualizing organizational structure, the internationalizing firm often has to resolve the following conflicting issues:

i. Extent or type of control exerted by the parent company headquarters over subsidiaries

ii. Extent of autonomy in making key decisions to be provided by the parent company headquarters to subsidiaries (centralization vs. decentralization)

It leads to re-organization and amalgamation of hitherto fragmented organizational interests into a globally integrated organizational structure which may either be based on functional, geographic, or product divisions. Depending upon the firm strategy and demands of the external business environment, it may further be graduated to a global matrix or trans-national network structure.

Global functional division structure:

It aims to focus the attention of key functions of a firm, as shown in Fig. 17.4, wherein each functional department or division is responsible for its activities around the world. For instance, the operations department controls and monitors all production and operational activities; similarly, marketing, finance, and human resource divisions co-ordinate and control their respective activities across the world.

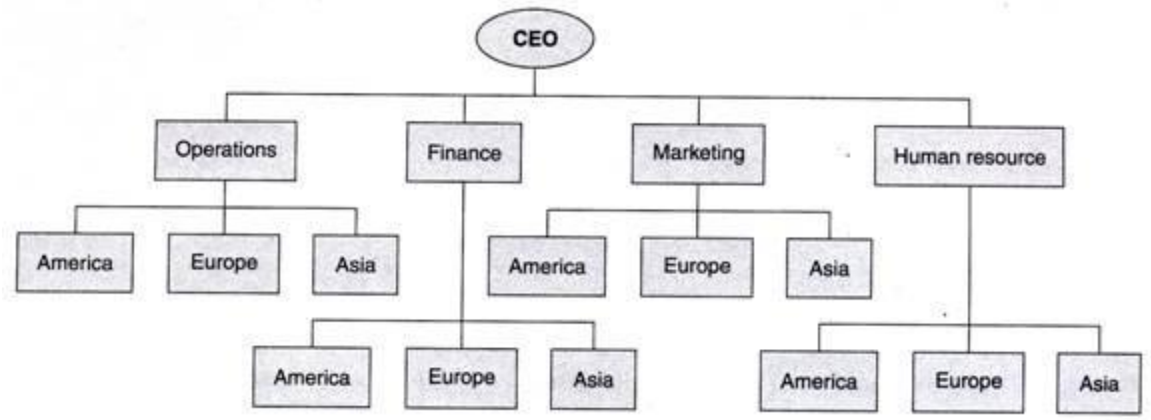


Fig. 17.4 Global functional division structure

Such an organizational structure takes advantage of the expertise of each functional division and facilitates centralized control. MNEs with narrow and integrated product lines, such as Caterpillar, usually adopt the functional organizational structure.

Such organizational structures were also adopted by automobile MNEs but have now been replaced by geographic and product structures during recent years due to their global expansion.

The major advantages of global functional division structure include:

i. Greater emphasis on functional expertise

ii. Relatively lean managerial staff

iii. High level of centralized control

iv. Higher international orientation of all functional managers

The disadvantages of such divisional structure include:

i. Difficulty in cross-functional coordination

ii. Challenge in managing multiple product lines due to separation of operations and marketing in different departments

iii. Since only the chief executive officer is responsible for profits, such a structure is favoured only when centralized coordination and control of various activities is required.

Global product structure:

Under global product structure, the corporate product division, as depicted in Fig. 17.5, is given worldwide responsibility for the product growth.

The heads of product divisions do receive internal functional support associated with the product from all other divisions, such as operations, finance, marketing, and human resources. They also enjoy considerable autonomy with authority to take important decisions and operate as profit centres.

Fig. 17.5 Global product structure

The global product structure is effective in managing diversified product lines.

Such a structure is extremely effective in carrying out product modifications so as to meet rapidly changing customer needs in diverse markets. It enables close coordination between the technological and marketing aspects of various markets in view of the differences in product life cycles in these markets, for instance, in case of consumer electronics, such as TV, music players, etc.

However, creating exclusive product divisions tends to replicate various functional activities and multiplicity of staff. Besides, little attention is paid to worldwide market demand and strategy. Lack of cooperation among various product lines may also result into sales loss. Product managers often pursue currently attractive markets neglecting those with better long-term potential.

Global geographic structure:
Under the global geographic structure, a firm's global operations are organized on the basis of geographic regions, as depicted in Fig. 17.6. It is generally used by companies with mature businesses and narrow product lines. It allows the independent heads of various geographical subsidiaries to focus on the local market requirements, monitor environmental changes, and respond quickly and effectively.

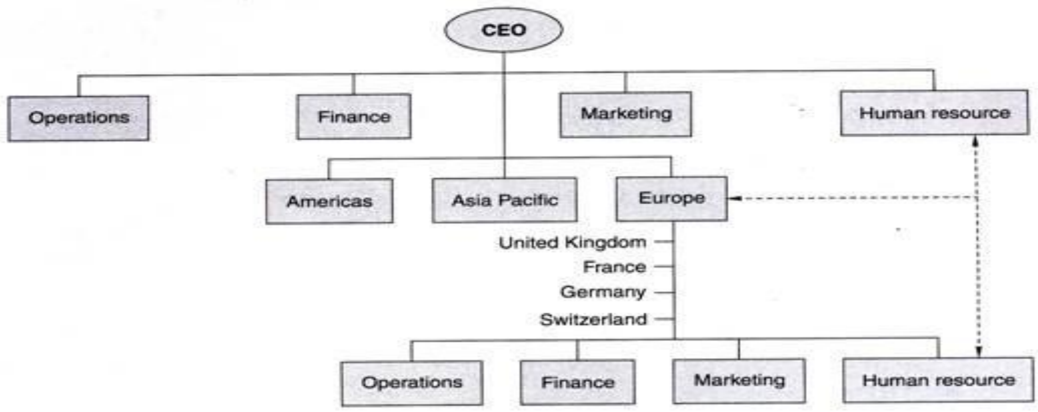


Fig. 17.6 Global geographic structure

The corporate headquarter is responsible for transferring excess resources from one country to another, as and when required. The corporate human resource division also coordinates and provides synergy to achieve company's overall strategic goals between various subsidiaries based in different countries.

Such structure is effective when the product lines are not too diverse and resources can be shared. Under such organizational structure, subsidiaries in each country are deeply embedded with nationalistic biases that prohibit them from cooperating among each other.

Global matrix structure:

It is an integrated organizational structure, which super-imposes on each other more than one dimension. The global matrix structure might consist of product divisions intersecting with various geographical areas or functional divisions (Fig. 17.7). Unlike functional, geographical, or product division structures, the matrix structure shares joint control over firm's various functional activities.

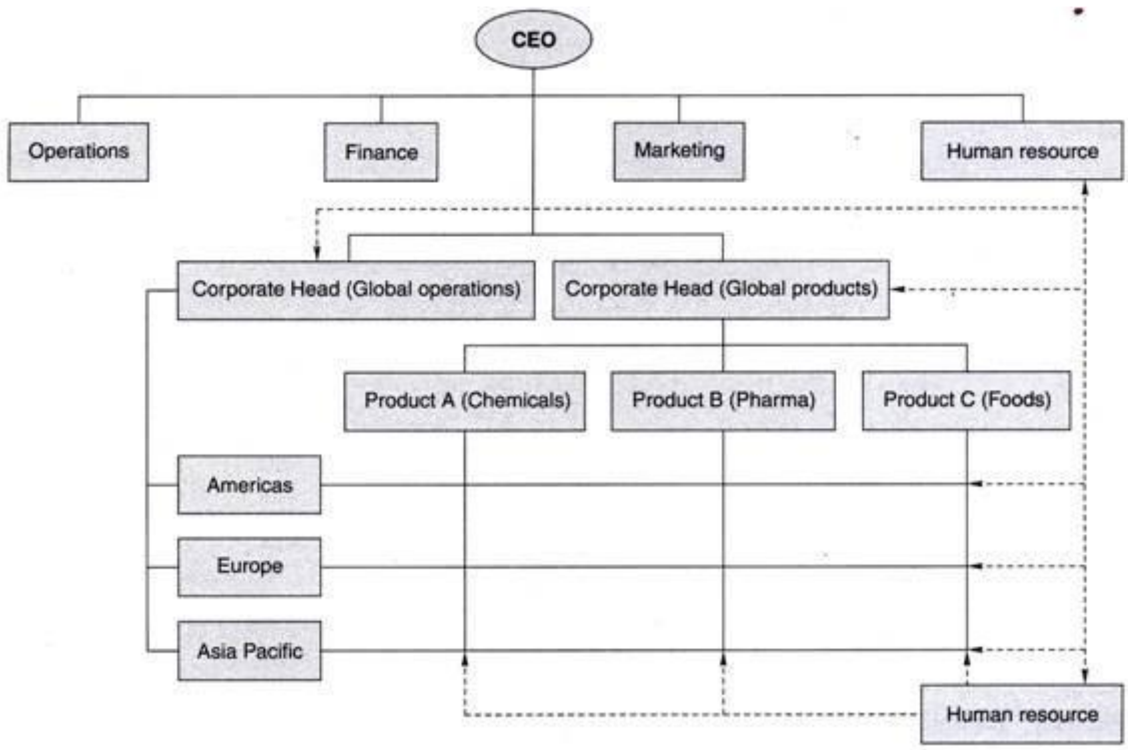


Fig. 17.7 Global matrix structure

Such an integrated organizational structure facilitates greater interaction and flow of information throughout the organization. Since the matrix structure has an in-built concept of interaction between intersecting perspectives, it tends to balance the MNE's prospective, taking cross-functional aspects into consideration.

It facilitates ease of technology transfer to foreign operations and of new products to different markets leading to higher economies of scale and better foreign sales performance. Matrix structure is used successfully by a large number of MNEs, such as Royal Dutch/Shell, Dow Chemical, etc.

In an effort to bring together divergent perspectives within the organization, the matrix structure may also lead to conflicting situations. It inhibits a firm's ability to respond quickly to environmental changes in case an effective conflict resolution mechanism is not in place.

Since the structure requires most managers to report to two or multiple bosses, Fayol's basic principle of unity of command is violated and conflicting directives from multiple authorities may compel employees to compromise with sub-optimal alternatives so as to avoid conflict which may not be the most appropriate strategy for an organization as a whole.

Transnational network structure:
Such a globally integrated structure represents the ultimate form of an earth-spanning organization, which eliminates the meaning of two or three matrix dimensions. It encompasses elements of function, product, and geographic designs while relying upon a network arrangement to link worldwide subsidiaries (Fig. 17.8).

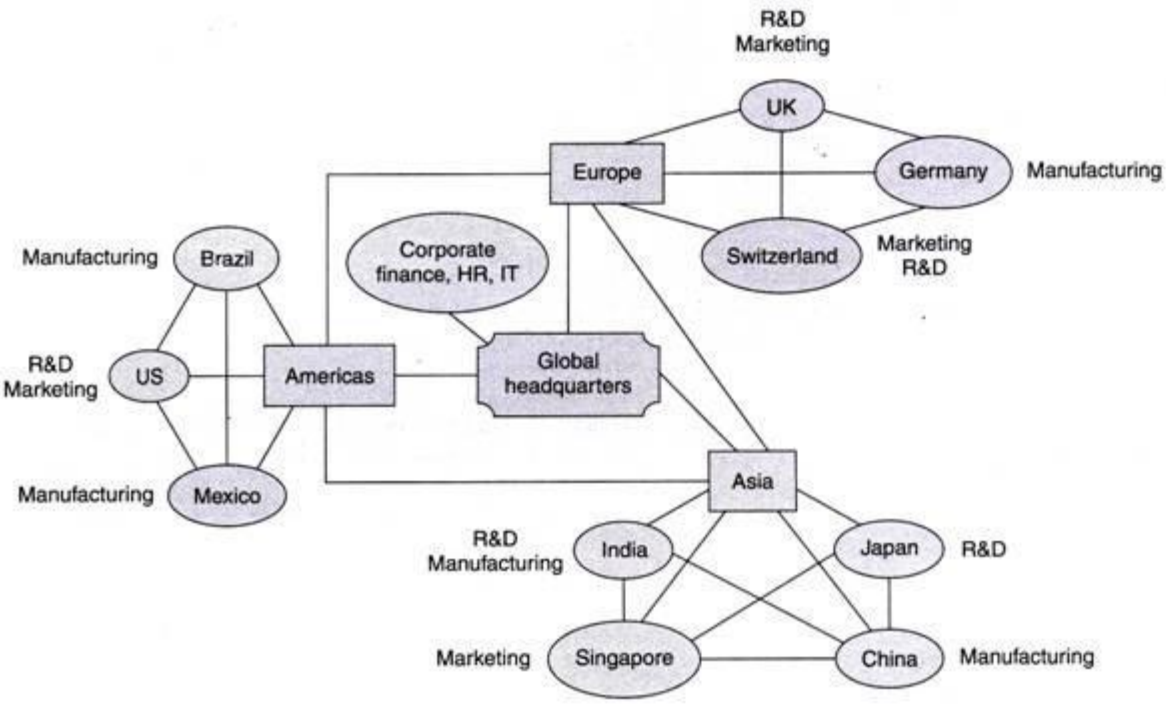


Fig. 17.8 Transnational network structure

This form of organization is not defined by its formal structure but by how its processes are linked with each other, which may be characterized by an overall integrated system of various inter-related sub-systems.

