

LECTURE NOTES

ON

STRATEGIC HUMAN RESOURCE MANAGEMENT

MBA III semester

(IARE-R16)

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UNIT-1

INTERNATIONAL HUMAN RESOURCE MANAGEMENT

Unit 1: Introduction, objectives and scope of international human resource management, cultural and reality shock, international human resource management models, concept, pool's adaptation of Harvard model, the Brewster and Bourniois model, case study, comparative employment policy, concept, significance, convergence theory, Marxist theory, the cultural approach power distance (PDI), uncertainty avoidance (UAI), individuality (INV), masculinity

Introduction:

SHRM 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. SHRM 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.

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

1. **Home country employees-** Employees belonging to home country of the firm where the corporate head quarter is situated.
2. **Host country employees-** Employees belonging to the nation in which the subsidiary is situated.
3. **Third country employees-** These are the employees who are not from home country/host country but are employed at subsidiary or corporate head quarters. 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.

Meaning:

The preliminary function of Strategic Human Resource Management is that the organization carries a local appeal in the host country despite maintaining an international feel. To exemplify, any multinational / international company would not like to be called as local, however the same wants a domestic touch in the host country and there lies the challenge.

The strategic role of Human resources Management in such a scenario is to ensure that HRM policies are in tandem with and in support of the firm's strategy, structure and controls. Specifically, when we talk of structures and controls the following become worth mentioning in the context of Global HRM.

- **Decision Making:** There is a certain degree of centralization of operating decision making. Compare this to the International strategy, the core competencies are centralized and the rest are decentralized.
- **Co-ordination:** A high degree of coordination is required in wake of the cross cultural sensitivities. There is in addition also a high need for cultural control.
- **Integrating Mechanisms:** Many integrating mechanisms operate simultaneously.

Objectives:

1. To create a local appeal without compromising upon the global identity.
2. To generating awareness of cross cultural sensitivities among managers globally and hiring of staff across geographic boundaries.
3. To training upon cultures and sensitivities of the host country.

SHRM and the Staffing Policy:

Here also the role is no different i.e. hiring individuals with requisite skills to do a particular job. The challenge here is developing tools to promote a corporate culture that is almost the same everywhere except that the local sensitivities are taken care of. Also, the deciding upon the top management or key positions gets very tricky. Whether to choose a local from the host country for a key position or deploy one from the headquarters assumes importance; and finally whether or not to have a uniform hiring policy globally remains a big challenge.

Nevertheless an organization can choose to hire according to any of the staffing policies mentioned below:

- **Ethnocentric:** Here the Key management positions are filled by the parent country individuals.
- **Polycentric:** In polycentric staffing policy the host country nationals manage subsidiaries whereas the headquarter positions are held by the parent company nationals.
- **Geocentric:** In this staffing policy the best and the most competent individuals hold key positions irrespective of the nationalities. Geocentric staffing policy it seems is the best when it comes to SHRM. The human resources are deployed productively and it also helps build a strong cultural and informal management network. The flip side is that human resources become a bit expensive when hired on a geocentric basis. Besides the national immigration policies may limit implementation. SHRM therefore is a very challenging front in HRM. If one is able to strike the right chord in designing structures and controls, the job is half done. Subsidiaries are held together by global HRM, different subsidiaries can function operate coherently only when it is enabled by efficient structures and controls.

CULTURAL AND REALITY SHOCK:

Culture shock is an experience a person may have when one moves to a cultural environment which is different from one's own; it is also the personal disorientation a person may feel when experiencing an unfamiliar way of life due to immigration or a visit to a new country, a move between social environments, or simply transition to another type of life. One of the most common causes of culture shock involves individuals in a foreign environment. Culture shock can be described as consisting of at least one of four distinct phases: honeymoon, negotiation, adjustment, and adaptation. Common problems include: information overload, language barrier, generation gap, technology gap, skill interdependence, formulation dependency, homesickness (cultural), infinite regress (homesickness), boredom (job dependency), response ability (cultural skill set). There is no true way to entirely prevent culture shock, as individuals in any society are personally affected by cultural contrasts differently.

There are three basic outcomes of the adjustment phase:

- Some people find it impossible to accept the foreign culture and to integrate. They isolate themselves from the host country's environment, which they come to perceive as hostile, withdraw into a "ghetto" and see return to their own culture as the only way out. These "Rejecters" also have the greatest problems re-integrating back home after return.
- Some people integrate fully and take on all parts of the host culture while losing their original identity. This is called cultural assimilation. They normally remain in the host country forever. This group is sometimes known as "Adopters" and describes approximately 10% of expatriates.
- Some people manage to adapt to the aspects of the host culture they see as positive, while keeping some of their own and creating their unique blend. They have no major problems returning home or relocating elsewhere. This group can be thought to be somewhat cosmopolitan. Approximately 30% of expats belong to this group. Culture shock has many different effects, time spans, and degrees of severity. Many people are handicapped by its presence and do not recognize what is bothering them.

REALITY SHOCK:

Definition:

“Unsettling or jarring experience resulting from wide disparity between what was expected and what the real situation turns out to be, such as the first day on a new job”

For example: New Graduate Nurses enter their first job as a Professional Nurse eager to being their new role! Many New Grads will orient to their new role with ease while some will struggle. New Grads work with Nurse Preceptors to smooth the transition from Student Nurse to Professional Nurse. In the beginning of this transition, excitement takes over as the New Grad meets new colleagues and accepts new challenges. It is natural to feel overwhelmed and disillusioned as a New Grad. These feelings typically start about 6 months to a year after getting off of orientation when the New Grad realizes the healthcare environment is flawed.

Here are the three stages of reality shock:

The shock stages:1

New Grads begin to recognize there are flaws in the system. They may encounter discrepancies and inconsistencies in the work environment. Moreover, the New Grad may begin to discover concerns with the practices of other nurses.

A few examples of these discrepancies and inconsistencies are:

- Discovering their Preceptor does not know everything or follow policies realizing they do not have the tools and equipment to do their job.
- Experiencing communication breakdowns
- Identifying poor professional behaviors in their fellow nurses
- Having felt humiliated by a physician, bullied by a nurse, or embarrassed by a colleague.

The recovery stage: 2

New Grads begin to see the balance between what works well and what needs improvement. The New Grad begins to establish expectations that are consistent for all their co-workers. During this phase, it is important that the New Grad realize every nurse defines their own practice and it is their job to be the nurse who they want to be. Once the New Grad redefines the nurse they want to be then their sense of humor and good feelings about nursing will return.

The resolution stage:3

New Grads have the opportunity to define the nurse they want to be. There is some caution in this stage as this is when the New Grad may consider adopting values and beliefs that are less than ideal in order to fit in with their co-workers.

INTERNATIONAL HUMAN RESOURCE MANAGEMENT MODELS:

Four major models have been identified on human resource management and all these serve as many purposes:

1. They provide an analytical framework for studying Human resource management (for example, situational factors, stakeholders, strategic choice levels, competence)
2. They legitimize certain HRM practices; a key issue here being the distinctiveness of HRM practices: "It is not the presence of selection or training but a distinctive approach to selection or training that matters".
3. They provide a characterization of human resource management that establishes variables and relationship to be researched.
4. They serve as a heuristic device-something to help us discover and understand the world for explaining the nature and significance of key HR practices.

There are four HRM models are:

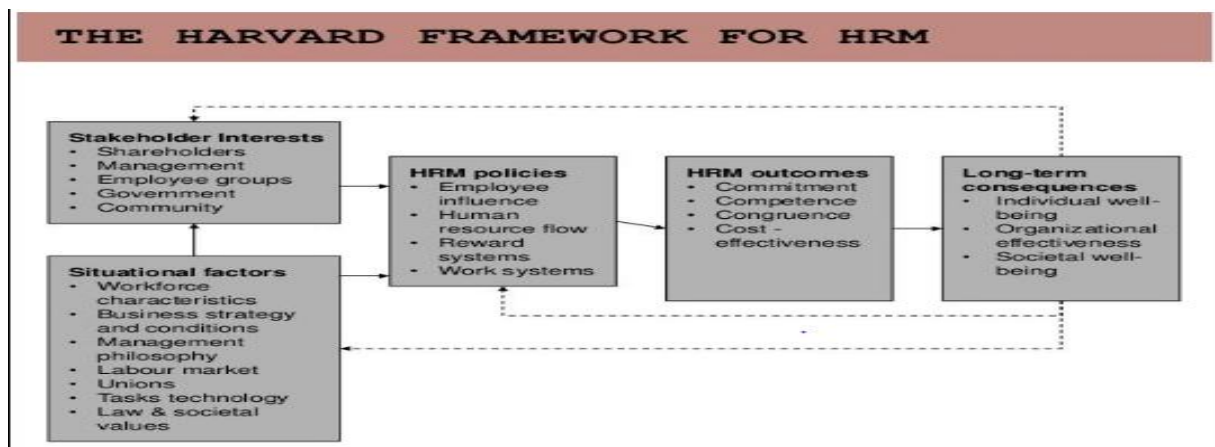
1. The Fombrun
2. The Harvard
3. The Guest, and
4. The Warwick

The Fombrun:

The Fombrun model is incomplete as it focuses on only four functions of HRM and ignores all environmental and contingency factors that impact HR functions. Being the first model (dates back to 1984), this emphasizes just four functions and their interrelatedness. The four functions are: selection, appraisal, development and rewards. These four constituent components of human resource management are expected to contribute to organizational effectiveness.

The Harvard Model:

The Harvard model claims to be comprehensive in as much as it seeks to comprise six critical components of HRM. The dimensions included in the model are: stakeholders, interests, situational factors, HRM policy choices, HR outcomes, long-term consequences and a feedback loop through. The outputs flow directly into the organization and the stakeholders.



The Guest Model:

Yet another human resource management model was developed by David Guest in 1997 and claims to be much superior to other models. The details will justify the claim. This model claims that the HR manager has specific strategies to begin with, which demand certain practices and when executed, will result in outcomes. These outcomes include behavioral, performance related and financial rewards. The model emphasizes the logical sequence of six components: HR strategy, HR practices, HR outcomes, behavioral outcomes, performance results and financial consequences. Looking inversely, financial results depend on employee performance, which in turn is the result of action oriented employee behaviors. Behavioral outcomes are the result of employee commitment, quality and flexibility, which, in turn are impacted by HR practices. HR practices need to be in tune with HR strategies which are invariably aligned with organizational strategies.

The claim of the Guest model that it is superior to others is partly justified in the sense that it clearly maps out the field of HRM and delineates the inputs and outcomes. But the dynamics of people management are so complex that no model (including the Guest model) can capture them comprehensively.

The Warwick Model:

This model was developed by two researchers, Hendry and Pettigrew of University of Warwick (hence the name Warwick model). Like other human resource management models, the Warwick proposition centers around five elements.

- Outer context (macro environmental forces)
- Inner context (firm specific or micro environmental forces)
- Business strategy content
- HRM context
- HRM content

The Warwick model takes cognizance of business strategy and HR practices (as in the Guest model), the external and internal context (unlike the Guest model) in which these activities take place, and the process by which such changes take place, including interactions between changes in both context and content. The strength of the model is that it identifies and classifies important environmental influences on HRM. It maps the connection between the external and environmental factors and explores how human resource management adapts to changes in the context. Obviously, those organizations achieving an alignment between the external and internal contexts will achieve performance and growth.

The Pool's adaptation of Harvard model:

The best way for you to find the results that you are looking for is going to be by searching for articles online. There are going to be many different people that talk about Poole which are not going to be reliable sources and this is why you should ensure that you get the right information as soon as possible. You are not going to have to worry is the source is reliable or not when you know they you are looking at an article which has been written by a professional. It may also be time for you to venture off the internet and get some information out of books which have been sold worldwide. The information in here is going to be reliable and you can find out much about Poole and his thoughts in this manner.

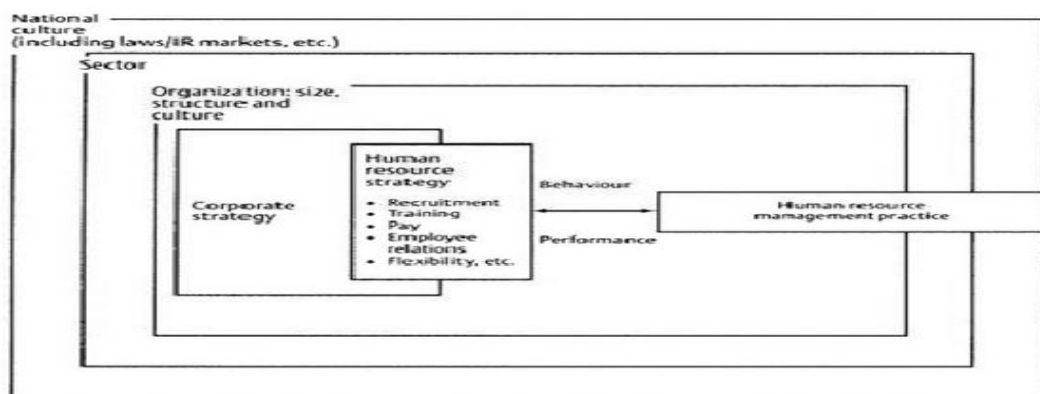
This is not going to be a difficult task once you ensure that you have looked everywhere you need to. You are not going to have to worry about not being able to find the information Poole and you can be sure that you are going to have a reliable source as opposed to something a student has written when they have done an assignment. Ensure that you have the best sources and that they are as reliable as possible before you being your own assignment on Poole as your tutor is not going to be impressed if you have the wrong information that you have simple just copied from somewhere else.