The trans-national network structure is designed around 'nodes', which are the units responsible for coordinating with product, functional and geographic aspects of an MNE. Thus, trans-national network structures build-up multidimensional organizations which are fully networked.

The conceptual framework of a trans-national network structure primarily consists of three components:

Disperse sub-units:

These are subsidiaries located anywhere in the world where they can benefit the organization either to take advantage of low-factor costs or provide information on new technologies or market trends

Specialized operations:

These are the activities carried out by sub-units focusing upon particular product lines, research areas, and marketing areas design to tap specialized expertise or other resources in the company's worldwide subsidiaries.

Inter-dependent relationships:

It is used to share information and resources throughout the dispersed and specialized subsidiaries.

Organizational structure of N.V. Philips which operates in more than 50 countries with diverse range of product lines provides a good illustration of a trans-national network structure.

International Organizational Structures: Type # 4.

Evolution of Global Organizational Structures:

Organizational structures often exhibit evolutionary patterns, as shown in Fig. 17.9, depending upon their strategic globalization. The historical evolution of organizational patterns indicates that in the early phase of internationalization, most firms separate their exports departments from domestic marketing or have separate international divisions.

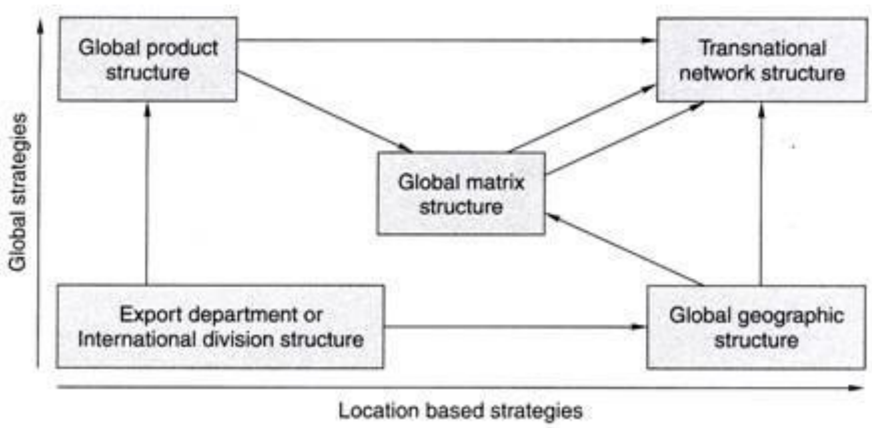


Fig. 17.9 Evolution of global organizational structures

Companies with emphasis on global business strategies move towards global product structures whereas those with emphasis on location base strategies move towards global geographic structures.

Subsequently, a large number of companies graduate to a matrix or trans-national network structure due to dual demands of local adaptations pressures and globalization. In practice, most companies hardly adopt either pure matrix or trans-national structures; rather they opt for hybrid structures incorporating both.

Cross-Cultural Leadership?

Cross-cultural psychology attempts to understand how individuals of different cultures interact with each other. Cross-cultural leadership is the way to understand leaders who work in the newly globalized market. Cross-cultural leadership involves the ability to influence and motivate people's attitudes and behaviors in the global community to reach a common organizational goal.

GLOBE authors describe organizational leadership as "the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members" and their definition for culture includes "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations."

Theories on Cross-Cultural Leadership:

Implicit Leadership Theory (ILT):

This theory asserts that people's underlying assumptions, stereotypes, beliefs, and schemas influence the extent to which they view someone as a good leader. Since people across cultures tend to hold different implicit beliefs, schemas and stereotypes, it would seem only natural that their underlying beliefs in what makes a good leader differ across cultures.

Hofstede's Cultural Dimensions:

This is one of the most prominent and influential studies to date regarding leadership in a globalized world. The study reveals similarities as well as differences across cultures and emphasizes the need to be open-minded to understand the differences in other cultures. As per this theory, there are five dimensions of culture to compare cultures, to help leaders with an understanding of how to adjust their leadership styles accordingly; Individualism/Collectivism, Feminine/Masculine, Power Distance, Uncertainty Avoidance, and Long Term/ Short Term orientation.

GLOBE - The Global Leadership and Organizational Behavior Effectiveness Research Project:

The GLOBE study extended the ILT to include individuals of a common culture maintaining a relatively stable common belief about leaders, which varies from culture to culture. They labeled this the Culturally Endorsed Implicit Leadership Theory (CLT). The GLOBE study expanded Hofstede's dimensions to include Uncertainty Avoidance, Power Distance, Collectivism I: Societal Collectivism, Collectivism II: In-Group Collectivism, Gender Egalitarianism, Assertiveness, Future Orientation, Performance Orientation, and Humane Orientation.

Traits for Cross-Cultural Leader:

Given below is a list of traits found to be associated with successful international executive by different researchers:

- General Intelligence
- Business Knowledge
- Interpersonal Skills
- Commitment
- Courage
- Ease in dealing with cross-cultural issues
- Open Personality
- Flexibility
- Drive
- Language Skills
- Multicultural Perspective Taking
- Knowledge and cognition
- Cultural Awareness
- Cross-cultural Schema
- Cognitive Complexity

An effective cross-cultural leader must have a well-rounded skillset and understanding of the differences that exist among people from different backgrounds.

1. **Cultural differences Cultural differences** can become most apparent when people from different cultures interact socially or in circumstances involving business. Personal space, demeanor, time, forms of address and gestures are possible areas where cross-cultural differences can come into play. For example, norms surrounding personal space can vary from culture to culture. Personal space has to do with the acceptable distance that exists between one person and another during conversational exchanges. While an American may have a one- to two-foot comfort zone, someone of a different culture may consider six inches to be an acceptable personal area
2. **CROSS CULTURE DECISION** MAKING Every aspect of management comes along with some form of decision making. When it comes to cross- cultural decision making, a lot of difficult obstacles must be addressed. A decision in one culture is often ineffective in another.
3. **Two types of** decision making processes Programmed Non programmed process.
4. **Programmed The programmed decision** making process is the most commonly used style. This entails making decisions based on precedent, custom, policies and procedures, and training and development. This style reduces risk and stress for decision makers because a basis for a decision can be pretested for efficiency. A disadvantage is that when an organization's environment changes, the programmed bases for decision making become obsolete.

5. **Non programmed process. With** non programmed decision making, this entails analyzing current data and information, obtained through a systematic investigation of the current environment, for the purpose of identifying and solving a problem.
6. **Steps of decsion** making in wetern culture (1) Through investigation, define the problem. (2) Identify a minimum criteria on which to base the decision. (3) Identify multiple viable choices. (4) Quantitatively evaluate each viable choice on the basis of each criterion. (5) Select the optimum choice. (6) Implement the choice.
7. **problems** One of the problems is reconciling the conflicting demands of a situation. Another problem is defining the level of all individuals' motivation

CROSS-CULTURAL NEGOTIATIONS AND COMMMUNICATION

In cross-cultural negotiations, above and beyond the issues of personal negotiation styles and techniques, one must consider the impact of cultural difference. This impact will often be tied to communication issues, increasing the possibilities of misunderstanding. Things that are said, left unsaid, or unclearly said can all create an extra layer of difficulty on top of the substantive issues to be discussed.

In cross-cultural negotiations, we also often bring a certain amount of baggage to the table based on our personal and group history, with all of the stereotypes and assumptions that may go along with that history. What makes it particularly challenging is that cultural difference is a two-way street, potentially making both sides of the table feel awkward. In a potentially adversarial negotiation, that awkwardness could easily become distrust and fear.

One of the challenges in dealing with cultural difference is the nature of culture itself. While the concept of culture applies to a body of people, and their history, we negotiate with individuals, not a "culture". In a sense, we are all the product of a variety of micro-cultures; based on our family, gender, race, religion, age, education, geographic history, peer groups, occupation, etc. Generalizing based on one's culture is not only challenging but dangerous.

To maximize the chances of success in the cross-cultural setting, one should consider a number of factors, including:

1. Etiquette/Protocol Issues

Simple issues we take for granted can make a difference in cross-cultural settings. How do you greet someone; with what level of formality? First name jocularity may work wonderfully in Los Angeles, but fall flat in Beijing where formality is more the norm (at least in the absence of longstanding relations). How should you dress to meet a senior government official in the heat of a Trinidadian summer? Are there gender issues to consider that may impact on how to behave?

Are gifts appropriate? Required? Have we considered the impact of some of the issues set out below, such as personal space norms? Are certain topics acceptable, and if so when can they be raised comfortably?

There may even be protocols that we will never be aware of. For example, in Saudi Arabia, showing the sole of your shoe to your host would be considered a breach of etiquette, but they would rarely point it out to you. In Belgium, failing to properly introduce everyone might ruffle feathers.

Lack of understanding of etiquette can lead to tension, discomfort, and mistrust. In Saudi Arabia, it would be quite normal for a visitor to be greeted by their male host with a very soft handshake and a kiss, then taken by the hand and walked hand in hand around a party being introduced to everyone. Such an activity would make many North American males a tad uncomfortable, but understanding the nature of the cultural norms can make the experience far less daunting.

Try to inform yourself and understand the protocol and etiquette norms in advance, but keep your senses open for any signs that you have stepped into inappropriate territory.

2. Body Language Issues

While in Western (North American and European) cultures, eye contact is often seen as a good thing (a sign of confidence, honesty, etc.), even in those cultures, it can be misinterpreted. In other cultures, such as some aboriginal cultures and Japanese culture, eye contact can be seen as rude or inappropriate or uncomfortable.

One must be careful in reading too much or too little into body language signals, as they can be so easy to misinterpret and so dependant on personal history. As individuals, we are the product of many micro-cultures, all of which play a role in our interactions with others. A Japanese businessperson, for example, is the product of his family upbringing, his education, his gender, his religion, his work experience, his geographic history, his age, etc.

Working among the Inuit for example, we have been told by Southerners that Inuit are uncomfortable with eye contact. The truth is much more complex. Our Inuit participants in workshops have told us that eye contact may be uncomfortable in some settings (in discussions with elders, in discussions with a power imbalance, and in discussions that are uncomfortable by their nature), but that eye contact is not inherently bad at all. Indeed much communication in Inuit culture takes place with the eyes ('Yes' and 'No' are often communicated by a mere facial expression – what you might see as raised eyebrows and a grimace respectively). The comfort level with eye contact also depends very much on the background of the Inuk in question. Are they a 60 year old who was raised on the land or a 14 year old raised on MTV?

Other issues of body language commonly worth considering are the aspects of "personal space" and physical contact. Typically, to be comfortable, members of Western cultures desire a couple of feet of personal space. In some Asian cultures, more space may be desired. In Middle Eastern culture and some others, there may be much more physical contact as a norm, particularly between males. Contact between different genders however may be more limited in the Middle East than in Western norms. All of these norms however, are subject to significant variation dependent on the individuals in question and their exact relationship with one another. What works for good friends for example, may not work with strangers.

With all aspects of body language, try to keep your radar open for signs that discomfort is being created.

3. Language Issues

In certain circumstances, language differences will require interpretative services on one or all sides. It is worth exploring the degree of language issues early on to prepare accordingly, before substantive discussions begin. Will there be a similar standard for verbal and written communications?

Recognize that, when translation is required, you will need to at least double the time required to accomplish a goal.

In using translation, you will want to ensure that you are getting accurate and timely translation, so set clear ground-rules for your interpreters. Are they to summarize or to repeat word for word? Nothing is more disturbing than to hear a three minute speech translated with one short sentence.

Technical language is much harder to understand and translate and acronyms can be easily misunderstood. An acronym (PMO) may simply sound like an unknown word. Avoid acronyms where possible. Speaking slowly and enunciating can help.

In negotiations with people from another language group, rather than caucus in private, some people may simply start talking in their own language. One should be careful of such actions as you never know what language proficiency is on the other side of the table. In one case, a group had a conversation in Flemish that was largely insulting to the other side. Unbeknownst to them, a Flemish speaker on the North American side understood every word, and was not amused.

4. Relationship Issues

In Western culture, there may be varying degrees of comfort with personal relationships in a negotiation. Some people are inherently relationship builders by nature and want to get to know the other party before getting down to business. Others are more rational and “cut to the chase” by nature, and may see personal relationships as external to or even dangerous in a business deal.

Other cultures can approach relationships in different ways. South Americans, for example, are more likely to want to get to know you as a person before getting down to business. The same would be true of many Asian cultures.

Americans often see contracts as the answer to all questions in a business relationship, whereas Europeans, particularly from the south, may be more likely to see a contract merely as the starting point of the larger relationship.

In the Caribbean, personal ‘respect’ is a crucial value. The way you deal with people will be remembered for a long time, and reputation can be very important to doing business effectively.

Ask yourself what role relationships should have in this negotiation. Is there a place for building relationships, and how can that be done effectively without disadvantaging oneself?

5. Timing Issues

Different cultures deal with time in very different ways. In Western cultures, punctuality is generally seen as a positive, though in the extreme it can actually be seen as nitpicky behaviour. In Japan and China, a failure to appear on time may be a serious breach of etiquette. In the Caribbean, the Arctic, South America or the Middle East, however, time is often seen as more fluid. Many a conflict at a hotel desk in the Bahamas has arisen because, “I am getting to it” in Nassau does not mean the same as it does in New York City.