Brewster & Bournois Model:

Brewster says that he prefers Thomas Kochan's framework of IR (discussed above), which, he contends, is a more comprehensive view of the range of social factors influencing HRM than other models, such as soft and hard HRM. He also proposes that the model of the European environment of HRM is partly a response to dissatisfaction with American HRM.²⁶ The anti-unionism of the American approach to HRM has been more consistent in US national culture than in some countries within Europe which have shown greater willingness, during some periods of their history, to work within a social partnership.

Brewster and Bournois (1991)

In the Brewster and Bournois model, HR strategy is only partly subservient to corporate strategy because HRM is influenced by behavior and performance from both inside and outside the organization. The organization and its human resource strategies and practices interact with the environment and, at the same time, are parts of it. The model shows that HRM policy and practice are not exclusively an organization's choice but are also influenced by the wider environment, particularly the national culture and the industry sector the organization operates.



In 1995 Brewster reported the results of a survey²⁷ covering fourteen European countries in which three regional clusters corresponding to level of socio-economic development were found: a Latin cluster (Spain, Italy, France); a Central European cluster (Central European countries plus the UK and Ireland); and a Nordic cluster (Norway, Sweden, Denmark). Brewster proposed that the survey shows Latin countries to be at the lowest stage of socio-economic development, the UK and Ireland next, then continental Central European countries, and finally Nordic countries at the top of the development scale.²⁸ The Latin culture, at the lowest stage of development, according to Brewster, is characterized by an oral culture and political structures that create docile attitudes towards authority, whereas the culture of the highest stage that of the Nordic countries displays a widespread collective orientation to management, extensive consultation between employers and workers, documented strategies, and (perhaps this conclusion is to be expected from an HRM researcher) substantial and authoritative HRM departments.

Despite the tendency of the national cultures to cluster into three regional groups, Brewster found some trends common across most European countries. Pay determination, according to the evidence of the survey, is becoming increasingly decentralized, and flexible pay systems are becoming more common. Flexible working practices are increasing in European countries (for example, atypical working; annualized hours; and temporary, casual, and fixed-term contracts). There is, unfortunately, also continuity in lack of equal opportunities in so far as, at senior management level, women and ethnic minorities are still under represented.

CASE STUDIES

1. COMPARATIVE EMPLOYMENT POLICY

Stanford University conducts its global activities in various ways, including utilizing affiliated locally-domiciled entities ("affiliated entities"), each of which is responsible for its own business operations and hires its own employees and/or contractors ("affiliates"). Stanford University and its affiliated entities will follow sound business practices in adherence to local law and custom, financial compliance, safety and security, working conditions and other considerations that may be unique to global operations.

Where applicable and not in conflict with local laws, the university Administrative Guide applies to university projects and operations outside of the US. The guidelines outlined in this Global Activities Guide should be considered along with applicable university policy.

COMPARATIVE EMPLOYMENT CONCEPT:

- Derived mostly from the climatic conditions of the geographical region and economic conditions of the country.
- A set of traditional beliefs and values which are transmitted and shared in a given society.
- Norms, value, art, etc.
- A total way of life and thinking pattern that are transmitted from generations to generations.

COMPARATIVE EMPLOYMENT SIGNIFICANCE:

- Comparative employment relations are a well-established field within industrial relations.
- Comparative studies offer opportunities to identify the role played by national and local factors in shaping practices and outcomes, such as attitudes to management, the climate of employment relations and workplace financial performance.
- At the micro level, it has traditionally been dominated by case-study qualitative research which has sought to unpick differences in practices and perceptions of actors faced with seemingly similar working environments but in different national and local settings.
- The availability of comparative data also allows the analyst to test hypotheses about the nature of differences. Our special issue seeks to reflect some of this work, together with studies that build on two recent developments in the field.
- the unit of analysis, sampling and survey content-permit analysts to undertake comparative work based on large-scale quantitative data

2. CONVERGENCE THEORY

The idea of convergence in economics (also sometimes known as the catch-up effect) is the hypothesis that poorer economies' per capita incomes will tend to grow at faster rates than richer economies. As a result, all economies should eventually converge in terms of per capita income. Developing countries have the potential to grow at a faster rate than developed countries because diminishing returns (in particular, to capital) are not as strong as in capital-rich countries. Furthermore, poorer countries can replicate the production methods, technologies, and institutions of developed countries.

In economic growth literature the term "convergence" can have two meanings. The first kind (sometimes called "sigma-convergence") refers to a reduction in the dispersion of levels of income across economies. "Beta-convergence" on the other hand, occurs when poor economies grow faster than rich ones. Economists say that there is "conditional beta-convergence" when economies experience "beta-convergence" but conditional on other variables (namely the investment rate and the population growth rate) being held constant. They say that "unconditional beta-convergence" or "absolute beta-convergence" exists when the growth rate of an economy declines as it approaches its steady state. According to Jack Goldstone, "in the twentieth century, the Great Divergence peaked before the First World War and continued until the early 1970s, then, after two decades of indeterminate fluctuations, in the late 1980s it was replaced by the Great Convergence as the majority of Third World countries reached economic growth rates significantly higher than those in most First World countries", thus the present-day convergence should be regarded as a continuation of the Great Divergence.

Early Convergence Theory

Early convergence theorists believed that even countries that are polar opposites in their views on economic development (like communist and capitalist nations) will develop along the same path. Some promoters of convergence theory, such as Andrei Sakharov, a Russian dissident, human rights activist, and nuclear physicist, advocated the development of convergence theory as a way to lessen tensions between Russia and the United States. In the 1950's and 1960's, convergence theory was most closely related to modernization theory. This theory states that as nations develop, they will take a path to industrialization similar to

the one Western nation took. Both convergence theory and modernization theory examined the link between economic development and societal change. Those who supported these theories thought this phenomenon would be due in part to technological development.

Convergence theory is also known as the catch-up effect. Convergence theorists believe that we're entering an era in which most nations will be industrialized, interdependent, and have similar cultures. They believe that this will lead to fewer wars. According to convergence theorists, Third World countries will also increase their standard of living and decrease their rates of poverty. In other words, they will catch up to the industrialized nations, hence the name catch-up effect.

3. MARXIST THEORY

The doctrines developed from the political, economic and social theories of Karl Marx, Friedrich Engels, and their followers: Dialectical materialism, a laborbased theory of wealth, an economic class struggle leading to revolution, the dictatorship of the proletariat, and the eventual development of a class less society.

The contributions to these doctrines in the interpretations of Lenin. **Marxism** is a form of socioeconomic analysis that analyses class relations and societal conflict using a materialist interpretation of historical development and a dialectical view of social transformation. It originates from the mid-to-late 19th century works of German philosophers Karl Marx and Friedrich Engels.

Marxist methodology originally used a method of economic and sociopolitical inquiry known as historical materialism to analyze and critique the development of capitalism and the role of class struggle in systemic economic change. According to Marxist perspective, class conflict within capitalism arises due to intensifying contradictions between the highly productive mechanized and socialized production performed by the proletariat, and the private ownership and appropriation of the surplus product (profit) by a small minority of the population who are private owners called the bourgeoisie.

The contradiction, between the forces and relations of production intensifies leading to crisis. The haute bourgeoisie and its managerial proxies are unable to manage the intensifying alienation of labor which the proletariat experiences, albeit with varying degrees of class consciousness, until social revolution ultimately results. The eventual long-term outcome of this revolution would be the establishment of socialism – a socioeconomic system based on social ownership of the means of production, distribution based on one's contribution, and production organized directly for use. As the productive forces and technology continued to advance, Marx hypothesized that socialism would eventually give way to a communist stage of social development, which would be a classless, stateless, humane society erected on common ownership and the principle of "From each according to his ability, to each according to his needs"

Marx considered these socio-economic conflicts as the driving force of human history since these recurring conflicts have manifested themselves as distinct transitional stages of development in Western Europe. Accordingly, Marx designated human history as encompassing four stages of development in relations of production.

1. **Primitive Communism:** as in co-operative tribal societies.
2. **Slave Society:** a development of tribal to city-state; aristocracy is born.
3. **Feudalism:** aristocrats are the ruling class; merchants evolve into capitalists.
4. **Capitalism:** capitalists are the ruling class, who create and employ the proletariat.

4. THE CULTURAL APPROACH POWER DISTANCE (PDI)

While human nature is inherited, culture is learned; however, individuals within all cultures vary based on differences, preferences, values, and experiences. Hofstede (2011) identifies cultural dimensions that are globally applicable and are reflected in all aspects of life, including family life, child-rearing practices, education, employment, and health care practices.

Individualism-Collectivism:

The individualism-collectivism dimension relates to a societal, not an individual's, characteristic and identifies the extent to which people in a society are integrated into groups. In an individualist society, there is an expectation that individuals look after themselves and connections between individuals are loose; while in a collectivist society, individuals are integrated into strong, cohesive groups, which may often involve extended family.

The individualism-collectivism dimension may also influence an individual's perceptions of disability. After suffering an injury, an adult with a highly individualistic cultural background may be focused on self-sufficiency and independence. Caretakers may see their role as primarily to facilitate a return to self-care. For individuals and caretakers with a collectivist background, the focus may be on providing ongoing assistance to an individual. Extended family may be very involved in caretaking.

Power Distance:

Power distance refers to the extent to which less powerful members of organizations and institutions (including the family) accept and expect unequal power distributions. This dimension is measured not only from the perspective of the leaders, who hold power, but from the followers. In regard to power distribution, Hofstede notes, "all societies are unequal, but some are more unequal than others. "In a large power distance society, parents teach children obedience, while in a small power distance society parents treat children as equals. Subordinates expect to be consulted in small power distance societies, versus being told what to do in large power distance societies.

Clinicians may find that individuals from a high power distance cultural background may refrain from expressing disagreement with goals and/or therapy activities, even if they don't plan to implement suggested goals in the long term. Clients view the clinician as the expert and expect him/her to direct assessment and interventions. Individuals with a low power distance cultural background may more openly express agreement and disagreement with clinician advice and suggestions, ask questions, and expect to be involved in the development of intervention plans.

Masculinity-Femininity:

Masculinity-femininity cultural dimension is addressed as a societal, not an individual's, characteristic and "refers to the distribution of values between the genders ..." (Hofstede, 2011). A society is called feminine when there is not a strong differentiation between the genders for emotional and social roles—both men and women should be modest and caring and both boys and girls may cry, but neither should fight. In masculine societies, both men and women are assertive and competitive; however women are less so than men. For individuals from a highly masculine cultural background, mothers may tend to feel more comfortable dealing with the emotional implications of a diagnosis from a clinician, while fathers may feel more comfortable handling the factual aspects of the situation and show less emotion in response to diagnoses.

In a clinical situation, this may include appointment scheduling, payment, and questions for the clinician. In a feminine culture, these roles in clinical interactions may be more evenly split across the male and female members of a family, and emotional responses may be more clearly observed across both genders.

Uncertainty Avoidance:

The uncertainty avoidance dimension indicates the level of comfort with unstructured situations, in which unstructured situations are "novel, unknown, surprising, and different from usual" (Hofstede 2011). The uncertainty avoidance dimension is different from "risk avoidance" (Hofstede 2011). It encompasses a culture's tolerance for ambiguity. Cultures high in uncertainty avoidance avoid unstructured situations with "strict behavior codes, laws and rules, disapproval of deviant opinions, and a belief in an absolute Truth ..." (Hofstede, 2011). Clinicians often encounter questions about prognosis and outcome when working with both children and adults. Individuals from a strong uncertainty avoidance cultural background may feel a strong need for a definitive prognosis, time line, and outcomes expectations. Individuals from a weak uncertainty avoidance cultural background may feel more comfortable with the unknown and have less need for a definitive prognosis.

Long- and Short-Term Orientation

The long- versus short-term orientation refers to whether a society exhibits a pragmatic future-oriented perspective or a conventional historic point of view. A long-term orientation fosters virtues directed toward the future—in particular, perseverance and thrift and ordering relationships by status. A short-term orientation fosters virtues related to the past and present—in particular, respect for tradition, preservation of "face," and personal steadiness and stability.

The short-term orientation cultures embrace of tradition and focus on "saving face" may influence how an individual and caretakers approach re/habilitation. Individuals may have a sense of shame or feel strongly that it is necessary to "hide" a disability. Individuals from a long-term orientation culture tend to order relationships according to status, which may influence how an individual and caretakers respond to a diagnosis.

Indulgence versus Restraint

This dimension identifies the extent to which a society allows "relatively free gratification of basic and natural human desires related to enjoying life and having fun," as represented by the "indulgence" point on the continuum, relative to a society that "controls gratification of needs and regulates by means of strict social norms" (Hofstede 2011). Indulgence as a cultural value also tends towards a perception of personal life control, while restraint as a cultural value tends towards a perception of helplessness and that what happens in one's life is beyond his/her own control.

Clinicians may find that, in response to a disability, individuals from a culture of indulgence feel that they have control over their future level of function and participation in life activities; meanwhile, individuals from a background of cultural restraint may have a sense of helplessness and be less actively involved in taking control over their involvement in functional activities outside of the clinic.

5. UNCERTAINTY AVOIDANCE

The uncertainty avoidance dimension expresses the degree to which a typical person in a society feels uncomfortable with a sense of uncertainty and ambiguity. The fundamental issue here is how a society deals with the fact that the future can never be known: should we try to control the future or just let it happen? Countries exhibiting strong uncertainty avoidance index (UAI) maintain rigid codes of belief and behavior and are intolerant of

unorthodox behavior and ideas. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles.

People in cultures with high uncertainty avoidance tend to be more rational. They try to minimize the occurrence of unknown and unusual circumstances and to proceed with careful changes step by step by planning and by implementing rules, laws and regulations. In contrast, low uncertainty avoidance cultures accept and feel comfortable in unstructured situations or changeable environments and try to have as few rules as possible. People in these cultures tend to be more pragmatic and more tolerant of change.

High uncertainty avoidance:

There are many ways to detect if someone has a high amount of uncertainty avoidance. For example, the use of formality in interaction with others, dependence of formalized policies and procedures, apparent resistance of change are all characteristics of high uncertainty avoidance.

Signs of high uncertainty avoidance:

More physical and apparent ways to detect if someone has high uncertainty avoidance is to check if they display the following descriptions or attributes. Do they follow a strict structure with rules and expertise, do they have high security (avoiding the unfamiliar). Also you can check if they are hectic, stressful or even emotional.

Low uncertainty avoidance:

In contrast, people can also exhibit characteristics of low uncertainty avoidance. Unlike high UA, those with a low level use informality in interaction with others, they often rely on informal norms and behaviors in most matters. Also, they will show moderate resistance to change.

Signs of low uncertainty avoidance:

To detect if someone has a low uncertainty avoidance keep a keen eye out for the following symptoms and hints. Such people often abide by only a few rules and live a life with little set structure, one that is loose and free; they will appear to be calm and collected. Also, they are interested most likely in entrepreneurship and business matters...

Risk:

Those with high uncertainty avoidance prefer formal rules, strong social norms, and other ways of avoiding uncertainty or risk. The low uncertainty avoidance cultures rely more on informal, unstructured, or fluid roles and behaviors. The following characterizations were by the average perceived uncertainty avoidance based on the basic concepts of uncertainty avoidance like risky behaviors and personality.

High uncertainty avoidance countries:

Some of the highest uncertainty avoidance countries include Greece, Japan, Guatemala, Turkey, France and Germany.

Low uncertainty avoidance countries:

Some of the lowest uncertainty avoidance countries include the Philippines, the United Kingdom, Denmark, and Singapore.

Confusing concept:

There are three problems that often cause confusion when it comes to properly understanding uncertainty avoidance:

First, everyone, irrespective where they come from, thinks that there are a lot of rules in their country. This is a very subjective viewpoint. Objectively there are vast differences in

the amount of rules a country has. The second issue is that most rules that a culture has are not the formal rules that we think of at first. The maximum speed limit is a formal rule. How we meet and greet is not a formal rule, but it is still a cultural rule. The last issue is that countries that score high on this dimension might not always follow the rules that need to be followed. There are simply too many rules, and the individual could choose the rule that fits his/her current situation best.

6. INDIVIDUALITY (INV)

An individual is a person. Individuality (or selfhood) is the state or quality of being an individual; particularly of being a person separate from other persons and possessing his or her own needs or goals, rights and responsibilities. The exact definition of an individual is important in the fields of biology, law, and philosophy. From the 15th century and earlier (and also today within the fields of statistics and metaphysics) individual meant "indivisible", typically describing any numerically singular thing, but sometimes meaning "a person". From the 17th century on, individual indicates separateness, as in individualism.

Although individuality and individualism are commonly considered to mature with age/time and experience/wealth, a sane adult human being is usually considered by the state as an "individual person" in law, even if the person denies individual culpability ("I followed instructions"). An individual person is accountable for their actions/ decisions/ instructions, subject to prosecution in both national and international law, from the time that they have reached age of majority, often though not always more or less coinciding with the granting of voting rights, tax and military duties/ individual right to bear arms (protected only under certain constitutions). In line with hierarchy, ultimate individual human reward for success and responsibility for failure is nonetheless found at the top of human society.

Philosophical views:

Empiricism

Early empiricists such as Ibn Tufail in early 12th century Islamic Spain, and John Locke in late 17th century England, introduced the idea of the individual as a tabula rasa ("blank slate"), shaped from birth by experience and education. These ties into the idea of the liberty and rights of the individual, society as a social contract between rational individuals, and the beginnings of individualism as a doctrine.

Hegel

Georg Wilhelm Friedrich Hegel regarded history as the gradual evolution of Mind as it tests its own concepts against the external world. Each time the mind applies its concepts to the world, the concept is revealed to be only partly true, within a certain context; thus the mind continually revises these incomplete concepts so as to reflect a fuller reality (commonly known as the process of thesis, antithesis, and synthesis). The individual comes to rise above his or her own particular viewpoint, and grasps that he or she is a part of a greater whole insofar as he or she is bound to family, a social context, and/or a political order.

Existentialism

With the rise of existentialism, Kierkegaard rejected Hegel's notion of the individual as subordinated to the forces of history. Instead, he elevated the individual's subjectivity and capacity to choose his or her own fate. Later Existentialists built upon this notion. Nietzsche, for example, examines the individual's need to define his/her own self and circumstances in his concept of the will to power and the heroic ideal of the Übermensch. The individual is also central to Sartre's philosophy, which emphasizes individual authenticity, responsibility, and free will. In both Sartre and Nietzsche (and in Nikolai Berdyaev), the individual is called upon to create his or her own values, rather than rely on external, socially imposed codes of morality.

Buddhism

In Buddhism, the concept of the individual lies in anatman, or "no-self." According to anatman, the individual is really a series of interconnected processes that, working together, give the appearance of being a single, separated whole. In this way, anatman, together with anicca, resembles a kind of bundle theory. Instead of an atomic, indivisible self distinct from reality, the individual in Buddhism is understood as an interrelated part of an ever-changing, impermanent universe (see Interdependence, Nondualism, Reciprocity).

Objectivism

Ayn Rand's Objectivism regards every human as an independent, sovereign entity who possesses an inalienable right to his or her own life, a right derived from his or her nature as a rational being. Individualism and Objectivism hold that a civilized society, or any form of association, cooperation or peaceful coexistence among humans, can be achieved only on the basis of the recognition of individual rights — and that a group, as such, has no rights other than the individual rights of its members. The principle of individual rights is the only moral base of all groups or associations. Since only an individual man or woman can possess rights, the expression "individual rights" is a redundancy (which one has to use for purposes of clarification in today's intellectual chaos), but the expression "collective rights" is a contradiction in terms. Individual rights are not subject to a public vote; a majority has no right to vote away the rights of a minority; the political function of rights is precisely to protect minorities from oppression by majorities (and the smallest minority on earth is the individual)

7. MASCULINITY (MASC)

Masculinity (also called boyhood, manliness, or manhood) is a set of attributes, behaviors and roles generally associated with boys and men. Masculinity is both socially-defined and biologically-created. It is distinct from the definition of the male biological sex. Both males and females can exhibit masculine traits and behavior. Those exhibiting both masculine and feminine characteristics are considered androgynous, and feminist philosophers have argued that gender ambiguity may blur gender classification. Traits traditionally cited as masculine include courage, independence and assertiveness. These traits vary by location and context, and are influenced by social and cultural factors. An overemphasis on masculinity and power, often associated with a disregard for consequences and responsibility, is known as machismo.

Masculine qualities, characteristics or roles are considered typical of, or appropriate for, a boy or man. They have degrees of comparison: "more masculine" and "most masculine", and the opposite may be expressed by "unmanly" or "epicene". Similar to masculinity is virility (from the Latin vir, "man"). The concept of masculinity varies historically and culturally; although the dandy was seen as a 19th-century ideal of masculinity, he is considered effeminate by modern standards. Masculine norms, as described in Ronald F. Levant's *Masculinity Reconstructed*, are "avoidance of femininity; restricted emotions; sex disconnected from intimacy; pursuit of achievement and status; self-reliance; strength and aggression, and homophobia." These norms reinforce gender roles by associating attributes and characteristics with one gender.

The academic study of masculinity received increased attention during the late 1980s and early 1990s, with the number of courses on the subject in the United States rising from 30 to over 300. This has sparked investigation of the intersection of masculinity with other axes of social discrimination and concepts from other fields, such as the social construction of gender difference (prevalent in a number of philosophical and sociological theories).

Hegemonic masculinity

Traditional avenues for men to gain honor were providing for their families and exercising leadership. Raewyn Connell has labeled traditional male roles and privileges hegemonic masculinity, encouraged in men and discouraged in women: "Hegemonic masculinity can be defined as the configuration of gender practice which embodies the currently accepted answer to the problem of the legitimacy of patriarchy, which guarantees the dominant position of men and the subordination of women".^[30] In addition to describing forceful articulations of violent masculine identities, hegemonic masculinity has also been used to describe implicit, indirect, or coercive forms of gendered socialisation, enacted through video games, fashion, humour, and so on.

"Masculinity in crisis"

A theory of "masculinity in crisis" has emerged; Australian archeologist Peter McAllister said, "I have a strong feeling that masculinity is in crisis. Men are really searching for a role in modern society; the things we used to do aren't in much demand anymore". Others see the changing labor market as a source of stress. Deindustrialization and the replacement of smokestack industries by technology have allowed more women to enter the labor force, reducing its emphasis on physical strength.

The crisis has also been attributed to feminism and its questioning of male dominance and rights granted to men solely on the basis of sex. British sociologist John Mac Innes wrote that "masculinity has always been in one crisis or another", suggesting that the crises arise from the "fundamental incompatibility between the core principle of modernity that all human beings are essentially equal (regardless of their sex) and the core tenet of patriarchy that men are naturally superior to women and thus destined to rule over them."

According to John Beynon: Masculinity and men are often conflated and it is unclear whether masculinity, men or both are in crisis. He writes that the "crisis" is not a recent phenomenon, illustrating several periods of masculine crisis throughout history (some predating the women's movement and post-industrial society), suggesting that due to masculinity's fluid nature "crisis is constitutive of masculinity itself." **Film scholar Leon Hunt also writes:** "Whenever masculinity's 'crisis' actually started, it certainly seems to have been in place by the 1970s".

UNIT-II

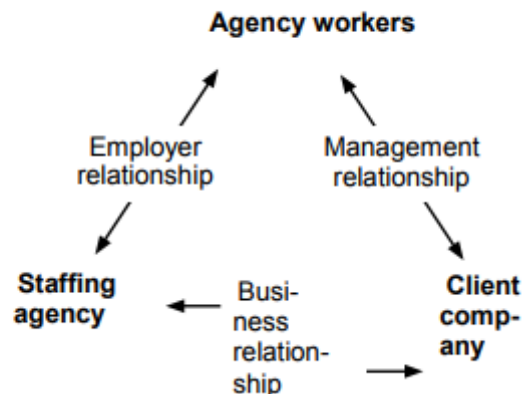
SOCIAL ENVIRONMENT AND STAFFING

Unit II: Social environment and human resource practices, staffing: international recruitment, selection, training and hiring policies, staff retaining and motivating techniques, case study, cultural literacy and human resource information system in global business ,cultural awareness, essentials, advantages, cultural skills for co-operative advantages, human resource information system: concept ,limitations and uses, designing of human resource information system, computerized skill inventories.

CONCEPTS:

Staffing agencies is a relatively new business area in Sweden. The private hiring of personnel for profit has only been permitted since 1993 (Berg 2008). Staffing agencies' business concept is to rent out personnel to client companies for a fixed, limited period of time. The working period at a client may vary from a couple of hours to several years. The staff agency worker has no guaranteed client company but has to be prepared to work at different companies depending on demand. The primary relationship in this business area may be described as triangular, i.e. between the staffing agency, the client company and the agency worker (see, for example, Bergström & Storrie 2003; Håkansson & Isidorsson 2012A).

Relationship patterns in the staffing agency business area



Agency workers are employees of the staffing agency, so the staffing agency consequently bears employer responsibility. These employees carry out their work at various client companies which therefore bear the employee management responsibility. The connection between the staffing agency and the client company is a business contract stating that the client company buys labour from the staffing agency for an agreed period. These relationships are important to keep in mind when discussing work environment. The people working for agencies have others organizations to relate to, but it is worth noting that work environment is a responsibility shared by the staffing agency and client company/organization.

SOCIAL ENVIRONMENT AND HUMAN RESOURCE PRACTICES:

When it comes to human resource management there are several factors that affect day-to-day operations. Adapting in this field is important because at a moment's notice new legislation can be passed with an immediate effective date or corporate policies are changed where human resources feel the brunt. A well-developed strategy for your human resources department takes into considers external factors that might affect your department.

Four External Factors that Affect Human Resource Management:

Government Regulations – With the introduction of new workplace compliance standards your human resources department is constantly under pressure to stay within the law. These types of regulations influence every process of the HR department, including hiring, training, compensation, termination, and much more. Without adhering to such regulations a company can be fined extensively which if it was bad enough could cause the company to shut down.