In Toronto, cutting to the chase may be quite acceptable, whereas in Tokyo, more time may need to be set aside for negotiations, to lay the groundwork for the relationships. Time might also be used as a weapon. In a Chinese negotiation, for example, the substantive discussions were delayed and delayed until two hours before the known departure time of a Canadian negotiator, putting added pressure on that negotiator to make concessions before leaving.

Whereas many North Americans see a “one issue at a time” approach as a rational one, a Saudi negotiating team may jump all over the map on the issues. Is it a strategy or a cultural trait? We often infer negative intention from actions that have a negative impact on us, but we need to be careful about such knee jerk reactions. By clarifying the process in advance, we are less likely to be surprised in a negative way.

It is worth exploring timing issues explicitly with all parties so everyone understands what is meant by a timetable. When the other side says “We’ll get it to you soon”, what does that really mean?

Be prepared for surprises nonetheless.

6. Trust and Information Issues

North American culture generally values a rational, analytical, straight-forward approach to information, but at the same time, many North Americans typically keep their cards close to their chests and are reluctant to disclose. The adage of “I’ll show you mine, if you show me yours first” would not be uncommon. The approach to information often varies with the parties’ personalities and their relationship at the time, as well as other factors. The greater the level of trust, the more likely that fuller disclosure will occur.

Other cultures may approach information and trust in different ways. Some cultures are more risk averse than others, though typically, our training suggests that most cultures world-wide have a broad component of risk-averse individuals and a small subset of risk-takers. What kinds of personalities are you dealing with? Which are you?

7. Legal Issues

Where foreign law is an issue, advice from counsel adept in the appropriate jurisdiction is a must. The parties will need to determine what law is to apply to any contract, both procedurally and substantively. Be aware that legislation in one or more countries may trump what is written in the contract if there is a conflict. As a result, it is imperative to have someone who knows the legal framework in the relevant jurisdictions. If contracts are drafted in more than one language, what will happen in the event of a conflict?

What level of commitment is necessary to finalize an agreement? A written contract is the norm in most cultures, but the power of the handshake and verbal agreement varies from place to place and person to person. Ensure you are on the same page about the level of commitment and have the appropriate protections in place to ensure compliance.

8. Authority Issues

Depending on the culture (and other issues), true authority for decision-making may rest in various hands. In North America, it would be normal for a representative to attend with authority to make decisions, but there may be practical or strategic reasons for them to attend with limited or no authority to commit their principal. The boss may be out of country, or unwilling to make a final decision, for example.

In Japan, decisions may be made by consensus or by a senior representative of the company. Again, this may well depend on the people and companies involved. In Saudi Arabia, simply trying to determine who has the real authority may be a challenge.

There can be confusion and distrust when authority is spread in a horizontal manner on one side of the table but hierarchically on the other. How can you deal with decision-making to make both sides comfortable? Does a backroom democratic style, with a single point of contact to the client, make more sense than having all decision-makers participate equally with the client?

It is worth clarifying who has authority early on, modeling by your own example.

9. Political/Procedural Issues

When dealing with a foreign culture, you need to educate yourself and be aware of the political and practical realities of getting what you want in the applicable environment. Are there channels that must be followed? If so, what are they, and what is the best route through them that is compatible with the ethical issues in both cultures. Gift giving (and receiving), for example, may be the norm in China, but may run afoul of Government of Canada or company regulations on conflict of interest. This is a political issue. On the practical and procedural side, if giving a gift, what would be appropriate, and how should it be done?

10. Gender Issues

One of the most common and deeply felt value clashes that can occur between cultures is triggered by gender issues. In Saudi Arabia, for example, most Western companies will use male personnel in negotiations, out of concern that female negotiators will not be heard and respected in the same way by the Saudi Negotiators. Companies do this despite (at least in some cases) having their own internal codes of conduct which rule against gender discrimination. Important values and traditions on either side of the negotiation come head to head with stressful results on both sides.

Many aspects of gender relations crop up under some of the other categories set out above, such as etiquette and relationship building. It is worth spending time to consider the impact of gender dynamics on either side of the table, before plowing ahead into unknown territory.

11. Expectation Issues

It may help to clarify the expectations of the parties early on. What one side sees as the logical goal of a negotiation (getting a contract) may not be the goal of the other side (getting to know you/making contacts for future business). It never hurts to have a shared understanding of the goals. Clarify the shared purpose of the negotiation early on.

Effects of Religion on the Economy

Religious practice is an efficient and effective catalyst of socio-economic growth.[1] In the United States religious organizations produce substantial economic revenue, provide substantial social capital through its civic and social networks, and foster human capital growth in its citizens.[2] According to a 2016 estimate, faith-based organizations in the U.S. had a greater revenue than that of Apple and Microsoft combined.[3] However, as government hostility toward organized religion has increased,[4] religious affiliation has simultaneously decreased.[5] This decline in religious practice will have significant negative repercussions for the U.S. economic framework.

1. Religious Liberty

Religious liberty contributes to better business and economic outcomes. According to Brian Grim of Georgetown University and Greg Clark and Robert Edward Snyder of Bringham Young University, countries with lower levels of religious hostilities and government restrictions on religion ranked stronger in global competitiveness.[6] Religious freedom also contributed to peace and stability[7] and helped lower corruption[8]—two important ingredients for economic development. Research on Muslim-majority countries have shown that high religious restrictions deter young entrepreneurs[9] and allow business competitors to cite religious laws to attack their rivals.[10]

2. Social and Individual Norms that Boost Economic Growth

Religion affects economic decision-making by establishing social standards and shaping individual personalities. Firms located in communities with higher religiosity tend to adhere to ethical norms that are conducive to a stable economy. A 2015 study by Jeffrey Callen and Xiaohua Fang of the University of Washington found that companies headquartered in counties with higher religiosity had fewer instances of manager bad-news-holding and, correspondingly, significantly lower levels of future stock price crash risk.[11] Banks headquartered in areas with high religiosity also took less risk and experienced less value destruction in times of crisis.[12] Researchers at Rice University reported that companies headquartered in highly religious areas had fewer instances of "misbehavior" than those in less religious communities, as measured by securities fraud lawsuits filed against the firm, aggressive earnings manipulation, option back-dating, and excessive executive compensation.[13] High religious adherence was also linked to a lower likelihood of financial restatement, less risk that financial statements were misrepresented, a lower likelihood of participating in tax sheltering, and more honesty in voluntary disclosures.[14] Similarly, firms headquartered in religious areas had higher credit ratings and lower cost of debt.[15]

Religious practice also naturally and efficiently cultivates the human capital necessary for a thriving economy. Religiously involved students tend to spend more time on their homework, work harder in school,[16] and have higher educational aspirations.[17] Religious practice is particularly powerful in helping disadvantaged youth in poor neighborhoods stay on-track in school and improve their educational status.[18]

3. Revenue of Religious Organizations

In addition to instilling ethical norms and standards in employees and managers, religious organizations accrue significant revenue for the U.S. economy. In their 2016 analysis published in the Interdisciplinary Journal of Research on Religion, Brian and Melissa Grim calculated that faith-based organizations contributed $378 billion[19)] annually to the U.S. economy (based on revenue in education, healthcare, congregational activities, charities, media, and food).

Education: Based on school enrollment and tuition rates, Brian and Melissa Grim estimated that in 2011-2012 faith-based elementary schools made $15 billion, secondary schools made $12 billion, and higher education institutions made $46.8 billion.[20)]

Healthcare: Religious organization partner with public health institutions and provide health-related services and resources that promote physical and mental well-being.[21)] According to a 2014 report by Peter J. Brown of Emory University, the "Catholic Church—one of the largest health care providers—operated 5,246 hospitals, 17,530 dispensaries, 577 leprosy clinics, and 15,208 houses for the chronically ill and handicapped world-wide."[22)] The 2014 annual revenue of U.S. faith-based hospitals and health systems with an active religious affiliation was $161 billion, according to Brian and Melissa Grimm's calculations of the 100 top-grossing U.S. hospitals and the 100 top integrated health systems.[23)]

Congregational Activities: Based on data from the National Congregations Study cumulative dataset (1998, 2006-07, 2012) and 2010 Religious Congregations and Membership Study, Brian and Melissa Grim estimated that the average congregation spent $26,781 on social programs in 2012 (totaling $9 billion across the 344,894 congregations measured).[24)]

Charities: Of the fifty largest U.S. charities cited by Forbes magazine in 2014, twenty were faith-based. On the aggregate, these twenty charities made an annual revenue of $45.3 billion, reported Brian and Melissa Grim.[25)] Arthur Brooks of the American Enterprise Institute found that religious people were 25 percent more likely than their secular counterparts to donate money and 23 percent more likely to volunteer time. Even when it came to nonreligious causes, religious people were more generous.[26)]

Media: Revenue of faith-based media—including religious books, religious television networks (CBN and EWTN), and Christian/ Gospel music—was estimated at $0.9 billion, according to Brian and Melissa Grim's calculations.[27)]

Food: Kosher (Jewish) and Halal (Muslim) food sales had a combined revenue of $14.4 billion (in 2014 and 2011, respectively). Food sales for various religious holidays also significantly impacts the economy.[28)] According to a 2013 estimate, Christmas purchases amounted to more than $3 trillion and led to the hiring of 768,000 additional employees.[29)]

4. Fair Market Value of Social Services of Religious Organizations

A more accurate valuation of the economic contribution of religious organizations is $1,159.2 billion, according to Brian and Melissa Grim's 2016 study published in the Interdisciplinary Journal of Research on Religion. In addition to the hard-dollar revenue of religious organizations, this estimate factors in the fair market value of faith-based social services, the positive "halo effect" religious organizations have on a community by providing centers for education childcare, etc., and the economic contribution of businesses with religious roots.[30)] Dr. Ram A. Cnaan of the University of Pennsylvania has published a robust body of research examining the civic contribution of religious institutions to society.[31)] For example, in addition to worship services, congregations frequently provide adult and youth religious education, recruit volunteers, sponsor musical and artistic performances, host support groups for those struggling with drugs, alcohol, or abuse, provide marriage enrichment classes, sponsor groups for those with mental disabilities, deliver programs for the homeless, senior citizens, and immigrants, and fund disaster relief efforts.[32)]

In addition, a number of large for-profit businesses have a faith-based founding, even if the company does not overtly identify as religious. Businesses like Walmart, Tyson Foods, Tom's of Maine, and Whole Foods Market have religious roots that shape the company's managerial practices or operational conduct.[33)] (The table below summarizes the revenue derived from each sector studied.)

Annual Socio-economic Contribution of Religious Organizations to U.S. Society (Estimate, $Billions)		
Sector	Revenue	% of Total
Healthcare Networks	**$161.0**	**13.9%**
Congregations:	**$326.5**	**28.2%**
Direct Spending	*$83.8*	*7.2%*
Giving to other religious organizations	*$(1.0)*	*-0.1%*
Individual Impact	*$158.8*	*13.7%*
Magnet Effect	*$70.0*	*6.0%*
Invisible Safety Net	*$14.7*	*1.3%*
Open Space	*$0.4*	*0.0%*
Education	**$138.1**	**11.9%**
Higher Education	*$46.8*	*4.0%*
Schools and Daycare	*$91.3*	*7.9%*
Charities	**$95.2**	**8.2%**
Charities' Revenue	*$45.3*	*3.9%*
Charities' Halo Effect (estimate)	*$49.8*	*4.3%*
Business	**$438.4**	**37.8%**
Religious Media	*$0.9*	*0.1%*
Religious-themed films	*$0.4*	*0.0%*
Food (traditional kosher and halal)	*$14.4*	*1.2%*
Business	*$422.7*	*36.5%*
Total	**$1,159.2**	**100.0%**
Source: The Socio-economic Contribution of Religion to American Society, Brian J. Grim and Melissa E. Grim, 2016		

UNIT-III

Human Resource Management in Global Organisations – Recruitment, Selection, Training, and Development. Career and Family Balancing Issues.

International Human Resource Planning:

Human resource planning, or HRP, is the on-going, continuous process of systematic planning to achieve optimum use of an organization's most valuable asset — its human resources. The objective of human resource planning is to ensure the best fit between employees and jobs while avoiding manpower shortages or surpluses. The four key steps of the human resources planning process are analysing present labour supply, forecasting labour demand, balancing projected labour demand with supply and supporting organizational goals.

Breaking down 'Human Resource Planning – HRP:

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

Analysing Present Conditions:

The first step of human resource planning is to identify the company's strengths and weaknesses in the current labour pool. This is when a company performs a comprehensive audit of the skills, demographics, qualifications, experience and compensation of every worker. HR then has to determine if these statistics fit in line with the company's goals. Does the firm need to hire more staff to compete in a future marketplace, or are more automated tools necessary to capture more market share from competitors? Is the status quo acceptable, or should the company reorganize its staff so that it can make more money?