Economic Conditions – One of the biggest external influences is the shape of the current economy. Not only does it affect the talent pool, but it might affect your ability to hire anyone at all. One of the biggest ways to prepare against economic conditions is to not only know what's happening in the world around you, but also create a plan for when there is an economic downturn. All companies can make due in a bad economy if they have a rainy day fund or plan to combat the harsh environment.

Technological Advancements – This is considered an external influence because when new technologies are introduced the HR department can start looking at how to downsize and look for ways to save money. A job that used to take 2-4 people could be cut to one done by a single person. Technology is revolutionizing the way we do business and not just from a consumer standpoint, but from an internal cost-savings way.

Workforce Demographics – As an older generation retires and a new generation enters the workforce the human resources department must look for ways to attract this new set of candidates. They must hire in a different way and offer packages that work for this younger generation. At the same time, they must offer a work environment conducive to how this generation works.

Those involved in human resource management does more than hiring and firing, they make sure that every type of external influence is listened to and proper procedures are followed to avoid lawsuits and sanctions. If you're in HR make sure that you're paying close attention to external influences because there is a good chance they're affecting your job and the company you work for. So next time you talk to someone involved in the human resource management process think twice about the amount of factors that affect their job and how important it is for them to be on top of their game.

STAFFING:

The selection and training of individuals for specific job functions and charging them with the associated responsibilities.

INTERNATIONAL RECRUITMENT:

Backed by unparalleled expertise as followed and delivered in professional international recruitment agency principles, we have with us deep understanding of international man power recruitment services and help in providing comprehensive HR services as well as recruitment solutions so as to maximize clients' manpower potential. With possibility of hunt for quality talent also requiring overseas recruitment of particular skills, we being a global organization have also placed job seekers in international regions of Middle East, Africa, Mauritius, Canada, UK and Maldives.

International Recruitment Services

Other than providing immigration advice that is part of recruitment package to prospective and current clients, some of the other value added services offered by us are:

Manpower Consultancy

- Once potential candidate is identified, next step is selection test (oral or practical) taken by employer or his authorized representative
- For this we make complete arrangements for travel, accommodation, ensuring candidate reaches place on right time
- In case we are entrusted with selection & testing of prospective employee, we conduct the procedure through taking support of panel of experts for technical & professional categories
- This procedure is followed under direct supervision of our professional executives

Visa Assistance

Having complete understanding of the intricacies involved in international recruitment procedure, we hold specialization in providing fast as well as dependable services. Here, the experience gained by us while processing millions of travel documents also guarantees of the visa being handled quickly (even overnight), accurately as well as professionally. Our visa services are applicable to following areas:

- Employment Visa
- Visit Visa
- Work Permits

The other arrangements we take care here include:

- Travel and Ticketing Arrangements
- Medical Checkup
- Orientation Program

SELECTION:

Selection is the stage of the recruiting cycle at which managers choose candidates who will be offered employment from the applicant pool. The selection process varies greatly, depending on the size of the hiring organization, the number of applicants and the amount of available positions.

The selection process begins with a review of applications or résumés to eliminate applicants who do not have the required skills or experience. Next, the candidates who meet the basic qualifications are screened, often by a combination of phone screenings, email communications or face-to-face interviews. Background checks, drug screens, employment and reference verification and skills testing may also be part of the process, which concludes when a hiring decision has been reached.

Streamlining Selection

Many tools are available to help streamline selection. Many companies require electronic applications that can be set to screen out those without the required skills or education. Use of social networking sites can significantly speed up verifying employment and checking references. If multiple interviews are involved in the selection process, aligning the schedules of key managers in advance can speed up interviewing, which is the phase where most slowdowns occur.

Equal Employment Opportunity Commission

Be sure your selection process does not unintentionally screen out candidates based on racial or gender or other characteristics that come under the jurisdiction of the Equal Employment Opportunity Commission. This is especially important when using social media as a tool in recruiting, as social media allows for the determination of race, gender, age and disability and has been a focus in recent EEOC [Equal Employment Opportunity Commission] violation complaints.

Selection Methods

There are a number of selection methods to choose from when narrowing down a list of job applicants to find the right fit. Smaller companies, for example, may place the responsibility entirely on the direct supervisor or business owner. Human-resource managers may collaborate with each other and direct supervisors in a multi-step interview process. Executives may be involved in selecting candidates for higher-level positions, whether or not the executives directly oversee the position. A number of companies even bring job candidates on board as interns, seasonal workers or temporary staff to test them in real-world job settings for a time before hiring them as full-time employees.

TRAINING AND HIRING POLICIES:

The hiring process for most organizations encompasses multiple steps and various practices, including the use of application forms, interviews, pre-employment testing, reference and background checks, employment offers, and, in some cases, employment contracts. Finally, there is the process of organizational entry, referred to as on boarding or orientation. Each employee, while employed, is hired to make significant contributions to [Company Name]. In hiring the most qualified candidates for positions, the following hiring process should be followed.

Hiring Process and Procedures

Personnel requisitions

Personnel requisitions must be completed to fill [Company Name] positions. Requisitions must be initiated by the department supervisor/manager, approved by the division vice president and then forwarded to the human resource (HR) department.

Personnel requisitions should indicate the following:

- Position title.
- Position's hours/shifts.
- Exempt or nonexempt status of the position.
- Reason for the opening.
- Essential job functions and qualifications (or a current job description may be attached).
- Any special recruitment advertising instructions.

Job postings

- All regular exempt and nonexempt job openings are posted on [Company Name] intranet and bulletin boards for employees to review. Jobs will remain posted until the position is filled. Job postings are updated every [select day of the week or appropriate time period].

Internal transfers

- Employees who have been in their current position for at least one year may apply for internal job openings. This requirement may be waived with the consent of the employee's manager and the HR department.
- Employees must complete the Internal Job Opening Request Form. The form must be completed and submitted to the HR department within one week after the job is posted.
- All applicants for a posted vacancy will be considered on the basis of their qualifications and ability to perform the job successfully. Internal candidates who are not selected will be notified by the HR department.

Recruitment advertising

- Positions are advertised externally based on need and budget requirements. The HR department is responsible for placing all recruitment advertising.

Interview process

- The HR department and the hiring manager will screen applications and resumes prior to scheduling interviews. Initial interviews are generally conducted by the HR department and the hiring manager.
- Team interviews may be conducted as needed for some positions. If a team interview is conducted, a structured interview process is recommended. Interview questions should be compiled by the interviewing team and reviewed by the HR department prior to the interview. After the team completes the interview process, the results of the interview should be forwarded to the hiring manager/supervisor for review. The hiring manager or supervisor has the authority to make the hiring decision.
- Supervisors must use the applicant summary tracking form and notify the HR department of all interviews conducted. All applications and resumes of applicants not selected must be forwarded to the HR department for retention.
- The HR department will notify applicants who are not selected for positions at [Company Name].

Reference checks, criminal background checks, and drug and alcohol testing

- After a decision has been made to hire a particular candidate, an offer will be made to that individual contingent on satisfactory completion of reference checks and criminal background checks.
- The HR department will check references for all candidates and contact final candidates to complete a pre-employment drug and alcohol screen.

Job offers

- If the HR department receives satisfactory results from the reference checks, criminal background check, and the drug and alcohol screen, it will notify the candidate to confirm the job offer.

Initial start date and orientation

- On an employee's start date, the employee will complete required paperwork and an orientation with the HR department. The new employee's manager or supervisor is responsible for providing a department orientation for the new employee.

- The employee's supervisor will complete the New-Hire Checklist with new employees and review department policies and procedures.

STAFF RETAINING AND MOTIVATING TECHNIQUES

Money should not be the ONLY tool used to motivate people, because different things motivate different people. Here are a few other simple, inexpensive choices to consider:

1. Seek buy-in. Involve staff in determining and seeing “the big picture” and the goals needed to achieve it. Remember, they are closest to the work and often can see things more clearly. Having employees harness self-direction in pursuit of common goals is far preferable to forcing people to meet goals they don’t understand or share.
2. Encourage contributions. If an employee can regularly contribute ideas, and suggestions, it makes them feel important and gives meaning to their jobs. Give people responsibility and they often rise to the challenge. Allow them to unleash their imagination, ingenuity and creativity and everybody wins.
3. Recognize employees. Rewarding people for achievement is a far more effective than punishing them for failure. There are plenty of simple but effective ways employers can recognize hard work, such as emailing an appreciative note. Organize recognition programs and events to honor accomplishments personally and publicly.
4. Nip negativity in the bud. Do not allow employees to talk down to one another and/or drag each other through the mud. Likewise, make sure you don't do the same when other employees are able to see it happen to a fellow co-worker. That's bad for morale and destroys motivation.
5. Keep employees informed. When an employee feels he or she is not up to date with what is occurring in the company or their department, it is a message to the employee that says, “You are not important.” Keep information flowing to each employee; let them know what the company is doing and the direction it is taking.
6. Help fulfill career goals. If the employee wants to take on more responsibility or move into a different department, investigate the possibilities and get back to them with options. Giving workers opportunities to build the skills and make the connections they need to get ahead in their careers will build loyalty and motivation.
7. Maintain workforce satisfaction. One way to generate sustained profits is to build a work environment that attracts and keeps talented people who want to show up and perform at a level of excellence. Focus on creating satisfied employees and they will focus on satisfying you and your customers.
8. Provide training. Being part of a learning culture is an important motivator for an employee. Training can help fill the gap between lack of skills and better productivity after training needs are assessed. Appropriate training should be viewed as an investment rather than a liability.
9. Give constant feedback. The days of quarterly or annual reviews being the sole form of feedback are long gone. Employees want to receive constant, specific, and clearly defined

feedback from their supervisors. Positive feedback about accomplishments is essential to motivate an employee.

10. Communicate often. Open communication is most employees' #1 priority. Find out what interests them and what doesn't. Speaking with an employee frequently shows that you care about them in more ways than simply wanting them to keep up with productivity.

Motivation requires a strategy tailored to each worker's needs. These ideas can help you know what can drive your employees to want to do a better job. If your focus is on the bottom line and long-term growth of the organization, it's important to focus on your most important asset.

CULTURAL LITERACY AND HUMAN RESOURCE INFORMATION SUSYTEM IN GLOBAL BUSINESS:

In a global environment the ability to communicate effectively can be a challenge. Even when both parties speak the same language there can still be misunderstandings due to ethic and cultural differences. Over the last decade, there have been countless examples from the business sector that demonstrate how poor communication can lead to poor organizational performance. Understanding the impact of globalization on cross-culture communication is imperative for organizations seeking to create a competitive advantage in the global market. Recent economic challenges further highlight the need for organizations to develop the internal communication capacity necessary to control and monitor external threats. As society becomes more globally connected the ability to communicate across cultural boundaries has gained increasing prominence. Global businesses must understand how to communicate with employees and customers from different cultures in order to fulfill the organization's mission and build value for stakeholders. The use of technology has had a profound impact on how businesses communicate globally and market their products and services. However, with the advancements in technology organizations must still be cognoscente of the culture nuisances that can potentially present obstacles in trying to increase profits and market share. According to Genevieve Hilton, "cultural proficiency doesn't mean memorizing every cultural nuance of every market. It's knowing when to listen, when to ask for help, and when finally to speak".

For companies involved in global business operations the relationship of managers and subordinates in multinational firms is important. In research conducted by Thomas and Ravlin it was found that participants to whom nationality was more important indicated lower perceptions of similarity with the manager, lower intentions to associate and lower perceptions of managerial effectiveness. The results of the study strongly indicate that teaching members of different cultures to behave like each other is an ineffective approach to improving intercultural interactions in business settings. Focus should be placed on using individual differences to create innovation. Training and development of individuals involved in intercultural interactions should involve more than simply promoting cultural adaptation. Communication is vital for businesses to effectively explain how their products and services differ from their competitors. Companies that are successfully able to communicate cross-culturally have a competitive advantage because they can devote more time and resources to conducting business and less time on internal and external communication issues. Communication is necessary for individuals to express themselves and to fulfill basic needs. The same holds true for businesses, governments, and countries. Without the ability to communicate and understand each other, there would be chaos. Communication that is based on cultural understanding is more apt to prevent misunderstandings caused by personal biases and prejudices.

To illustrate the importance of communication on building relationships globally consider the example of the United States and South Korea. The relationship between these two countries is one built upon a rich history. In 1884, the United States government became the first foreign entity to purchase property in Korea. Before this time no foreigner was permitted to live inside Seoul. Despite significant cultural differences, South Korea and the United States have been able to develop a communication process that other countries seek to replicate. The American Chamber of Commerce in Korea was established in 1953 with the chief purpose to promote the advancement of trade and commerce between Korea and the United States. Article II of the Chamber's constitution outlines the following six objectives:

1. To promote the development of commerce between the United States of America and Korea;
2. To promote measure calculated to benefit and protect the interests in Korea of member companies and citizens of the United States;
3. To represent, express, and give effect to the opinions of the Chamber business community of the United States regarding trade, commerce, finance, industry, and related questions;
4. To collect, evaluate, and disseminate among its members statistical and other information concerning commerce or other undertakings of interest to them;
5. To associate and cooperate with other organizations sharing mutual interests
6. To do any and all other things incidental or related to the attainment of the above objectives.

When countries are able to exchange ideas and communicate in an open society everyone benefits. Kathleen Stephens, U.S. Ambassador to the Republic of Korea, summed it up by saying, "we must use our shared interests and values to compliment and transform each other's growth". The main purpose of this study is to develop a cross-cultural communication model that can be applied by companies that communicate with employees from different cultures. The aim is to identify the steps that leaders of organizations competing in a global environment should consider when communicating to different cultures. This study uses a group of college students participating in the 2nd Korea America Student Conference (KASC) as the main research source for creating the model. KASC is supported by the International Student Conferences, a non-profit organization located in Washington, D.C., which sponsors student-run educational and cultural exchange programs for university students from the United States, Japan, and Korea. The researchers used a mix of qualitative and quantitative research methodologies to generate the model. A comparative literature review is conducted and organizational examples of Samsung and Hyundai are considered to demonstrate the impact of globalization on cross-culture communication practices. The study also highlights the action research methodology that was employed to design the cross-culture communication model. In conclusion, the 4 C's Global Leadership Model is introduced to demonstrate how organizational leaders can create innovation in a global environment by managing conflict, communication, creativity, and connectivity.

CULTURE AWARENESS:

Cultural Awareness is the foundation of communication and it involves the ability of standing back from us and becoming aware of our cultural values, beliefs and perceptions. Why do we do things in that way? How do we see the world? Why do we react in that particular way? Cultural awareness becomes central when we have to interact with people from other cultures. People see, interpret and evaluate things in a different ways. What is

considered an appropriate behavior in one culture is frequently inappropriate in another one. Misunderstandings arise when I use my meanings to make sense of your reality.

As an Italian it is almost automatic to perceive US Americans as people who always work, talk about business over lunch and drink their coffee running in the street instead of enjoying it in a bar. What does it mean? Italians are lazy and American hyperactive? No, it means that the meaning that people give to certain activities, like having lunch or dinner could be different according to certain cultures. In Italy, where relationships are highly valued, lunch, dinner or the simple pauses for coffee have a social connotation: people get together to talk and relax, and to get to know each other better. In the USA, where time is money, lunches can be part of closing a deal where people discuss the outcomes and sign a contract over coffee.

Misinterpretations occur primarily when we lack awareness of our own behavioral rules and project them on others. In absence of better knowledge we tend to assume, instead of finding out what a behavior means to the person involved, e.g. a straight look into your face is regarded as disrespectful in Japan.

Degrees of Cultural Awareness:

There are several levels of cultural awareness that reflect how people grow to perceive cultural differences.

My way is the only way - At the first level, people are aware of their way of doing things, and their way is the only way. At this stage, they ignore the impact of cultural differences. (Parochial stage)

I know their way, but my way is better - At the second level, people are aware of other ways of doing things, but still consider their way as the best one. In this stage, cultural differences are perceived as source of problems and people tend to ignore them or reduce their significance. (Ethnocentric stage)

My Way and Their Way - At this level people are aware of their own way of doing things and others' ways of doing things, and they chose the best way according to the situation. At this stage people realize that cultural differences can lead both to problems and benefits and are willing to use cultural diversity to create new solutions and alternatives. (Synergistic stage)

Our Way - This fourth and final stage brings people from different cultural background together for the creation of a culture of shared meanings. People dialogue repeatedly with others, create new meanings, new rules to meet the needs of a particular situation. (Participatory Third culture stage)

Increasing cultural awareness means to see both the positive and negative aspects of cultural differences. Cultural diversity could be a source of problems, in particular when the organization needs people to think or act in a similar way. Diversity increases the level of complexity and confusion and makes agreement difficult to reach. On the other hand, cultural diversity becomes an advantage when the organization expands its solutions and its sense of identity, and begins to take different approaches to problem solving. Diversity in this case creates valuable new skills and behaviors.

CULTURAL SKILLS FOR CO-OPERATIVE ADVANTAGES

Cooperative learning activities are those that require students to work in small groups to complete a joint project. Students work together as a team to not only learn the material but also help each other succeed. Much research has been conducted over the years to show the benefits of cooperative learning. Robert Slavin reviewed 67 studies concerning cooperative learning and found that overall 61% of the cooperative-learning classes achieved significantly higher test scores than the traditional classes. But what benefits do students derive from cooperative learning activities? The answer is that many life skills can be learned and enhanced through teamwork. Following is a list of five positive results from the effective use of cooperative learning in the classroom setting.

1 Sharing a Common Goal: First and foremost, students who work together as a team share a common goal. The success of the project depends on combining their efforts. The ability to work as a team towards a common goal is one of the main qualities that business leaders are looking for today in new hires. Cooperative learning activities help students practice working in teams. As Bill Gates says, "Teams should be able to act with the same unity of purpose and focus as a well motivated individual." Sharing a common goal allows students to learn to trust each other as they achieve more than would be possible on their own.

2 Leadership Skills: In order for a group to truly succeed, individuals within the group need to show leadership abilities. Skills such as dividing out the tasks involved, providing support, and ensuring that individuals are meeting their goals are all leadership skills that can be taught and practiced through cooperative learning. Typically, leaders will show themselves fairly quickly when you set up a new group. However, you can also assign leadership roles within a group to help all individuals to practice leading the team.

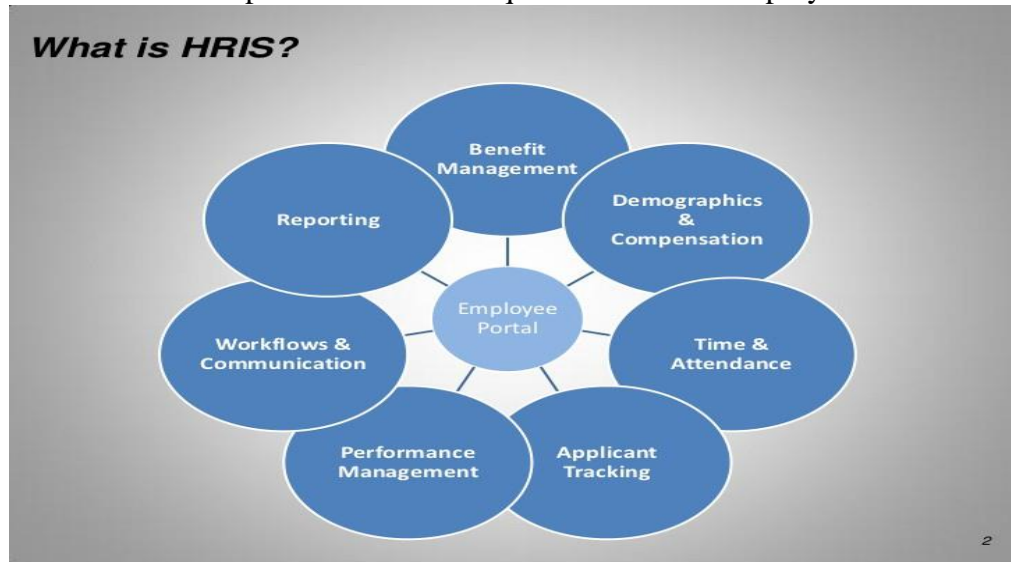
3 Communication Skills: Effective teamwork is all about good communication and a commitment to the product or activity. All members in the group need to practice communicating in a positive manner. These skills should be directly modeled by the teacher and reinforced throughout the activity. When students learn to talk with and actively listen to their teammates, the quality of their work soars.

4 Conflict Management Skills: Conflicts arise in all group settings. Sometimes these conflicts are minor and easily handled. Other times, though, they can rip a team apart if left unchecked. In most cases, you should allow your students to try and work out their issues before you step in and get involved. Keep an eye on the situation but see if they can come to a resolution on their own. If you do have to be involved, attempt to get all individuals of the team talking together and model effective conflict resolution for them.

5 Decision Making Skills: Many decisions will need attention while working in a cooperative environment. A good way to get students to start thinking as a team and make joint decisions is to have them come up with a team name. From there, the next decisions that need to be made are which students will perform what tasks. Additionally, even though students are working in a group, they will also have their own responsibilities. This will require them to make many decisions that could affect their entire team. As the teacher and facilitator, you should stress that if a particular decision will affect other members of the group then these needs to be discussed together.

HUMAN RESOURCE INFORMATION SYSTEM:

A HRIS, which is also known as a human resource information system or human resource management system (HRMS), is basically an intersection of human resources and information technology through HR software. This allows HR activities and processes to occur electronically. A human resource information system (HRIS) is a software package developed to aid human resources professionals in managing data. Human resource professionals utilize these systems to facilitate work flow, improve efficiency and store and collect information. Several companies offer HRIS packages to employers. HRIS packages can be customized to the specific needs and requirements of the employer.



1. Database: HRIS core offering includes a database to store employee information. HR professionals can input all personnel data into the system which can be accessed from anywhere, round the clock. Types of data that HR professionals collect in the database include compensation history, emergency contact information, and performance review. The core database can also be viewed as an online backup for paper files.

2. Time and Labour Management: Activities like time and labour management can highly time consuming. HRIS package allows employees to input their own hours worked and allows managers to immediately verify vacation requests, and the data is directly fed to the payroll. Time and labour management also improves the HR department's ability to track punctuality and attendance.

3. Payroll Function: Payroll function is yet another major component of a HRIS model. HR can easily download or unload employee hours, and issue cheques or payroll deposits to employees. Salaried employees can also be paid with substantially reduced risk of errors. The HRIS payroll software usually improve tax compliance for locations with multiple tax levels.

4. Benefits: Some HRIS employers allow employers to establish and maintain medical benefits and retirement investments through their software. Such applications allow employers to have one-stop shopping experience for all their human resources data management needs. Other HRIS packages facilitate medical benefits and retirement investment deductions for payroll but not the establishment of those benefits.

5. Employee Interface: Most HRIS packages allow for an employee to have limited user access. Employee users access a part of the database where they can update their personal

information, review pay scales, change retirement benefit programs, update direct deposit information or download benefit election documents.

6. Recruitment and Retention: Finally, it can be said that recruitment and retention are the most important components of HRIS. It goes without saying that it is the anchor of all HR policies and systems. Finding new talent, acquiring them, keeping them engaged and finally being able to retain them are the major task of a HR person. HRs also have to ensure that employees are not only able to do their work, but they are also provided with the required training; receives proper compensation and benefits from the organization.

LIMITATION:

Some of the limitations of of HRM are:

1. Recent origin
2. Lack of support of top management
3. Improper actualization
4. Inadequate development programmers and
5. Inadequate information.

1. Recent Origin: So it lacks universally approved academic base. Different people try to define the term differently. Some thinkers consider it as a new name to personnel management. Some enterprises have named their traditional personnel management department as human resource management department. Such superficial actions may not bear much fruit. What is actually required is a fundamental change in attitudes, approaches and the very management philosophy. Without such a change, particularly at the top management level, renaming of personnel department or redesignating the personnel officer may not serve the purpose. With the passage of time an acceptable approach will be developed.

2. Lack of Support of Top Management: HRM should have the support of top level management. The change in attitude at the top can bring good results while implementing HRM. Owing to passive attitude at the top, this work is handled by personnel management people. Unless there is a change in approach and attitude of top management nothing remarkable will happen.

3. Improper Actualization: HRM should be implemented by assessing the training and development requirements of employees. The aspirations and needs of people should be taken into account while making human resource policies. HRM is actuated half-heartedly. The organizing of some training programmes is considered as the implementation of HRM. With this, management's productivity and profitability approach remains undisturbed in many organizations.

4. Inadequate Development Programmes: HRM needs implementation of programmes such as career planning, on the job training, development programmers', MBO, counseling etc. There is a need to create an atmosphere of learning in the organization. In reality HRM programmes are confined to class room lectures and expected results are not coming out of this approach.

5. Inadequate Information: Some enterprises do not have requisite information about their employees. In the absence of adequate information and data base, this system cannot be properly implemented. So there is a need to collect, store and retrieval of information before implementing human resource management.

DESIGNING AND MANAGING A HUMAN RESOURCE INFORMATION SYSTEM

Human resource management has become a technology-based profession. In many organizations, employees view the face of HR as a portal rather than as a person. This transformation of HR service delivery is known as "e-HR," which requires a vital change in the way HR professionals view their roles. Many of what used to be time-consuming manual processes are now performed by computers, freeing HR professionals to work on higher-value activities. As a result the demand for technological solutions to HR issues are constantly increasing.

Human resources information systems (HRIS) can streamline many HR functions into one package. This toolkit discusses the following topics related to HRIS:

- Developing a business case for an HRIS.
- Transformation of HR service delivery.
- Determining the organization's HRIS needs.
- Planning process.
- Design considerations.
- Vendor selection.
- Implementation of an HRIS.
- Evaluation of the new system.

Business Case

During the economic downturn, many organizations significantly cut costs and reduced spending. HR had to present a strong cost/benefit analysis to justify the costs of purchasing and implementing a new HRIS, and many of these justifications were based on cost savings. With the return to a growth economy, business cases now focus more on the benefits and return on investment (ROI) in technology purposes.

Either way, a formal business case will help HR gain support from the decision-makers who can authorize funds for a new or upgraded HRIS. The business case should closely align HR goals with the organization's business strategy and specify the anticipated impact on the organization's bottom line.