Forecasting Demand:

HR forecasts demand based on the strategic goals of the company. HR managers may examine market trends, industry analyses and technological improvements to try to come up with ways to meet the company's goals. Forecasting possible retirements is also one major facet that needs to be considered when businesses assess future staffing levels. Do retired employees need to be replaced, or can new technology do the job? Does a company need more full-time workers, part-time help or outsourced labour?

Striking a Balance:

The next step involves striking a balance between supply and demand. At this point, HR creates a gap analysis that lays out specific needs to narrow the supply of the company's labour versus future demand. Should employees learn new skills in the future? Does the company need more managers? Do all employees play to their strengths in their current roles?

Integrating the Plan:

The answers to these questions let HR determine how to proceed, which is the final phase of the human resources planning process. HR must now take practical steps to integrate its plan with the rest of the company. The department needs a budget, the ability to implement the plan and a collaborative effort with all departments to make the plan happen.

The overall goal of HR planning is to have the optimal amount of staff to make the most money for the company. Because the goals and strategies of the company change over time, human resource planning is a regular occurrence.

Recruitment:

While recruiting people for international operations, the international HR managers must identify the global competitiveness of the potential applicants at the time of the recruiting process. It is essential that the workforce of an international organization is aware of the nuances of international business. Understandably, the company must keep international knowledge and experience as criteria in the recruitment and selection process.12 besides, the international HR department must have a fairly good idea about the skills and availability of human resources in different labour markets in the world. The HR department must have the capacity to foresee the changes in these markets and exploit those changes productively. A truly international HR department would insist on hiring people from all over the world and place them throughout the international business operations of the organization.

Approaches to Recruitment in IHRM Though the general aim of any recruitment policy is to select the right people for the right task at the right time, the HR department of international companies may adopt one of the following three specific approaches available for recruiting employees for global operations.

The Immigration Reform and Control Act of 1986 (IRCA) bars employers from hiring individuals who are not legally entitled to work in the U.S. Employers must verify work eligibility by completing Form I-9 along with required supporting documents. IRCA also prohibits employers from discriminating in hiring, firing, recruiting, or referring on the basis of national origin or citizenship status.

H-1B workers may be employed temporarily in a specialty occupation or as a fashion model of distinguished ability. A specialty occupation requires theoretical and practical application of a body of specialized knowledge along with at least a bachelor's degree or its equivalent. An H-1B alien may work for any petitioning U.S. employer for a maximum period of six years.

International recruitment methods:

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. The ethnocentric approach places natives of the home country of a business in key positions at home and abroad. In this example, the U.S. parent company places natives from the United States in key positions in both the United States and Mexico.

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 lo 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 lo manage the branches." The polycenlric approach uses natives of the host country to manage operations in their country and natives of the parent country to manage in the home office. In this example, the Australian parent company uses natives of India to manage operations at the Indian subsidiary. Natives of Australia manage the home office.

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. The geocentric approach uses Ihe best available managers for a business without regard for their country of origin. In this example, the UK parent company uses natives of many countries at company headquarters and at the U.S. subsidiary.

Regiocentric 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 regiocentric 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 regiocentric 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 regiocentric 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.

Selection:

International Selection Even though cultural differences influence the selection procedure to some extent, organizations tend to follow similar criteria and methods worldwide. This is due to the fact that the end objective of any selection process is to choose the most capable persons for the job. The selection criteria for international jobs usually revolve around the five core areas of behaviour, attitudes, skills, motivation and personality. More specifically, the focus of selection for international operations normally includes cultural adaptability, strong communication skills, technical competence, professional or technical expertise, global experience, country-specific experience, interpersonal skills, language skills, and family flexibility. Employers around the world usually rank personal interviews, technical competency and work experience in similar jobs as important criteria for selection. International firms, while choosing employees for overseas operations, usually prefer people with

highly developed technical skills

good language and communication skills

tolerance towards other culture, race, creed, colour, habits, and values

high level of motivation

stress resistance

goal-oriented behaviour

Finally, at the time of selection for international assignments, an organization should consider the previous overseas experience, family circumstances and cultural-adaptability level of the candidates aspiring for the global jobs.

28% employees In India willing to relocate overseas: Survey

NEW DELHI: More than a quarter (28%) of employees in India are willing to take up a full-time job opportunity overseas for two to three years with at least a 10% increase in pay increase, said a study conducted by research company Ipsos.

Asked about their willingness to relocate within India, about three in ten Indian employees expressed that they are very likely to relocate to another city in India if they were offered a full-time job opportunity in the near future, for a minimum of two years with at least a 10% pay raise and all moving expenses covered, while another 48% said they are somewhat likely to consider the option. Globally, two in ten (19%) employees across 24 countries said they are very likely to take a full-time job in another country for two to three years with a minimum 10% pay rise. Those most likely to say they would relocate internationally were from Mexico (34%), Brazil (32%), Russia (31%), Turkey (31%) and India (28%)."

Employees from developing economies like Mexico, Brazil, Russia, Turkey and India are willing to relocate to developed countries," said Biswarup Banerjee, head of marketing communications, Ipsos in India. On the other hand, employees from developed countries like Sweden (6%), USA (9%), Australia (10%), Canada (10%), Belgium (11%), Germany (11%) and Japan (11%) are less likely to relocate overseas.

Training and development in IHRM:

Meaning of Training: After recruiting and placing the employees in the right place the next step is to train and develop the Human Resources collected recently. It is vital part of every employee and manager. "Training and Development means changing what employees know, how they work, their attitudes toward their work, or their interaction with their co-workers or supervisors

Definitions of Training:

1. **Jack Halloran:** Training is the process of transmitting and receiving information related to problem solving.
2. **Mathis and Jackson:-** Training is a learning process whereby people learn skills, concept, attitudes and knowledge to aid in the achievement of goals.
3. **Gary Dessler: -** Training is the process of teaching new employees the basic skills they need to perform their jobs.
4. **Decenzo & Robbins: -** programs that are more present day oriented, focuses on individual's current jobs, enhancing specific skills and abilities to immediately perform their job called Training.
5. **Ricky W. Griffin:-** Training usually refers to the teaching operational or technical employees how to do the job for which they were hired
6. **Dale S.Beach**:- Training is the organised procedure by which people learn knowledge and improve skills for a definite purpose
7. **Michael J.Jucius:-** Training is a process by which the aptitudes, skills and abilities of employees to perform specific jobs are increased
8. **Edwin B.Flippo:-** Training is the act of increasing the knowledge and skill of an employee for doing a particular job
9. **Dale Yoder:-** Training is the process by which manpower is filled for the particular job it has to perform

Need for T&D:

- MNCs increasingly use expatriates on short-term and long-term international job assignments for a variety of purposes, such as
- to acquire and transfer knowledge
- to manage a foreign subsidiary
- to fill a staffing need
- to maintain communication
- coordination and control between subsidiaries and corporate headquarters
- and to develop global leadership competence
- An expatriate's success in the host country is largely determined by his or her cross-cultural adjustment to the host country
- Expatriates who are not prepared to confront the challenges (e.g., to cope with culture shock) find it difficult to adjust and hence, perform poorly.
- Thus, improving cross-cultural adjustment has been the focus of many international HR interventions.
- Since cross-cultural adjustment can be facilitated if the expatriate has an awareness of the norms and behaviors that are appropriate in the host country, many MNCs offer cross-cultural training (CCT) to teach their expatriates the host country's appropriate norms and behaviors.

Cross-Cultural Training:

- Cross-cultural training is defined as any planned intervention designed to increase the knowledge and skills of expatriates to live and work effectively and achieve general life satisfaction in an unfamiliar host culture

- CCT has been advocated as a means of facilitating effective cross- cultural interactions and cross-cultural adjustment
- In the early 1980s, only 32% of MNCs offered CCT. Almost 20 years later, the 1998 Global Relocation Trends Survey Report indicates that 70% of the 177 MNCs surveyed provide CCT of at least one day's duration
- Cross-cultural training effectiveness is reflected by the cognitive, affective, and behavioural changes that occur during the CCT event.
- In order to improve the effectiveness of CCT programs, or to maximize the change that occurs during training, it is important to follow a systematic approach to designing effective CCT programs.
- The process for designing effective CCT programs consists of five distinct phases:
  1. Identify the type of global assignment for which CCT is needed.
  2. Determine the specific cross-cultural training needs.
  3. Establish the goals and measures for determining training effectiveness.
  4. Develop and deliver the CCT program.
  5. Evaluate whether the CCT program was effective.

Phase 1 – identify the type of global assignment: Caligiuri describes a classification of global assignments into four categories:

- Technical
- Functional/tactical
- Developmental/high potential
- Strategic/executive

Phase 2 – conduct a cross-cultural training needs analysis: A cross-cultural training needs analysis is conducted across three levels:

- The organizational level, to determine the organizational context for CCT
- The individual (or expatriate) level, to determine any special needs that have to be addressed in CCT for a given person; and
- The assignment level, to determine the cross-cultural knowledge and skills required to effectively complete the given assignment.

Phase 3 – establish cct goals and measures:

- Cross-cultural training goals should be stated in detailed and measurable terms.
- Detailed and measurable training goals help develop appropriate outcomes for training evaluation.
- Short-term CCT goals can bring about cognitive, affective, and behavioral changes
- The long-term goal of many CCT programs is to improve the rate of cross-cultural adjustment.
- Improving cross-cultural adjustment is important for all expatriates and would generalize across assignments.
- Likewise, improved success on the global assignment may be another generalized long-term goal with the specific dimensions, of course, being job specific.

Phase 4 – develop and deliver the cct program:

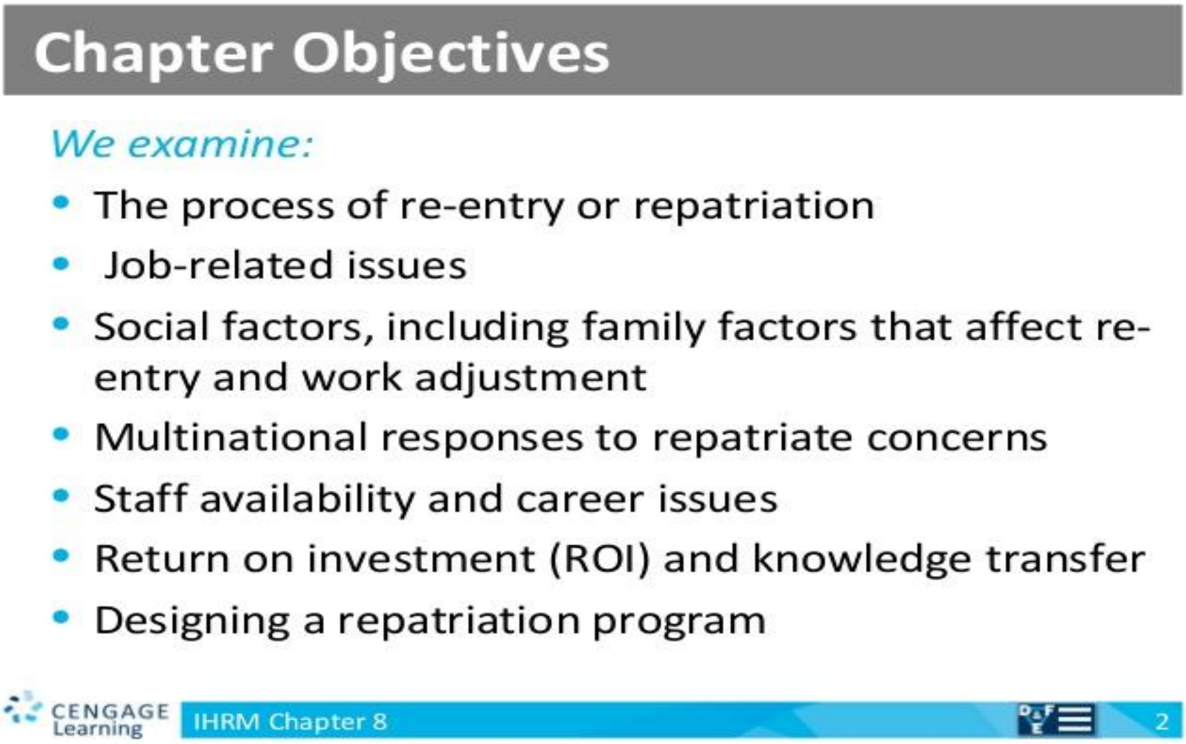
- This phase involves determining the specific instructional content needed in order to achieve the stated goal, the methods to deliver the instructional content, and the sequencing of the training sessions.

Phase 5 – evaluate cross-cultural training:

- The evaluation process involves establishing measures of effectiveness (criteria), and developing research designs to determine what changes (e.g. cognitive, affective, and behavioural) have occurred during the training.
- Criteria must be established for both evaluations of short-term, and long-term goals.

- The appropriate evaluation criteria should also be assessed prior to the delivery of CCT to provide some type of comparison bases for post-training assessment. In addition evaluation strategies need to be developed during phase 3, that is, the decision on how to evaluate CCT's short-term and long-term goals needs to be made at the same time as these goals are established.

Re-entry and career issues:



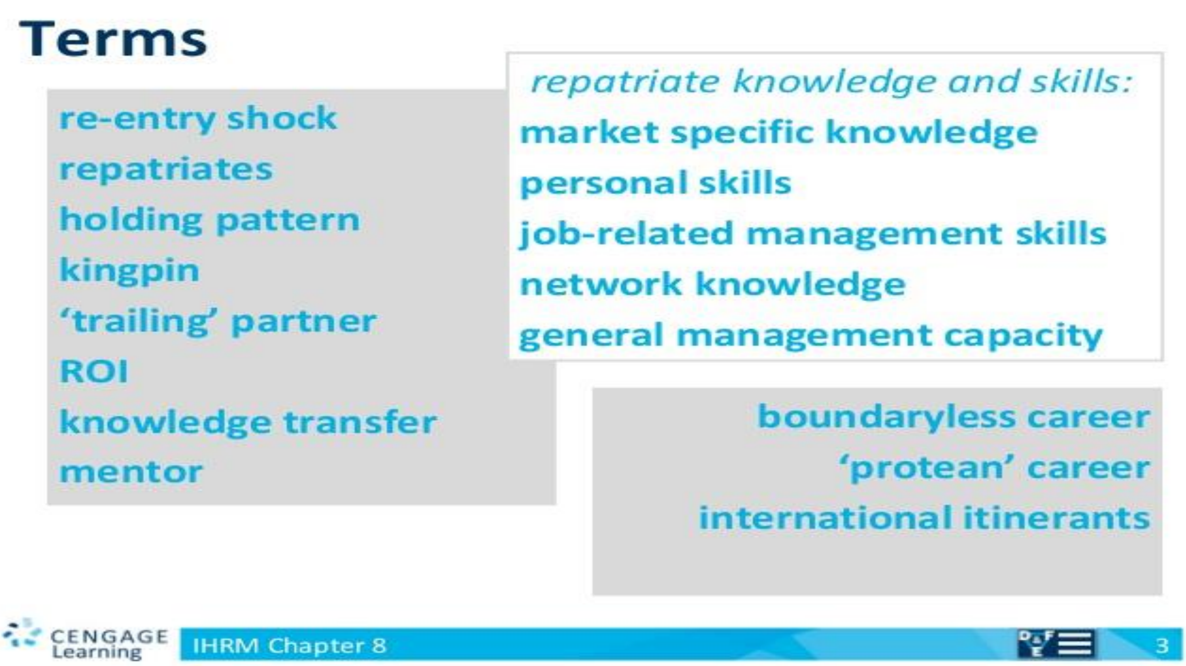


Figure 8-1 Expatriation includes repatriation

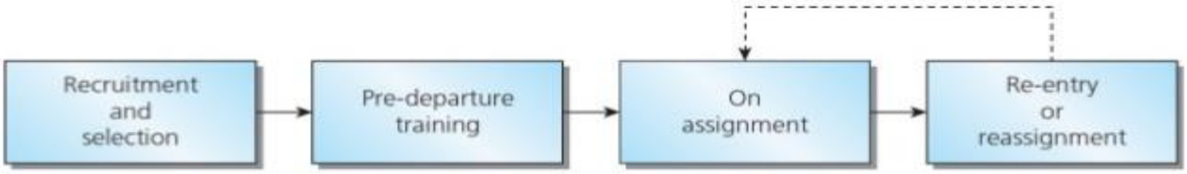


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Figure 8-2 Repatriation activities and practices

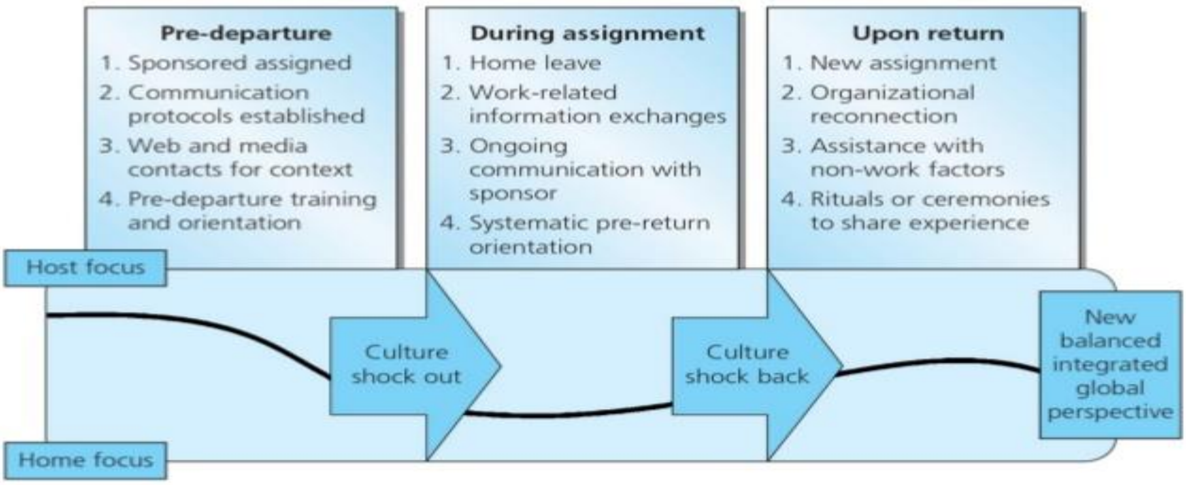

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Figure 8-3 Factors influencing repatriate adjustment

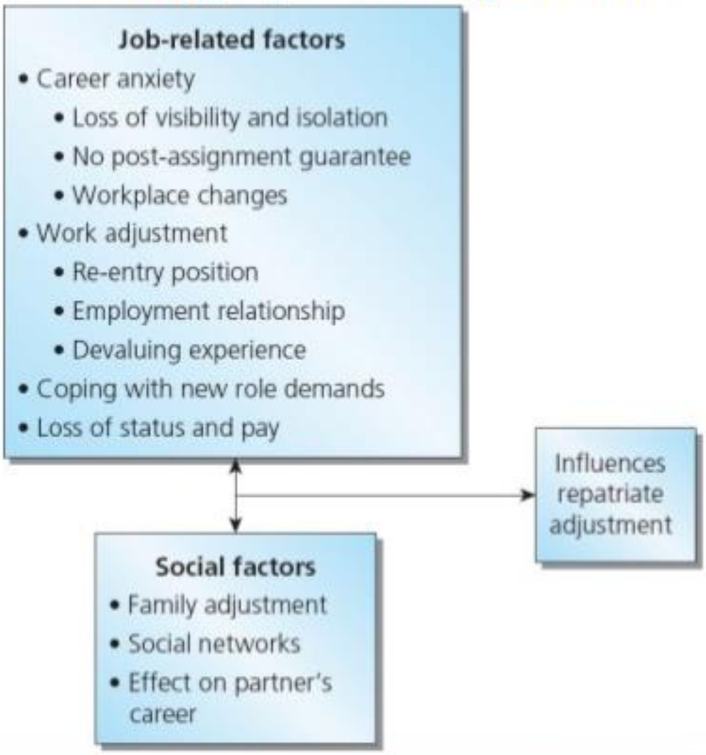
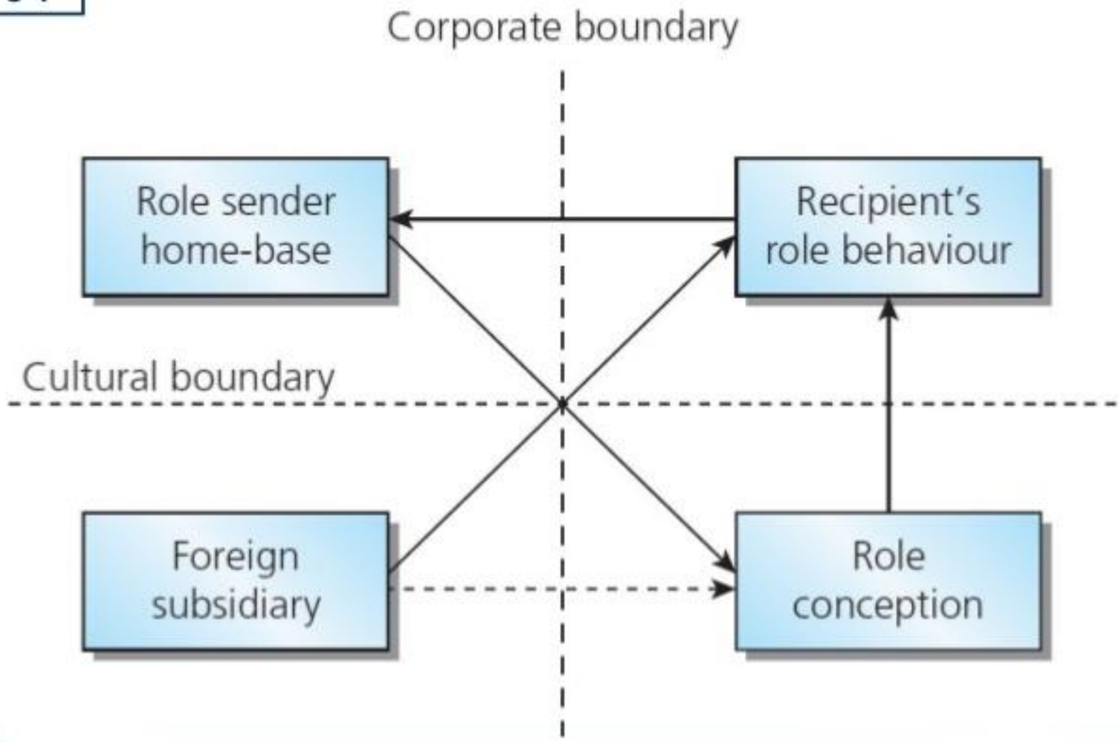


Table 8-1 Career impacts of international assignments

	2005 survey	*2004 survey*	*2002 survey*
Expatriates were promoted faster	37 per cent	34 per cent	36 per cent
Expatriates obtained new positions in the company more easily	36 per cent	35 per cent	33 per cent
Expatriates changed employers more often	24 per cent	23 per cent	23 per cent
Not sure about the career link to international experience	40 per cent	40 per cent	35 per cent

Figure 8-4 **The repatriate role**



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Predictors for repatriation maladjustment

1. Length of time abroad
2. Unrealistic expectations of job opportunities in the home company
3. Downward job mobility
4. Reduced work status
5. Negative perceptions of the help and support provided by employers during and after repatriation.

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Figure 8-5 The readjustment challenge

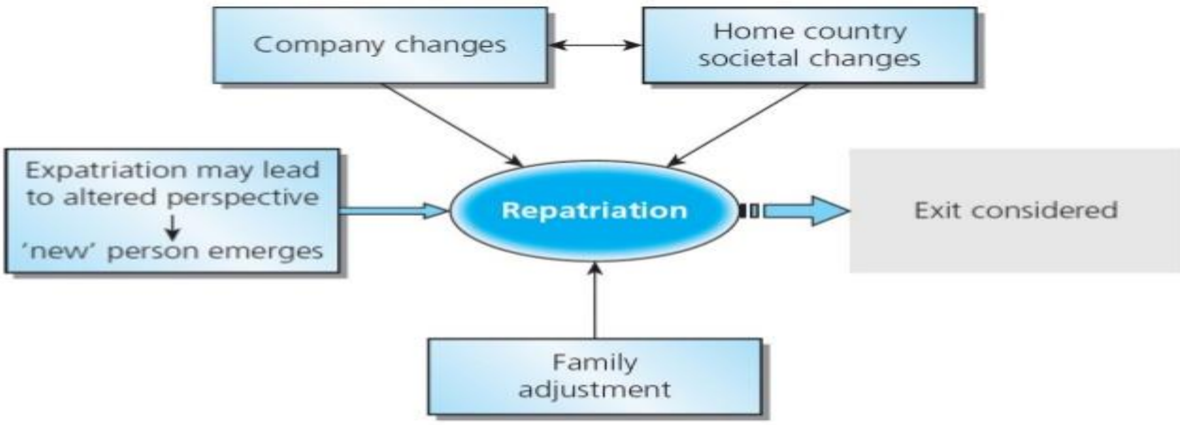

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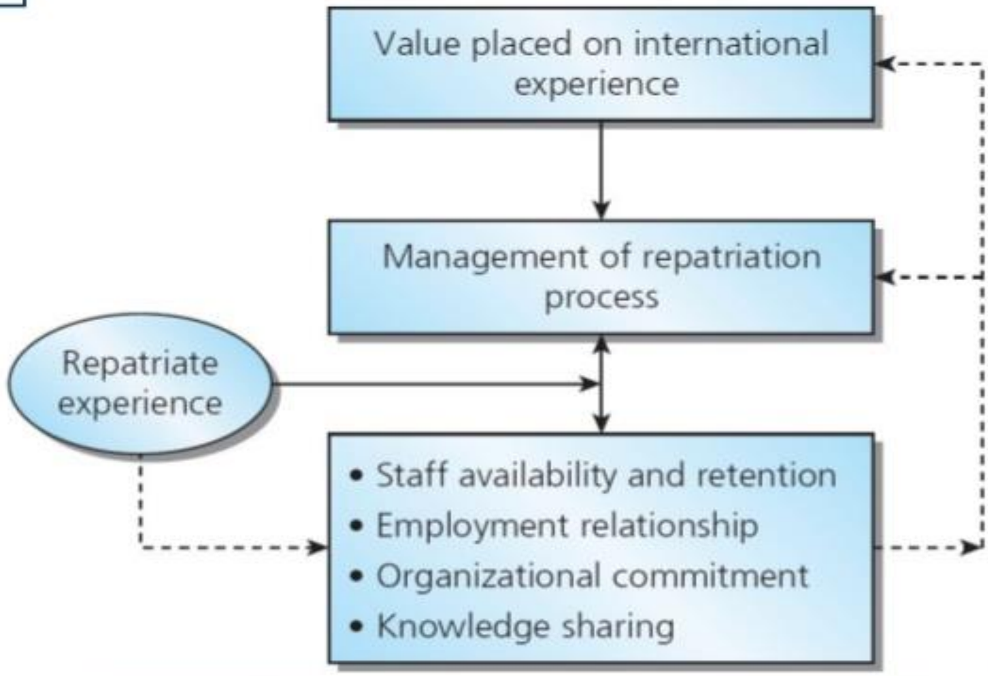
Figure 8-6 **Linking repatriation process to outcomes**



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Difficulties measuring MNE's Repatriate ROI

1. Receiving feedback from the business unit concerned.
2. Tracking international assignments in a systematic way
3. No formal planning
4. A lack of objective measures
5. Too many decisions being made without realizing the costs relating to the international assignment.
6. Globalization is a 'must' for us (so the ROI almost doesn't matter).