Because HR is not generally viewed as a profit center, the business case should focus on reducing administrative and processing costs, increasing efficiencies, and improving value-added knowledge from analytics while supporting the organization's principal business needs. To corroborate the value of a new HRIS, HR must quantify the cost of providing the current level of services as well as future anticipated benefits against the new system's bottom-line impact.

When developing a business case, HR must determine the quantity and quality of the department's services to enable an assessment of how a new HRIS will improve existing manual processes and deliver services more efficiently. HR should first determine why the existing system is no longer sufficient and identify any weaknesses in the existing system processes and functions. Investments in integrated systems or cloud technology, while bringing HR to the technology table, must be well positioned to contribute to the organization's bottom line.

When developing a business case for a new HRIS, HR should:

- **Outline precise business problems.** For example, lack of integrated systems results in poor data integrity and time spent reconciling information from incompatible systems.
- **Clearly state the objective and the anticipated results.** For example, purchase, install and implement a state-of-the-art system that will upgrade HR's quality of service through efficiency and better information.
- **Specify any current HRIS issues.** For example, the department has outgrown the current HRIS, which does not run the latest software and is incompatible with other systems.
- **List all other available options or alternatives.** For example, remain with the current HRIS, upgrade individual systems, or outsource some or all HR services.
- **Provide clear goals and objectives.** For example, use assessments of delivery value analysis to determine necessary functions and results.
- **Include a summary of the current cost for HR service delivery.**
- **Determine the expected rate of ROI upon implementation.**

From the list of immediate needs, HR should determine what will bring the most value to end users and the organization. In addition, HR should assess which functions will be enhanced by improved automation and integration, information, and analytics and establish the tangible and intangible savings and costs.

A first step is to evaluate the value of the changes the new HRIS will enable. HR professionals should think in terms of cost reduction and automating and improving inefficient, superfluous and labor-intensive HR services. For example, benefits could include:

- Cost reduction via automation:
 - Time entry and attendance tracking.
 - Benefits administration.
 - Recruiting.
 - Training.
 - Payroll.
 - Performance management.
- Salary changes.
- Improvements through integration:
 - Benefits administration.
 - Compensation management.
 - Ability to track training, licenses, certifications and education.
 - Report generation and processing.
 - Performance management.
 - Centralization and efficiency of the flow, capture and use of HR data.
- Speed in delivery of services.
- New or updated delivery of services:
 - Benefits confirmation statements.
 - Electronic payroll advices.
 - Companywide standardization of policies and procedures.
 - Use of interactive voice response (IVR) and Internet.
 - Employee self-service.
- Improved reporting and analytics such as:
 - Turnover of high-potential employees.
 - Refined compensation modeling.

- Standardized, automated and scheduled reporting
- Ability to accommodate remote users.

Organizations should carefully estimate the cost of providing the services today against the anticipated cost with the new HRIS.

HR's Role:

Technology has noticeably changed HR management; most firms provide universal access to HR services through technology and web-based applications. These changes often result from the need to cut costs and expand or improve services. Research shows that organizations that successfully adopt sophisticated HR technology tools outperform those that do not. But the simple automation of HR processes can no longer guarantee a competitive advantage. Instead, organizations must determine how to use technology to transform their HR practices and market their HR brand.

This transformation of HR service delivery is known as "e-HR," which requires a fundamental change in the way HR professionals view their roles. The term e-HR describes the transformation of HR service delivery using Web-based technology. Now HR professionals must not only master traditional HR skills and knowledge but also apply that knowledge via technology.

Technology Trends

Although the HRIS concept has transformed HR, future technological advances may have an even greater impact. See identifying trends in technology is critical skill for hr. identifying trends in technology is critical skill for HR.

These trends include:

- Growth of social networking.
- Continued growth of compliance and reporting requirements.
- Lease-versus-buy decisions.
- Use of data analytics and dashboards.
- Changes in HR staff skill sets.

Determining Needs

An HRIS can be as simple as a small, internally developed employee database or as complex as a fully integrated multimillion-dollar enterprise resource planning (ERP) system offering economies of scale to larger companies. Depending on the organization's business operations, consolidating workflows and capturing data in a single application may be more critical than implementing a global solution that would support multiple languages or provide all employees with Internet access.

HR must have a firm understanding of the organization's culture, its ability to accept large-scale changes—whether it is expanding its operations globally or undergoing mergers and acquisitions—and, most significantly, its short- and long-term goals. HR must also understand how tech savvy its managers and employees are and be able to accommodate for mobile as well as traditional access models. Each HRIS user will have slightly different information needs and can be split into two groups employees and nonemployees.

The employee category includes:

- Managers who rely on the HRIS and its data for decision-making.
- Analysts and power users who evaluate potential choices and opportunities.

- Technicians who are responsible for providing a usable, up-to-date system for all users.
- Those who use the system on a self-service basis to access personal information.

The non-employee group includes:

- Potential employees (applicants).
- Suppliers.
- Business partners.

Planning

The planning phase is crucial in the design of any software implementation project. A comprehensive planning process will provide both the necessary framework within which the implementation team can proceed and the decision-making parameters for unforeseen difficulties.

The initial planning process should include discussions of the following:

- **Project scope.** Clearly defining which pieces of the system must be completely operational to satisfy various end users' needs is imperative to any successful implementation. Agreeing to requests for additional work, or scope creep, raises costs and could cause significant implementation delays.
- **Management support.** Sufficient management support is essential to identify initiatives and priorities, attain high-level support, allocate resources and funding, remove obstacles, gain consensus, and meet timelines. Depending on the organization's size, the executive sponsor may be an individual or a cross-sectional management group. The sponsor should remain involved through the project. The executive sponsor should be someone who can make decisions and commitments for the company, including vendor selection, final process confirmation and project sign-off.
- **Project duration.** The project's size and complexity and available resources will determine completion and go-live dates. Firm, realistic deadlines will help keep staff motivated and reduce scope creep.²
- **Project manager.** Depending on the project's size, complexity and duration, the organization should select a person to oversee all aspects of the project. Selection options for this role include:
 - Hiring an outside consultant, who many have a strong technical background but will have limited knowledge of the organization's mission, strategy processes and needs, which could increase costs.
 - Hiring a full-time certified project manager, which could reduce costs if the organization has enough projects to justify a full-time position.
 - Temporarily transferring someone involved in the project into a project management role.
- **Steering committee and project charter.** Project managers often receive assistance with the planning and implementation process from a steering committee comprising key stakeholders. Steering committees often include the following positions:
 - Project manager.
 - Project sponsor from senior management.
 - Lead employee from each technical area (e.g., systems analyst, database administrator).
 - HR functional experts.
- A charter outlines the overall goals of the project in one document. The project charter accomplishes the following:

- Builds the case for the implementation.
 - Illustrates the project's connection to organizational goals and strategies.
 - Identifies project scope.
 - Outlines roles and responsibilities.
 - Identifies additional available expertise.
 - Describes the decision-making process.
 - Identifies deliverables.
 - Outlines a change enablement and communication plan.
- **Implementation team.** Functional team members often include HR professionals with some technological expertise. Technical team members include HRIS specialists, systems analysts, database administrators, and other software and hardware specialists. It is strongly recommended that a member of the IT department be involved because ultimately IT will be expected to offer front-line support.
 - **Outside consultants.** Organizations that have never undergone a major software implementation or that lack the necessary in-house skill sets may consider hiring an outside consultant.
 - **Process mapping.** The implementation team should compile a list of HR processes, and then develop a model of each process. The model should incorporate a flow chart and a dataflow model (i.e., detailing data elements, processes and outputs to go with each step of the process). This map should also identify any integrations with other systems or dependencies on other systems or functions.
 - **Data migration and configuration.** The implementation team should also determine which data should be migrated and how that migration will take place.
 - **Documentation.** Throughout implementation, the project team should record each action and decision. Items to document include:
 - A log of outstanding issues and risks.
 - All decisions, who made them and when they made them.
 - New or modified procedures or processes.
 - System training manuals.
 - Technical requirements.
 - Business case presentations.
 - Table set-ups.
 - **Change management.** The implementation team conducts an impact assessment to identify affected stakeholders. Next, a communication, education and training plan addressing each affected audience should be developed to ease the transition to the new system and to facilitate acceptance among users.

Design Considerations

Once an organization has decided to implement technology in its overall HR strategy, it must determine whether to use a single platform, an integrated technology solution to support multiple HR functions or multiple smaller systems—sometimes known as best-of-breed (BoB) solutions, each supporting a different HR function. See Total Integration.

Integrated solutions

With this strategy, a single vendor helps the organization develop one platform that incorporates multiple HR functions. Often these platforms are part of an enterprise-wide information system architecture that includes a variety of business functions such as a general ledger, customer relationship management and logistics.

Best-of-breed solutions

Organizations that implement a BoB strategy pick the best applications for each HR functional area, working with one or more vendors. For example, the organization might use a recruiting solution from one vendor, a time-and-attendance program from a second, and a payroll system from a third. Smaller businesses with limited resources or those that want to use technology selectively as part of the overall HR strategy might prefer this approach.

The organization must also consider how the technology will be delivered. Options include:

- **On-premise or purchase and install.** The organization will purchase and install hardware and software on internal machines that internal IT staff support.
- **Hosted or application service provider.** The organization purchases applications that are located at the vendor's site and supported by external IT staff.
- **Software as a service (SaaS).** The organization subscribes to software that is developed and deployed remotely and accessed via a Web browser. Vendors offer many organizations access to the same package (known as multitenancy) and maintain the software for each organization. See SaaS Firms See Highest Revenue Gains in Six Years

Both hosted and SaaS approaches can be effective for organizations that lack the resources or technical expertise to implement a large, integrated system. Many vendors are beginning to market SaaS applications to small and midsize businesses that want to expand their HR services. One of the most significant changes in the practice of HR management has been the "democratization" of HR data, expanding access to employees, managers, health insurers, workers' compensation carriers, senior executives, job applicants and regulatory agencies. These diverse users have unique needs that various solutions are designed to meet.

An HR portal provides a single, targeted and often customized access point for each employee (and increasingly, each job applicant). The HR portal allows an individual to access the necessary resources and data for his or her circumstances and position, enabling each to design an interface that displays the most relevant data. Most HR portals are also Web-enabled, so employees can access HR services anywhere and anytime on a variety of mobile devices.

Employee self-service (ESS)—often provided through the HR portal—enables employees to access and maintain their personal HR information and to directly conduct many HR transactions. A well-designed ESS allows employees to make informed decisions and become much more self-sufficient. Another tool accessible via the HR portal is a manager self-service (MSS) application, which enables supervisors to conduct many HR transactions online and generate real-time reports. Organizations can determine the number and complexity of HR tasks in the MSS. For example, managers could authorize merit increases, promotions and transfers; approve leave requests; change an employee's classification; and conduct performance management, succession planning and on boarding.

Most software packages are robust and flexible. However, if customization is necessary, organizations must ensure that the ROI justifies any additional costs. A customized package may match the organization's processes more closely, but extreme customization may cause problems when the vendor upgrades software affecting compatibility or support issues.

Installing the appropriate security features in the HRIS should be one of the top priorities to properly handle:

- Disclosure of sensitive electronically stored information such as payroll and benefits data among employees.

- Loss of sensitive personnel data outside the organization (such as Social Security numbers), resulting in data breaches or identity theft.
- Unauthorized updates of key data such as salaries and stock options (quantity and dates).
- Sharing of personnel or applicant review—comments to unauthorized employees.
- Sharing of data with external organizations and service providers.²

Human resources should have protocols developed to respond to security breaches or the unintended exposure of sensitive information. In addition, as identity theft becomes more prevalent, HR should be prepared to assist employees who report identity theft to ensure their information is updated and secured. The implementation team should work with the IT department to ensure proper information security protocols are in place to provide the right access to authorized users while ensuring data security. Common security measures could include encryption, data classification models to highlight restricted information and authentication procedures.

Vendor Selection

Although developing technology in-house is possible, using external vendors is generally more cost-effective and often provides a more comprehensive HR solution. However, the wide selection of vendors and variety of products can be daunting. When an organization purchases a new HRIS system, it is entering a new business partnership, so choosing the right vendor is as important as choosing the necessary software.

HRIS software packages vary greatly in scope and functionality; therefore, organizations should select a vendor that will take time to gain a better understanding of the organization's processes and functional needs. The HRS market includes software providers that sell systems directly and resellers that provide consulting and installation services for third-party applications. When working with a reseller, HR should look at the vendor's software update and new release history to gain insight into its commitment to its offerings.

Any reputable developer or reseller should provide references from current clients of similar size with comparable business processes. HR should ask vendors' references questions such as:

- How has the system improved HR functions?
- What modules are you using?
- Has the system met your expectations? If not, what is it missing?
- Are end users satisfied with the system?
- Has the system been expanded or upgraded since the original purchase? If so, how did the upgrade affect customizations and other features?
- How has the vendor responded to any problems?
- What do you like best about the system? What do you like least?
- Has the system provided the expected ROI? Why or why not?
- What was the implementation experience like? Did the vendor deliver on budget and on schedule?

The purchase agreement should include not only the system deliverables but also anticipated long-term support, service levels expected, and training for all users, including the basics of entering data, running reports and troubleshooting typical problems. Before contacting potential vendors, HR should set internal ground rules, such as whether to share its budget and a list of other vendors under consideration and how to handle communications with the vendor.