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International Compensation Management:

Designing and developing a better compensation package for HR professionals for the international assignments requires knowledge of taxation, employment laws, and foreign currency fluctuation by the HR professionals. Moreover, the socio-economic conditions of the country have to be taken into consideration while developing a compensation package. It is easy to develop the compensation package for the parent country national but difficult to manage the host and third country nationals. When a firm develops international compensation policies, it tries to fulfil some broad objectives:

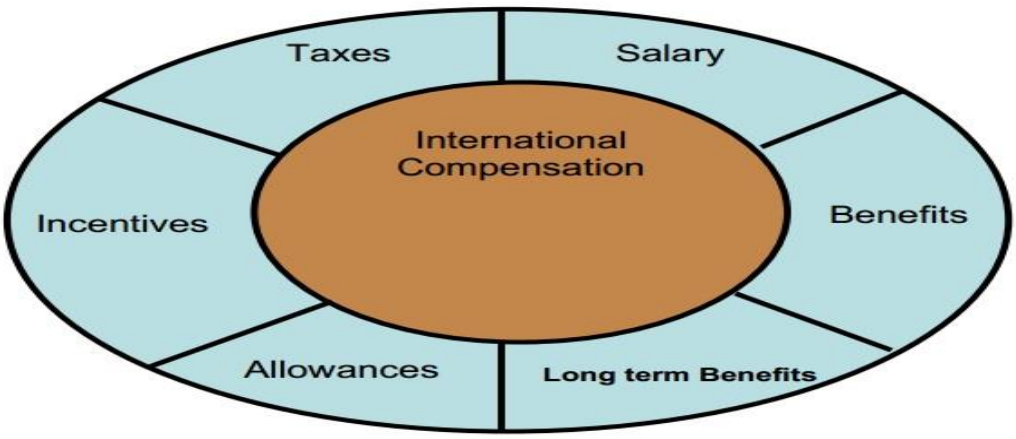
- The compensation policy should be in line with the structure, business needs and overall strategy of the organization.
- The policy should aim at attracting and retaining the best talent.
- It should enhance employee satisfaction.
- It should be clear in terms of understanding of the employees and also convenient to administer.

The employee also has a number of objectives that he wishes to achieve from the compensation policy of the firm

- He expects proper compensation against his competency and performance level.
- He expects substantial financial gain for his own comfort and for his family also.
- He expects his present and future needs to be taken care of including children's education, medical protection and housing facilities.
- The policy should be progressive in nature.

Major Components in an International Compensation Package:

International Compensation is an internal rate of return (monetary or non-monetary rewards / package) including base salary, benefits, perquisites and long term & short term incentives that valued by employee's in accordance with their relative contributions to performance towards achieving the desired goal of an organization.



The following are the major components of an international compensation package.

1. **Base Salary:** This term has a slightly different meaning in an international context than in a domestic one. In the latter case, it denotes the amount of cash compensation that serves as a benchmark for other compensation elements like bonus, social benefits. For the expatriate, it denotes the main component of a package of allowances directly

related to the base salary and the basis for in-service benefits and pension contributions. Base salary actually forms the foundation block of the international compensation.

2. **Foreign Service Inducement Premium:** This is a component of the total compensation package given to employees to encourage them to take up foreign assignments. This is with the aim to compensate them for the possible hardships they may face while being overseas. In this context, the definition of hardship, the eligibility criteria for premium and the amount and timing of this payment are to be carefully considered. Such payments are normally made in the form of a percentage of the salary and they vary depending upon the tenure and content of the assignment. In addition, sometimes other differentials may be considered. For instance: if a host country's work week is longer that of the home country, a differential payment may be made in lieu of overtime.
3. **Allowances:** One of the most common kinds of allowance internationally is the Cost of Living Allowance (COLA). It typically involves a payment to compensate for the differences in the cost of living between the two countries resulting in an eventual difference in the expenditure made. A typical example is to compensate for the inflation differential. COLA also includes payments for housing and other utilities, and also personal income tax. Other major allowances that are often made are:
    - Home leave allowance
    - Education allowance
    - Relocation allowance
    - Spouse assistance (compensates for the loss of income due to spouse losing their job)

Thus, multinationals normally pay these allowances to encourage employees to take up international assignments to make sure that they are comfortable in the host country in comparison to the parent country.

4. **Benefits:** The aspect of benefits is often very complicated to deal with. For instance, pension plans normally differ from country to country due to difference in national practices. Thus all these and other benefits (medical coverage, social security) are difficult to imitate across countries.

Thus, firms need to address a number of issues when considering what benefits to give and how to give them. However, the crucial issue that remains to be dealt with is whether the expatriates should be covered under the home country benefit programmes or the ones of the host country. As a matter of fact, most US officials are covered by their home country benefit programmes. Other kinds of benefits that are offered are:

- Vacation and special leaves
- Rest and rehabilitation leaves
- Emergency provisions like death or illness in the family

These benefits, however, depend on the host country regulations.

5. Incentives: In recent years some MNC have been designing special incentives programmes for keeping expatriate motivated. In the process a growing number of firms have dropped the on-going premium for overseas assignment and replaced it with on time lump-sum premium. The lump-sum payment has at least three advantages. First expatriates realize that they are paid this only once and that too when they accept an overseas assignment. So the payment tends to retain its motivational value. Second, costs to the company are less because there is only one payment and no future financial commitment. This is so because incentive is separate payment, distinguishable for a regular pay and it is more readily for saving or spending.

6. Taxes: The final component of the expatriate's compensation relates to taxes. MNCs generally select one of the following approaches to handle international taxation.

- Tax equalization: Firm withhold an amount equal to the home country tax obligation of the expatriate and pay all taxes in the host country.
- Tax Protection: The employee pays up to the amount of taxes he or she would pay on remuneration in the home country. In such a situation, The employee is entitled to any windfall received if total taxes are less in the foreign country then in the home country.

7. Long Term Benefits or Stock Benefits: The most common long term benefits offered to employees of MNCs are Employee Stock Option Schemes (ESOS). Traditionally ESOS were used as means to reward top management or key people of the MNCs. Some of the commonly used stock option schemes are:

- Employee Stock Option Plan (ESOP)-A certain nos. of shares are reserved for purchase and issuance to key employees. Such shares serve as incentive for employees to build long term value for the company.
- Restricted Stock Unit (RSU) – This is a plan established by a company, wherein units of stocks are provided with restrictions on when they can be exercised. It is usually issued as partial compensation for employees. The restrictions generally lifts in 3-5 years when the stock vests.
- Employee Stock Purchase Plan (ESPP) – This is a plan wherein the company sells shares to its employees usually, at a discount. Importantly, the company deducts the purchase price of these shares every month from the employee's salary.

Hence, the primary objective for providing stock options is to reward and improve employee's performance and /or attract / retain critical talent in the Organization.

Performance Management:

International Performance Manaement

- Performance management
  - This stretches beyond appraisal.
  - The emphasis in performance management is enhanced employee performance.

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Performance Appraisal Vs Performance Management

Appraisal and Management		
	Performance Appraisal	Performance Management
Primary focus	Assessing performance and potential for performance	Improving employee performance and development.
Activities involved	Designing appraisal programme Build database employee-wise.	Set of HR activities designed and executed to assess performance and improve it also.
Leadership	Directional, evaluative.	Facilitate; coaching
Frequency	Usually yearly once.	Often, can be ongoing.
Degree of formality	High	Low

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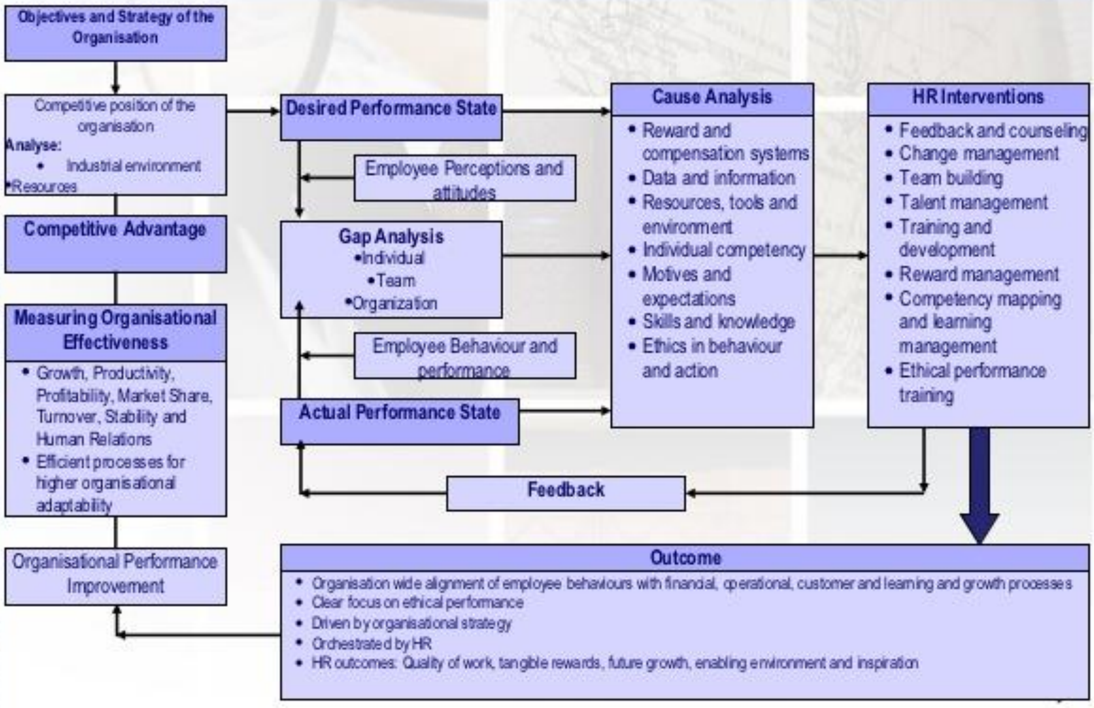
Performance Management Process



Performance Management for Expats

- Expatriate performance management comprises seven activities -
  - Linkage to organisational strategy
  - Setting individual performance behaviour
  - Identifying variables impacting performance
  - Appraising the performance
  - Providing regular feedback on progress towards these goals
  - Providing opportunities for improvement
  - Linking results with rewards

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ORGANISATIONAL STRATEGY AND PERFORMANCE MANAGEMENT

- Performance management becomes an integral part of corporate strategy
- It serves many organisational goals
- Performance management helps
  - Identify employees with high potentials
  - Facilitates reward performance equitably
  - Delieanates an employee's needs for development

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ORGANISATIONAL STRATEGY AND PERFORMANCE MANAGEMENT

- From the strategic management perspective organisations can be grouped into any of the four categories:
  - Defenders
  - Prospectors
  - Analyzers
  - Reactors

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ORGANISATIONAL STRATEGY AND PERFORMANCE MANAGEMENT

- **Defenders** (low-cost producer)
  - Have cost control as the primary focus
  - Predictability and a short-term focus are valued
    - Seek to provide goods and services at a low cost
    - Maintain quality
    - Provide customer service
  - HR activities are relevant in this context
    - Development and training
  - Employees are expected to stay with the organisation for a long time
  - The PMS in such organisations is based on outcome result as well as on behavioural traits.

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ORGANISATIONAL STRATEGY AND PERFORMANCE MANAGEMENT

- **Prospector's** (innovators)
  - Design and produce new products
  - Redeploys resources from discontinued products to the development of new ones
  - Organisational conditions that foster
    - Risk taking, Cooperation, Creativity and A long-term perspective
  - Talented individuals are hired
  - Training is mainly on-the-job
  - Employee turnover is high
  - Performance appraisal is result-based
    - Emphasis on skills identification
    - Acquisition of human resources from external sources

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ORGANISATIONAL STRATEGY AND PERFORMANCE MANAGEMENT

- **Analyzer** operate in two types of product-market domains
    - Stable domain
    - Changing domain
  - These firms are of some hybrid type
  - They are both product innovators and competitors in long-run production lines
  - The personnel policies fall between the extremes of defenders and prospector's
    - Firms spend heavily on training
    - Talents are also 'bought' to fill higher-level positions
  - PMS focuses on result as well as on behavioural traits.