In addition, the organization should determine how to compare competing bids and decide which functional and technical requirements and costs are most important. HR should gain consensus from senior management on the selection weighting. After identifying potential vendors, the organization should develop a concise, detailed request for proposal (RFP) to gather information about what each vendor would offer. The RFP should provide an objective measure of the organization's requirements and budget to induce vendors to respond. At a minimum, an RFP should include:

- Information on the company, users, objectives, technology infrastructure and any other background information necessary for the vendor to understand the organization and its needs.
- A way to objectively compare software functionalities and technicalities, such as a list of mandatory requirements in a questionnaire for the vendor. Generally it is a good idea to identify "must have" requirements as well as "nice to have" functionalities that would enhance the experience but not be deal breakers in the vendor selection process. Some organizations choose to narrow their lists of mandatory requirements to approximately 50 key requirements that are likely to differentiate vendors. They can evaluate other solutions during demonstrations and one-on-one discussions.
- A request for pricing based on specified terms (e.g., by module or number of named users).
- The software selection process, due dates, contact names and other essential project details.

After reviewing the proposals, the organization should select two or three of the most suitable vendors—based on proposed solutions and pricing—for demonstrations. HR should prepare for each demonstration, ensuring that key individuals are in the audience, giving vendors a demo "script" that outlines which functions are required and a "score card" that enables attendees to note their likes and dislikes about each demo. Demonstrations of small systems could take only a few hours, whereas large systems could require a few days. HR must make sure to strike a balance between getting enough details and keeping the process manageable for vendors and the selection team.

COMPUTERIZED SKILL INVENTORIES:

Four Essential Components for Skills Inventory Management

1. A Well-defined Classification System
2. A Consistent Unit of Measure
3. An Efficient Measurement Process
4. A Practical Tracking and Reporting System

1. A Well-defined Classification System:

A detailed system of classification is fundamental to any inventory management program. But unlike physical inventory items, such as part numbers or products, employee skills don't have convenient item numbers for identification.

Problem—Lack of definition leads to an unmanageable array of skills to track. When it comes to creating the basic classifications for building a skills inventory, the problem often stems from a lack of standardized definitions for skills. What one manager refers to as a "Programmer" may be similar (but not the same as) another manager's definition of "Systems Engineer." The result: an inability to distinguish between "apples and oranges," leading to an inaccurate or unreliable inventory measure.

Solution—A pre-defined classification system provides the basis for effective skills inventory management. An objective system must rely on an established list of predefined

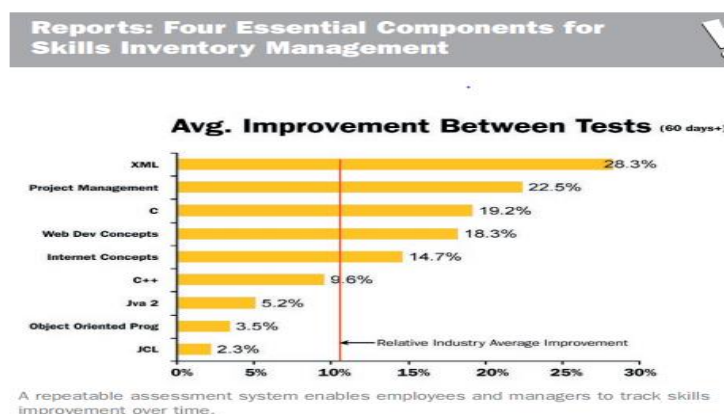
skills and an agreed-upon set of criteria by which to measure them. Managers must be able to select a group of employees to participate in a skills inventory initiative and quickly decide which skills are critical to the group's success. And they must be able to do so without having to endure the time-consuming process of defining each skill. A focused list of critical skills is often the best foundation for what will later grow into a wider skills inventory management capability. As a foundation for establishing a skills program, many companies begin by agreeing on key business objectives and identifying the skills that most closely impact those goals. An objective skills classification system frees decision-makers to focus on critical skills and business objectives, and helps to clearly establish the parameters for a successful initiative.

2: A Consistent Unit of Measure:

While companies have little difficulty tracking their inventory of office supplies or other physical resources—which can be measured by number of units, weight, or volume—calculating the supply of employee skills is a different story. Problem—Without a consistent unit of measure, companies can't track or verify skills levels. Traditionally, companies have measured skills by “headcount.” That is, a manager from a department or project group may account for 25 Java programmers, 4 project managers, and 10 customer service experts. But the numbers can be deceiving for several reasons. First, how do you verify that the 25 Java programmers in the group have the level of Java skills required for the job at hand? Many organizations rely on subjective forms of assessments for the answer. For example, they may simply ask employees to rate their own skills, or they may rely on the recommendations of others in the group. While self-assessment or verification by a supervisor is important, both are subjective forms of validation. Self-assessments are routinely inaccurate, with inexperienced employees overrating their skills (because they don't “know what they don't know”) or with experts underrating their ability. Personal verification is subject to the variables of individual bias—not necessarily a question of a supervisor being fair, but more an issue of the supervisor being.

3. An Efficient Measurement Process

The need for an easily-administered measurement process is probably the most neglected requirement of a skills inventory management plan. A company's ability to assess skills on a periodic basis and arrive at a quantifiable measurement can determine program success. How can companies develop a practical skills measurement system—one that continues to be used long after implementation? Ease of use and meaningful feedback are crucial.



4. A Practical Tracking and Reporting System

The success of any inventory management initiative is based on its ability to deliver consistent, actionable results. Skills inventory management is no exception. The immediate availability of objective metrics enables managers to take action to focus training, make assignments, and deploy project teams. To be effective, traditional skills management efforts must address a common reporting problem.

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UNIT-III

BUSINESS MANAGEMENT OF GLOBAL COMPANIES

UNIT-III Characteristics of global companies, Difference between domestic and global companies, H.R. strategy planning for global organizations, HRM approaches in global companies. Developing Global Managers, Global literate leader: concept, essential qualities, communication and interpersonal Relations, Training, Career development, succession planning, managerial stimulation's.

CHARACTERISTICS OF GLOBAL COMPANIES:

You acquire a set of skills that help you work across regional, national and sub national boundaries to propel your business forward. Those skills include the following:

- Overseas experience
- Deep self-awareness
- Sensitivity to cultural diversity
- Humility
- Lifelong curiosity
- Cautious honesty
- Global strategic thinking
- Patiently impatient
- Well-spoken
- Good negotiator
- Presence

Overseas Experience: Many global executives understand what doing business in a flat world is like because they've lived overseas, sometimes for decades at a time. If you want to become a successful international business leader, transcending your own cultural perspective and learning how business is done in different contexts is essential.

Deep Self-Awareness: Understanding your beliefs and knowing where they might differ from others' is critical to global executive success. Without this key characteristic, you will not be able to adapt to and tolerate the deep-seated beliefs of others — and business opportunities will evaporate. Beware of the "I'm right; you're wrong" assumption.

Sensitivity to Cultural Diversity: Are you willing to eat raw fish? Snake? Raw monkey brains? Can you adjust your eating and sleeping habits to match the local executives' routines and patterns? In other countries, seemingly minor things can be off-putting, such as sticking your chopsticks in your rice or touching someone with your left hand.

Much of this insight comes from experience. You must have an intense interest in the lives and cultures of others, recognizing that your culture and background are not inherently superior, to master the global business arena.

Humility: Being interested in other cultures and how people in those cultures do things, especially with regard to business, implies certain humility. Humility here means a belief that other lands and cultures have figured out very interesting answers to life's problems. As a good international business person, you must be open to and fascinated by those answers. This trait requires a willingness and ability to listen well and with real intention.

Lifelong Curiosity: The world is constantly evolving. Without an intense curiosity and a desire to learn, you will be left behind and increasingly unable to converse, much less keep up, with your peers. Staying abreast of new learning opportunities requires a humble awareness that what you know is not enough and that you always have more to learn.

Cautious Honesty: Surprisingly, the definitions of “honesty” and “truth” vary widely in the business arena. People sometimes omit information or only tell the truth they think other people need to know. However you design your ethics and morality in your personal life, in global business settings, executives need to know they can count on you. If you don’t deliver on your business promises, your reputation will suffer. Effective global leaders can balance the need to be cautious in different contexts while demonstrating they can follow through.

Global Strategic Thinking: When you have a global perspective, you think strategically about managing business using the best people from around the planet. Much of your ability to do this comes from a lifetime of networking at the highest levels in global boardrooms and your aptitude for seeing how various pieces of global industries play out internationally. To make strategic decisions for your company, you need to understand how the business world works on a global scale.

Patiently Impatient: How do you become patiently impatient? You must be in a hurry and yet be patient enough to allow the local and regional processes to unfold as they are meant to. Time and pace are not the same in every country. Balancing the demands of hot competitive and technological trends with the pace of local cultures can be frustrating to the uninitiated.

Well-Spoken: Given the challenges of working via interpreters or fumbling through conversations in more than one language, the ability to say clearly what you mean is a key global business skill. If you converse with others in their native language, you usually earn brownie points — however, if what you have to say is obscure or unintelligible, you’ll quickly be in a deficit balance. Clear communication is a powerful leadership trait to have on the global stage.

Good Negotiator: Doing business across ethnic, national and regional boundaries requires strong negotiating skills. If you can add these skills to an innate enjoyment of the gamesmanship involved in negotiating, you will become a highly effective negotiator.

Presence

A certain charisma surrounds you if you are an influential global leader. Part of it — but only part — is position or title. The bigger portion is dress, self-confidence, energy level, interest in other people and comfort with the challenges at hand. You may not want to believe these things matter, but they do.

DIFFERENCE BETWEEN DOMESTIC AND GLOBAL COMPANIES:

Definition of Domestic Business:

“The business transaction that occurs within the geographical limits of the country is known as domestic business”. It is a business entity whose commercial activities are

performed within a nation. Alternately known as internal business or sometimes as home trade. The producer and customers of the firm both reside in the country.

There are many privileges which a domestic business enjoys like low transaction cost, less period between production and sale of goods, low transportation cost, encourages small-scale enterprises, etc.

Definition of International Business

International Business is one whose manufacturing and trade occur beyond the borders of the home country. All the economic activities indulged in cross-border transactions comes under international or external business. It includes all the commercial activities like sales, investment, logistics, etc., in which two or more countries are involved.

The company conducting international business is known as a multinational or transnational company. These companies enjoy a large customer base from different countries, and it does not have to depend on a single country for resources. Further, the international business expands the trade and investment amongst countries. However, there are several drawbacks which act as a barrier to entry in the international market like tariffs and quota, political, socio-cultural, and economic and other factors that affect the international business.

Key Differences between Domestic and global companies

The most important differences between domestic and global companies are classified as under:

1. Domestic Business is defined as the business whose economic transaction is conducted within the geographical limits of the country. International Business refers to a business which is not restricted to a single country, i.e. a business which is engaged in the economic transaction with several countries in the world.
2. The area of operation of the domestic business is limited, which is the home country. On the other hand, the area of operation of an international business is vast, i.e. it serves many countries at the same time.
3. The quality standards of products and services provided by a domestic business are relatively low. Conversely, the quality standards of international business are very high which are set according to global standards.
4. Domestic business deals in the currency of the country in which it operates. On the contrary, the international business deals in the multiple currencies.
5. Domestic Business requires comparatively less capital investment as compared to international business.
6. Domestic Business has few restrictions, as it is subject to rules, law taxation of a single country. As against this, international business is subject to rules, law taxation, tariff and quotas of many countries and therefore, it has to face many restrictions which are barriers in the international business.
7. The nature of customers of a domestic business is more or less same. Unlike, international business wherein the nature of customers of every country it serves is different.
8. Business Research can be conducted easily, in domestic business. As against this, in the case of international research, it is difficult to conduct business research as it is expensive and research reliability varies from country to country.
9. In domestic business, factors of production are mobile whereas, in international business, the mobility of factors of production are restricted.

HR STRATEGY PLANNING FOR GLOBAL ORGANIZATIONS:

Global strategic planning is a process adopted by organizations that operate internationally in order to formulate an effective global strategy. Global Strategic Planning is a process of evaluating the internal and external environment by multinational organizations, and make decisions about how they will achieve their long-term and short-term objectives.

GSP is different from normal domestic strategic planning, because, in this case, organizations consider internal as well as external environments. In fact, the external environment is more crucial to consider when you are operating at a global level because at a domestic level competition is very directional and optimized, but at international level the competition is crucially important to be considered; otherwise survival is not at all possible at global level.

The task of these planners at the corporate centre, or group headquarters, is to arrange a global strategic planning process to enable two important things. Firstly the global strategic planning process should enable the corporate management team to determine the corporate objectives for the entire group as a corporate whole. Secondly the global strategic planning process should lead the top management team to design or select a suitable strategic structure for the group as a whole. Global strategic planning is a special case of planning for a group of with multiple divisions. It is essential to start a corporate plan for a group with a group corporate strategic plan.

This will answer such questions about the group as whether the number, size and activities of each subsidiary is appropriate, whether the group's geographical spread is sensible, whether it is effectively structured, and so on. These are all matters that affect the group as a corporate whole. Only when these group issues have been addressed should the divisions, and then their individual profit or accountability centers, start to prepare their plans.