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ORGANISATIONAL STRATEGY AND PERFORMANCE MANAGEMENT

- **Reactor's**
  - Operates in a highly competitive market
  - Slaves of their environments
  - There are few systematic strategic implications
  - PMS focus
    - Result based
    - behavioural trait based

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SETTING INDIVIDUAL PERFORMANCE GOALS

- It is critical to closely link unit goals to individual/team goals
- Popularly, goals seek to serve several purposes:
  - Guide and direct behaviour in the direction of the goal
  - Offer benchmarks for employees to strive towards excellence
  - Reflect what the employees and managers consider as important
- While setting the goals the organisations should follow the **SMART PRINCIPLE**

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SETTING INDIVIDUAL PERFORMANCE GOALS

- Goals need to be carefully identified, depending on the following factors:
  - Resources need to be provided for the individuals, teams
    - Finance is fundamental to a lot of initiatives
    - To make decisions at the unit level needs to be clearly identified
    - The power of authority and control on local spending would need to be ensured for smooth operational decisions.
  - Participation of the individual/teams in goal setting
    - The rationale for such involvement is the employee's acceptance and commitment to the established goals
  - There is also the need for prioritizing goals

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- Performance of the non-expatriate is generally influenced by
  - Job extrinsic factors (e.g. working conditions and company policy)
  - Job intrinsic factors (e.g. challenging job, career prospects).
- An expatriate's performance depends on several other influencing factors
  - The impact of job extrinsic and job intrinsic factors on performance cannot be undermined.

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- The performance of an expatriate depends on several variables
  - **Compensation Package**
  - **Task**
  - **Headquarters Support**
  - **Host Environment**
  - **Cultural Adjustment**

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- **Compensation Package**
  - Perceived as a balancing factor for the 'emotional relocation" that the assignment demands
  - Pay, according to Herzberg's two-factor theory of motivation, is a hygiene factor
  - Pay acts as remover of dissatisfaction as well as a booster for enhanced performance
  - Money continues to remain as one of the most significant motivators for expats.

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- **Task**
  - Nature of the job tends to influence performance.
  - A tougher task tends to evoke better performance than a job which is relatively easy to handle.
  - How work is viewed by the expatriate also matters.

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- **Headquarters Support**
  - An assignee accepts
    - Making extra money
    - Improving his career prospects
    - Loyalty to the organisation
    - Commitment to make the Arm successful
- It is necessary that the home office extends support and offers moral courage, particularly in times when the expatriate is passing through a culture shock.

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- **Headquarters Support**
  - The following are some specific support facilities required from the headquarters:
  - Organisational support in managing the practical problems
    - Setting up home in a new culture
    - Enabling an expatriate to settle down.
  - The provision of timely psychological counselling for expatriates
    - Contributing to their mental health and performance
  - The families of employees should also be assisted

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IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- **Host Environment**
  - Hostile host country environment, expatriates are under constant pressure and often there is a threat to their life itself.
  - The form of ownership of the subsidiary is important too.

IDENTIFYING VARIABLES AFFECTING PERFORMANCE

- **Cultural Adjustment**
  - Multicultural adjustability refers to being sensitive to the host culture
    - Multicultural sensitivity
    - Language ability
    - Diplomacy
    - Adaptability
    - Positive attitude
    - Emotional stability
    - Maturity

APPRAISING THE PERFORMANCE

- The international HR manager should decide on three key areas
  - specifying performance criteria
  - identifying the appraisers
  - deciding on the frequency of appraisal.

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APPRAISING THE PERFORMANCE

- **Performance Criteria**
  - The criteria for assessing performance should be clear, relevant, practical and reliable if assessments were to be meaningful
- **Trait Based**
  - Traits are abstract properties of individuals
    - openness to other cultures
    - ability to live in other cultures
    - loyalty to the company
    - articulation and level of initiative
  - Focus here is on what a person is and not on what he or she does.

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APPRAISING THE PERFORMANCE

- **Behaviour Based**
  - Focus on what the person actually does
    - Accomplish the job is very important
    - emphasize how a job is done.
- **Result Based**
  - How much profit the assignee brought into the organisation during the assignment
  - Adherence lo target dates for commissioning plants/offices
  - Establishing strategic alliances

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APPRAISING THE PERFORMANCE

- **Others**
  - A new approach “the balanced score card”
    - Propounded by Kaplan and Norton
  - the financial perspective
    - organization’s short-term and long-term financial performance
  - the internal business perspective
    - focus on production and operating statistics
    - order fulfillment or cost per order
  - the innovation and learning perspective
    - human resource—its potential to learn and grow
  - the customer perspective.
    - Customer’s view, customer retention and satisfaction

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APPRAISING THE PERFORMANCE

- **Who are the Appraisers?**
  - Appraisers are immediate managers/leaders at the host and parent locations, team members and clients
  - Self-appraisal is a common practice
- In most MNC's, appraisal systems have a combination of these appraisers
- Some common practices adopted by the industry are:
  - Matrix reporting
  - Use of multiple appraisers (360-degree appraisal)
  - The appraisal/review cycle

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APPRAISING THE PERFORMANCE

- **Frequency of Assessment**
  - The general trend is to evaluate
    - once in three months
    - six months
    - once in a year
- Survey conducted in 1997 by Arthur Anderson
  - 70 percent of the organisations conduct performance appraisals once in a year

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PERFORMANCE MANAGEMENT

- **PROVIDING FEEDBACK**
  - Feedback controls the work behaviour of employees by directing actions
- **OPPORTUNITIES FOR IMPROVEMENT**
  - Feedback has a developmental aspect as it highlights the need for training and development.
  - Opportunities to expatriates to improve, socialize and adjust to local environment ably.
- **LINKING REWARDS AND RESULTS**
  - establishing linkages between performance and compensation

ISSUES IN MANAGING PERFORMANCE IN GLOBAL CONTEXT

- Cultural consequences on performance management
  - rewarding performance
  - managing under performers
  - managing virtual teams
- Assessing subsidiary performance is also a critical dimension
- There are three ways in which cultural differences impact performance management:
  - Goal commitment and participation in organisations
  - Feedback performance relationship
  - Feedback seeking behaviour

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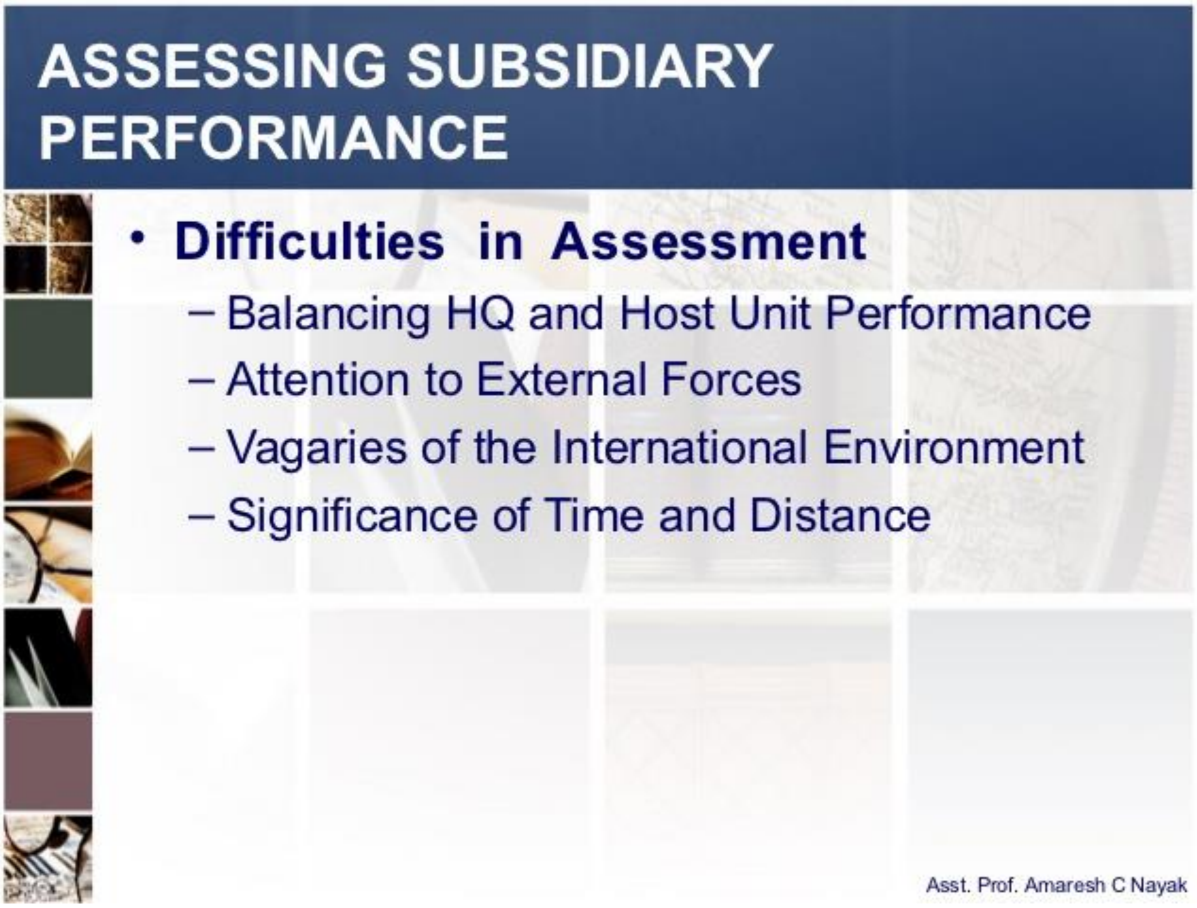

International Industrial Relations:

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-subsidiary 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

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 cautions 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 specially 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. lobbing 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.

Issue 5: Power and knowledge

While labour's power continues to be local in scope, capital has grown to become more global in nature and decisions effecting workers are increasingly being made at a supra-national level. The locus of Multinationals decision making stretches beyond national borders and key facts are seldom transparent or accessible to trade unions. Additionally the well-rehearsed point that multinational organizations can counter the strength of local unions by threatening to move manufacturing to another place so that they can outmanoeuvre trade unions or following threats of industrial action is significant.

UNIT-V

MNCs and Compensation System across Countries. People Management in USA, Asia, Europe, and Africa. Trends, and Future Challenges. Diversity – Norms, Benefits, and Challenges.

International Compensation Management

Compensation management can be defined as the provisions of monetary and non-monetary rewards, including base salary, benefits, perquisites, long and short-term incentives, valued by employees in accordance with their relative contributions to MNC performance. Its broad HRM purpose is to attract, retain and motivate that personnel required throughout the MNC currently and in the future. Job evaluation is the means by which internal relatives and compensable factors, those elements an individual's work role in the MNC and contribute to its performance are determined.

Objectives of International Compensation Management

The objectives of compensation package of MNCs are presented in Figure below MNCS manage the compensation and benefits with the following objectives.

1. Recruitment and Retention of suitable Employees

MNCs design and practice compensation and benefits in order to attract, and retain suitable employees in terms of job efficiency and cultural adaptability.

2. Consistency and Equity

MNCs design the salary and benefits package to secure consistency between pay and performance and equity among employees of different nationalities and categories, and employees of subsidiaries and parent company.

3. Facilitate Mobility

MNCs design pay package in order to enable the employees to move from the parent company to foreign subsidiaries and from one foreign subsidiary to another foreign subsidiar

4. Adaptability to Foreign Cultures and Environment

MNCs design pay package that motivates employees and his/her family members to willingly adapt to the cultures and environment of the foreign countries. For example, providing comfortable housing, highly reliable medical facilities, security facilities against odds and international standards schooling facilities encourage employee's family members to adapt to the foreign country cultures and environment and allow the employee to concentrate on the job.

5. Organisational performance

MNCs pay package should work as motivator to enhance employee job performance, learning latest skills and contribute to the enhancement of organisational performance. In fact, performance based pay package enhances organizational performance.

Importance of International Compensations

1. Attracting and Retaining Personnel

Most to attract and retain staff in the areas where the multinational has the greatest needs and opportunities, hence must be competitive and recognize factors such as the incentive for Foreign Services, tax equalization, and reimbursement for reasonable costs.

2. Optimizing Cost of Compensation

It is to facilitate the transfer of International employees in the most cost-effective manner for the firm. Compensation management aims at optimizing the cost of compensation by establishing some kind of linkage with performance and compensation. It is not necessary that a higher level of wages and salaries will bring higher performance automatically but depends on the kind of linkage that is established between performance and wages and salaries:

3. Consistency in Compensation

It means to be consistent with the overall strategy, structure and business needs of the multinational. Compensation management tries to achieve consistency-both internal and external in compensating employees. Internal consistency involves payment of the basis of criticality of jobs and employees' performance on jobs. Thus higher compensation is attached to higher-level jobs. Similarly, higher compensation attached to higher performers in the same job. External consistency involves similar compensation for a job in all organizations. Though there are many factors involved in the determination of wage and salary structure for a job in an organization which may result into some kind of disparity in the compensation of a particular job as compared to other organization, compensation management tries to reduce this disparity

4. Motivating Personnel

Compensation management aims at motivating personnel for higher productivity. Monetary compensation has its own limitations in motivating people for superior performance.

Major Components in an International Compensation Package International Compensation is an internal rate of return (monetary or non monetary rewards / package) including base salary, benefits, perquisites and long term & short term incentives that valued by employee's in accordance with their relative contributions to performance towards achieving the desired goal of an organization.

The following are the major components of an international compensation package.

1. Base Salary

This term has a slightly different meaning in an international context than in a domestic one. In the latter case, it denotes the amount of cash compensation that serves as a benchmark for other compensation elements like bonus, social benefits. For the expatriate, it denotes the main component of a package of allowances directly related to the base salary and the basis for in-service benefits and pensioncontributions. Base salary actually forms the foundation block of the international compensation.

2. Foreign Service Inducement Premium

This is a component of the total compensation package given to employees to encourage them to take up foreign assignments. This is with the aim to compensate them for the possible hardships they may face while being overseas. In this context, the definition of hardship, the eligibility criteria for premium and the amount and timing of this payment are to be carefully considered. Such payments are normally made in the form of a percentage of the salary and they vary depending upon the tenure and content of the assignment. In addition, sometimes other differentials may be considered. For instance: if a host country's work week is longer that of the home country, a differential payment may be made in lieu of overtime

People Management:

Your employees are the biggest asset you have. Their performance and attitude can result in the success or failure of your business. The most difficult part of any manager's job is people management. He or she is required to lead, motivate, train, inspire, and encourage. On the other hand, he or she is also responsible for hiring, firing, disciplining, training and evaluating. These functions seem to be at odds, but a successful manager can integrate both the positive and negative aspects of these tasks to create a positive, productive work force.

People management, also known as human resource management (HRM), encompasses the tasks of recruitment, management, and providing ongoing support and direction for the employees of an organization. These tasks can include the following: compensation, hiring, performance management, organization development, safety, wellness, benefits, employee motivation, communication, administration, and training.

When managing the people within an organization, a manager must focus on both hiring the right people and then getting the most out of these people. New personnel must provide the organization with the best talent available that meets the needs of the business. The organization must look ahead to how a new employee can be used to their fullest. Getting the most out of an employee means a business has consistent policies and practices in place to provide its people with appropriate training and development. Employees are involved as "partners" in the business.

Probably the most important task a manager will face when dealing with the people under his direction is that of bringing out the best in them. Unlocking people potential is often seen as the key to any business's success. When an employee's talents are not channeled correctly, their behavior can seriously compromise the success of an organization. Some of the roles that an employee who is not being used to his potential can take on are as follows: procrastinator, martyr, gossip, manipulator, backstabber, and narcissist, a deer in the headlights, black hole, stonewalled, curmudgeon, bully, and predator.

Instead of dealing with employees that develop defense mechanisms to mask their dissatisfaction with their work situation, let's look as some ways to encourage effective behavior at work. After a problem behavior has been identified, address the employee immediately. Discuss taking responsibility for the ineffective behavior, how the behavior manifests itself, and the effect the behavior is having on the organization. Next, give the employee alternatives to his current behavior. In other words, teach him or her how the principles of achievement

* cooperation * respect * self-motivation * trust * self-discipline
Now that the employee has alternatives to their current behavior, draw up a performance improvement contract in which he or she agrees to specific actions to change his or her ineffective behavior. After the contract is signed, a manager needs to stay involved and committed to the process of change. He or she cannot assume that the problem will be automatically fixed now that it has been brought to light. The employee will require praise and reinforcement of any progress that they are able to make. If positive change is to occur, it will be evident soon after the initial confrontation. If this does not occur, a termination meeting must be scheduled quickly. One employee's toxic behavior can quickly spread throughout an organization if it is not dealt with quickly and efficiently.

When evaluating an organization's workforce, there are several areas that must be addressed. First, the staff must have the tools and resources that they need to do their jobs effectively. Employees cannot be blamed for an organization's inefficiency if they are not provided with the equipment necessary to perform adequately. Next, get to know each employee as an individual and make sure that they are aware of their specific role within the organization. Clarify their responsibilities and goals. Also, involve each employee in making decisions which affect their area of expertise. This will result in the employee feeling that they "have a say" in what goes on in the organization and he or she will feel a sense of ownership. Finally, make sure that employees have an opportunity to have fun with their co-workers at appropriate times.

People Empowerment can be a very effective tool within the field of people management. This technique can be used to involve employees in any improvement program within an organization. Authority, accountability, and responsibility are delegated to the employees for improving the processes which are under their control without first having to obtain permission from management before making changes. This can be successful only when employees are recognized, congratulated, and rewarded for their commitment to problem solving.

International human resources management trends:

International HRM places greater emphasis on a number of responsibilities and functions such as relocation, orientation and translation services to help employees adapt to a new and different environment outside their own country.

Selection of employees requires careful evaluation of the personal characteristics of the candidate and his/her spouse.

Training and development extends beyond information and orientation training to include sensitivity training and field experiences that will enable the manager to understand cultural differences better. Managers need to be protected from career development risks, re-entry problems and culture shock.

To balance the pros and cons of home country and host country evaluations, performance evaluations should combine the two sources of appraisal information.

Compensation systems should support the overall strategic intent of the organization but should be customized for local conditions.

In many European countries - Germany for one, law establishes representation. Organizations typically negotiate the agreement with the unions at a national level. In Europe it is more likely for salaried employees and managers to be unionized.

HR Managers should do the following things to ensure success-

Use workforce skills and abilities in order to exploit environmental opportunities and neutralize threats.

Employ innovative reward plans that recognize employee contributions and grant enhancements.

Indulge in continuous quality improvement through TQM and HR contributions like training, development, counselling, etc.

Utilize people with distinctive capabilities to create unsurpassed competence in an area, e.g. Xerox in photocopiers, 3M in adhesives, Telco in trucks etc.
Decentralize operations and rely on self-managed teams to deliver goods in difficult times e.g. Motorola is famous for short product development cycles. It has quickly commercialized ideas from its research labs.

Lay off workers in a smooth way explaining facts to unions, workers and other affected groups e.g. IBM, Kodak, Xerox, etc.

HR Managers today are focusing attention on the following:

- Policies- HR policies based on trust, openness, equity and consensus.
- Motivation- Create conditions in which people are willing to work with zeal, initiative and enthusiasm; make people feel like winners.
- Relations- Fair treatment of people and prompt redress of grievances would pave the way for healthy work-place relations.
- Change agent- Prepare workers to accept technological changes by clarifying doubts.
- Quality Consciousness- Commitment to quality in all aspects of personnel administration will ensure success.

Due to the new trends in HR, in a nutshell the HR manager should treat people as resources, reward them equitably, and integrate their aspirations with corporate goals through suitable HR policies.

International human resources management future challenges:
- Different labour laws
- Different political climate
- Different stage(s) of technological advancement
- Different values and attitudes e.g. time, achievement, risk taking
- Roles of religion e.g. sacred objectives, prayer, taboos, holidays, etc
- Educational level attained
- Social organisations e.g. Social institutions, authority structures, interest groups, status systems.

Diversity defined

Diversity in the workplace is one of the most discussed issues in HR circles nowadays. It is often the focus of the strategy and KPIs of HR and Talent Acquisition teams worldwide. But what does it mean exactly? What does "diversity in the workplace" encompass?

Diversity can be defined as "the spectrum of infinite dissimilarities that distinguish individuals from one another". Diversity can mean **variety** or **multiformity** and refers to biological or genetic predispositions ("nature" factors, often referred to as inherent diversity) as well as to experiences gained throughout one's life ("nurture" factors, often referred to as acquired diversity).

Let's see now how this translates in the workplace. Organizations strive for diversity by recruiting and hiring employees of different backgrounds, comprising a diverse team of people that reflects the diverse society in which it exists and operates.

As our society evolves and becomes more social aware, more and more types of diversity emerge. These are the main types of diversity in the workplace:

- Cultural diversity
- Racial diversity
- Religious diversity
- Age diversity
- Sex / Gender diversity
- Sexual orientation
- Disability

However, there are more than 34 different factors connected with diversity, including cognitive abilities, education, gender expression, income, language, political beliefs, socio-economic status and many more. For those curious, a more extensive list can be found **here**.

At this point it is important to highlight that hiring and building diverse teams doesn't mean hiring someone because of their skin color, their gender etc., or showing preferential treatment to underrepresented groups. As **Workable** very accurately puts it, "diversity in the workplace is about **providing equal opportunities so that employers can discover and work with talented people from all walks of life**—not just those who attended the best universities, have the most prestigious connections, or are most likely to be your drinking buddies after work".

The importance & benefits of workplace diversity

Of course this all sounds great, but what are the actual benefits of building a diverse team?

To start with, diversity is an integral part of our society. As social awareness increases day by day, it is important to accept and promote the values of diversity, inclusion and equality and hold organizations -and each other- accountable.

However, diversity is not just a "sign of the times" that makes companies look more likable. It is actually good for business. That is what IBM has realized by embracing diversity for “good business, not good philanthropy”. The many advantages of workplace diversity include **increased productivity, more efficient problem-solving abilities and financial growth**.

Need proof? Here are a few figures showcasing the benefits of a diverse workplace:

Revenues and profits: Diversity is linked with higher revenues and profits. More specifically, for ethnically-diverse companies there is a 35% higher likelihood and for gender-diverse companies there is a 15% higher likelihood to produce higher revenue. In addition, racially and ethnically diverse senior boards are linked with a 0.8% increase in profits in the US and 3.5% increase in the UK.

Corporate innovation: There is a scientifically proven positive relationship between diversity and corporate innovation. More specifically, diverse organizations are almost twice as likely to be innovation leaders, due to the constant exchange of ideas and experiences of their multicultural employees.

Recruitment and retention: More than half of employees and job seekers take diversity of their workplace into consideration, which affects recruitment and retention. Two-thirds of candidates also report that diversity is a decisive factor in evaluating job offers while employees appear 80% more likely to rank their employer as high performing when their organization is diverse and inclusive. Not to mention the connection of a diverse workplace with higher work satisfaction, employee morale and engagement. This helps organizations build a good reputation, which, in turn, helps attract and retain more talent.

Lower turnover: Taking into consideration that turnover rates are higher in women and minorities, especially in mostly homogenous companies, investing in diversity can result in lower turnover. Simply put, employees who feel appreciated and are given equal opportunities in their workplace will be more loyal and less likely to resign.

Product development: Diversity can also positively affect product development. That's because a diverse team reflects the real world more accurately and is more aligned with a broader market and global customer base. L'Oréal, for example, is able to successfully launch several new and culturally relevant products on a regular basis, by having a multicultural team in charge of product development.

Facing the challenges of workplace diversity

As convincing as these arguments may sound, there is of course always a challenge. Building a diverse organization doesn't stop at hiring multicultural and diverse employees. Obstacles and conflicts will inevitably arise, in the form of the following:

Communication: Communication issues are of course the first that come to mind. Not only are there language barriers within multicultural teams, but there is also the case of gender or generation gaps when it comes to communicating and working together.

Too many opinions: As good as many different opinions may be for an organization's innovation, there is such a thing as choice overload. Too many voices can hamper reaching a consensus and many innovative solutions are in risk of going unnoticed amongst the plethora of different ideas.

Diversity implementation challenges: Building a diverse team and culture may sound intuitive, but the implementation might not be as easy. For example, 41% of managers, including CEOs, appear to be "too busy" to focus on diversity initiatives. When management itself doesn't dedicate the desired or needed attention to diversity plans, then the implementation of those plans can become problematic. Frustration can come from every side -management and employees- when the process is not smooth, especially when that process requires them to change their habits.

Retain bad talent: Trying to build and retain a multicultural team can backfire when an organization potentially holds on to poor performers due to their diverse background. In such cases, diversity figures might stay high for the organization, but productivity, morale and innovation decrease.

In order for a diverse team to succeed, these challenges need to be acknowledged and dealt with. If not, diverse team members will not have the resources and support in order to contribute as expected. As a result, they may ultimately become disengaged and resign.

To avoid these issues and overcome the challenges of workplace diversity, an **inclusive culture** within which the team members can thrive is necessary. Be careful not to confuse diversity with inclusion: Diversity refers to the traits that render an individual unique, while inclusion refers to the behaviors and social norms that ensure people feel welcome. In short, **"diversity is what you have; inclusion is what you do with it"**. Building an inclusive work environment means that all employees will need to actively work towards understanding and altering their unconscious biases, stereotypes and attitudes towards others.

One way that diversity and inclusion can be more efficiently achieved, is to establish specific people or teams (e.g. a D&I Manager) dedicated to designing and maintaining anti-discrimination policies, as well as to ensuring equal treatment of all employees.

Examples of such policies could be agreeing on and utilizing a common, inclusive language in the workplace, offering diversity and awareness training to all employees -and especially managers- and even highlighting inclusion as part of the company's values. It is also important to communicate all processes and changes with employees and don't rush the diversity plans to ensure that the transition goes as smoothly as possible.