HRM APPROACHES IN GLOBAL COMPANIES

International Human Resource Managements main function is to sustain business operations. Human Resources are a firm's main asset. In order to remain competitive a company must retain, educate and train its personnel. International Human Resource Management must be provided the ability to attract the right candidate. This is not and has not always been the view of companies, as recently as the 1980s employees were seen as an expense to be cut and not an asset to be nurtured. A large number of people would argue that this is still the view of many companies. If we look at a company like Hewlett-Packard, we can see this is the view of the present CEO, Carly Fiorina. Ms. Fiorina has cut about 25% of its global work force, most of these cuts were from the parent company's domestic staff, while maintaining record profits, up 30% sequentially from the year before, and maintaining Ms. Fiorina's substantial compensation package of roughly M/annum.

Some of the different perspectives of the global or multi-national enterprises pertaining to international transfers of personnel are aligned with the corporate view of the company as discussed above. In the ethnocentric view the senior management and technology experts would all be parent country nationals. By utilizing PCNs the subsidiary maintains links with the parent company. There is not much room for a host country national to be promoted to corporate headquarters. With a polycentric staffing approach the host country nationals occupy management roles in their host country. Again, there is not much

room for a host country national to be promoted to corporate headquarters. The geocentric approach assigns the most qualified candidate to the most appropriate position. Human Resource Management (HRM) as a business practice comprises several processes, which used together are supposed to achieve the theoretical goals mentioned above. These practical processes include:

- Workforce planning
- Recruitment (sometimes separated into attraction and selection)
- Induction and orientation
- Skills management
- Training and development
- Personnel administration
- Compensation in wage or salaries
- Time management
- Travel management (sometimes assigned to accounting)
- Payroll (sometimes assigned to accounting)
- Employees benefits administration
- Personnel cost planning
- Performance appraisal

DEVELOPING GLOBAL MANAGERS

Globalization in business means that the world is shrinking – and that leaders need to be well equipped to manage a wide swath of employees, policies and cultural differences. According to a report on strategic leadership development by The Conference Board, the top five traits ranking most important now are: leading change, retaining/developing talent, global thinking/mindset, collaboration and integrity. And the five most important traits over the next five years are: leading change, global thinking/mindset, retaining/developing talent, learning agility and creativity.

An incredibly demanding role, it's clear that global managers must think both intuitively and analytically in order to produce sound decisions that inspire global teams to yield widespread results. Valerie Keller, the CEO of VERITAS, recently said at a conference for global young leaders: “[Global] leadership doesn't happen in a vacuum; it must have context. Leaders need to be flexible and resilient; they need to be generals' one day and consensus builders the next.”

The emergence of global managers is changing how companies train leaders, but learning these skills requires time and experience. Certainly highly valued global leaders share common inherent traits and competencies but that does not preclude their development in others. Here are three tips for developing truly global managers:

Train early: Leadership training for the global stage should begin sooner in the average management-track employee's career. Instead of intensive training in their early 40s, companies should instead offer global mobility and leadership training to staff members a decade younger who are entering supervisory roles. This provides them with both necessary training and direct experience in other countries, which will prove invaluable as they later transition into global managerial roles. And while there are costs associated with transporting, subsidizing and training employees for an overseas assignment, the payoff can be substantial when they transform into capable global leaders. It's especially attractive for millennials who often crave experiences over large paychecks and are willing to immerse themselves in other business cultures and languages.

Encourage collaboration and communication: Global managers must develop an “us” perspective among global team members. If a manager is handling 50 employees ranging in age from 25 to 65 who live in 14 different countries, then it’s imperative to encourage sharing and collaboration. Managers should encourage team members to talk about their cultural differences as they apply to their work in order to develop understanding and connections.

The successful global manager will relate each individual’s work to the company’s overall global goals; however, it’s important to remember that global goals and values translate differently across cultures. For example, while “competitiveness” might translate to a goal of “aggressively seeking revenue opportunities in all markets,” that wording would not sit comfortably across all cultures. The balancing act of the global manager is to link global, team and personal goals in a way that is understandable and comfortable to all.

Managers also need to adapt their speaking style to accommodate non-native language team members. For example, they should remove slang terms or any pop culture references, and instead speak slowly and clearly. Managers should also encourage staff members to speak up if something isn’t understood, instead of allowing “lost in translation” moments to potentially disrupt important projects. The manager and the team members must learn from one another over time by explaining cultural differences.

Encourage international assignments and multicultural teams: Global managers also need to develop their communication skills to properly connect with different generational and geographic groups. For example, staff members in their 40’s and 50’s might be more receptive and used to a “command and control” style of interaction from their management teams. Millennials often prefer a softer style that seeks to challenge and inspire them without being autocratic. Effective global leaders will understand how to switch gears quickly between various styles, understanding they need to convey leadership while tailoring interactions for optimal results.

Being a truly global manager and leader requires a lot of effort. Companies that want to thrive in the international arena need to conduct early-stage training of their top performers in order to give them the skills to operate everywhere from the skyscrapers of Singapore to the growing marketplaces of Tunisia. Through training and direct exposure to foreign markets, these managers will understand how to encourage team-building, effectively communicate across various barriers, and how to adapt on the fly to cultural differences.

Even with globalization and the international growth of many businesses, there remain significant cultural differences in both the ways people work together and what is important to local consumers. The idiosyncrasies between various regions are critical, and the best managers will embrace and leverage those differences – not push them to conformity.

GLOBAL LITERATE LEADER:

Global Illiteracies: Lessons on Business Leadership and National Cultures (Simon & Schuster, 2000) is a landmark study of global leaders like Peter Ma. The book contains in-depth, face-to-face interviews with CEOs of more than 75 companies in 28 countries and a survey of 1,000 senior executives around the world. The study identifies the critical competencies needed to succeed in the global economy.

Two main lessons emerge: One, there are leadership universals that every executive and manager must practice. Those are the new global literacy’s. The second lesson defies conventional wisdom: In the new, borderless economy, culture doesn’t matter less; it matters

more. Doug Ivester, former CEO of Coca-Cola, painfully discovered that lesson during the 1999 Coke scare in Europe. He says, "As economic borders come down, cultural barriers go up, presenting new challenges and opportunities in business."

In the current borderless economy, all business is global and competition comes from everywhere, requiring businesses of all sizes to develop a global perspective, strategy, and skill base. Not only does the United States compete with Taiwan and Switzerland for jobs and customers, but also businesses in Chicago compete locally with companies from Canada and Sweden. Technological advances, the knowledge explosion, globalization, and the rapidity of change are the universal global business drivers affecting organizations around the world--causing us to reexamine the core competencies of executives, managers, and employees required for success in the 21st century.

International competition, the global war for talent, domestic and cross-border mergers and acquisitions, joint ventures and alliances, changing employee expectations, and pressures for greater productivity are demands that learning executives around the world are dealing with. To succeed, we must build world-class organizations by creating value for investors, customers, and employees. We must accomplish global business goals, achieve cost efficiency, stimulate growth, and help organizations become global employers of choice. but how?

Global leadership at all levels is the major catalyst. Two factors predict success in the global marketplace, according to Global Literacy's research:

- 1) Developing leaders at all levels of business and
- 2) Placing a high value on multicultural experience and competencies. The most successful companies do both.

Though cultural competency is a proven key to global success, executives from the United States, Canada, and

Australia ranked last in a 20-nation survey of business leaders when asked whether multicultural experience matters. ...

ESSENTIAL QUALITIES:

The best leaders exhibit certain qualities that make them hugely successful. Here are 5 attributes of some of today's truly great leaders.

1. Clarity: They are clear and concise at all times--there is no question of their vision and what needs to be accomplished. This gives others the opportunity to digest their goals and decide whether or not they will support their cause. Generally, very few people know what they want, much less how to get there, so they will gravitate towards those who appear to have a clear picture in mind--good clarity leads to great achievement.

2. Decisiveness: Once they have made up their mind, they don't hesitate to commit--it's all hands on deck. They show great consistency with their decisions, rarely backing out or changing their minds unless it is absolutely necessary. Being decisive shows commitment, a quality very high in demand for a great leader.

3. Courage: Boldness is both something you can develop and something that is blessed as a virtue. Although some people are naturally more fearless than others, practicing how to be fearless--or at least project fearlessness--is a completely doable task, one many have achieved in order to fulfill their role as an amazing leader.

4. Passion: There's nothing more inspirational than seeing someone who cares about what they do--the best leaders exhibit boundless energy and passion for what they do. Don't be shy about your passion for whatever it is you are leading, be it a book reading or a laboratory experiment. As long as you are passionate about what you know, or care about, it'll shine through and people will follow.

5. Humility: While confidence is a very attractive trait in leaders, there's nothing like a humble character for creating a lovable persona. Great leaders admit when they are wrong and take criticism as an opportunity for growth. Show the world how grateful you are to be where you are. This, in turn, will demonstrate how much you deserve the leadership role.

COMMUNICATION AND INTERPERSONAL RELATIONS

Interpersonal communication is interaction among a small number of people and is characterized by more personal and individualized communication than that which takes place in larger groups. Interpersonal communication occurs when people speak and relate to each other as unique individuals. Interpersonal communication is shaped by the nature of the relationship between the communicators and, in turn, the nature of the communication shapes the relationship. We communicate differently in different relationships. The nature of relationship is often communicated in the "relationship" component of a message.

Interpersonal communication is also influenced by culture and gender. Different cultures have different expectations about relationships and how people should interact within those relationships. Some men and women also have differing expectations about interpersonal communication. Women are expected to show interest in others, self-disclose in relationships, and be cooperative, whereas men are expected to use talk to achieve goals. Women are more likely to talk about private feelings and thoughts, especially to their female friends, and men are more likely to talk about external topics such as work and politics.

Interpersonal relationships are dynamic systems that change continuously during their existence. Like living organisms, relationships have a beginning, a lifespan, and an end. They tend to grow and improve gradually, as people get to know each other and become closer emotionally, or they gradually deteriorate as people drift apart, move on with their lives and form new relationships with others. One of the most influential models of relationship development was proposed by psychologist George Levinger. This model was formulated to describe heterosexual, adult romantic relationships, but it has been applied to other kinds of interpersonal relations as well. According to the model, the natural development of a relationship follows five stages:

1. **Acquaintance and acquaintanceship** – Becoming acquainted depends on previous relationships, physical proximity, first impressions, and a variety of other factors. If two people begin to like each other, continued interactions may lead to the next stage, but acquaintance can continue indefinitely. Another example is association.
2. **Buildup** – During this stage, people begin to trust and care about each other. The need for intimacy, compatibility and such filtering agents as common background and goals will influence whether or not interaction continues.

3. **Continuation** – This stage follows a mutual commitment to quite a strong and close long-term friendship, romantic relationship, or even marriage. It is generally a long, relatively stable period. Nevertheless, continued growth and development will occur during this time. Mutual trust is important for sustaining the relationship.
4. **Deterioration** – Not all relationships deteriorate, but those that do tend to show signs of trouble. Boredom, resentment, and dissatisfaction may occur, and individuals may communicate less and avoid self-disclosure. Loss of trust and betrayals may take place as the downward spiral continues, eventually ending the relationship. (Alternately, the participants may find some way to resolve the problems and reestablish trust and belief in others.)
5. **Ending** – The final stage marks the end of the relationship, either by breakups, death, or by spatial separation for quite some time and severing all existing ties of either friendship or romantic love.

A list of interpersonal skills includes:

- Verbal communication – What we say and how we say it.
- Nonverbal communication – What we communicate without words, body language is an example.
- Listening skills – How we interpret both the verbal and non-verbal messages sent by others.
- Negotiation – Working with others to find a mutually agreeable outcome.
- Problem solving – Working with others to identify, define and solve problems.
- Decision making – Exploring and analysing options to make sound decisions.
- Assertiveness – Communicating our values, ideas, beliefs, opinions, needs and wants freely.

TRAINING:

Training is teaching, or developing in oneself or others, any skills and knowledge that relate to specific useful competencies. Training has specific goals of improving one's capability, capacity, productivity and performance. It forms the core of apprenticeships and provides the backbone of content at institutes of technology (also known as technical colleges or polytechnics). In addition to the basic training required for a trade, occupation or profession, observers of the labor-market recognize as of 2008 the need to continue training beyond initial qualifications: to maintain, upgrade and update skills throughout working life. People within many professions and occupations may refer to this sort of training as professional development.

Types:

Physical training: Physical training concentrates on mechanistic goals: training programs in this area develop specific skills or muscles, often with a view of peaking at a particular time. Some physical training programs focus on raising overall physical fitness. In military use, training means gaining the physical ability to perform and survive in combat, and learning the many skills needed in a time of war. These include how to use a variety of weapons, outdoor survival skills, and how to survive being captured by the enemy, among many others. See military education and training.

For psychological or physiological reasons, people who believe it may be beneficial to them can choose to practice relaxation training, or autogenic training, in an attempt to increase their ability to relax or deal with stress.^[1] While some studies have indicated

relaxation training is useful for some medical conditions, autogenic training has limited results or has been the result of few studies.

On job training: The on-the-job training method takes place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained. On-the-job training has a general reputation as most effective for vocational work. It involves employee training at the place of work while he or she is doing the actual job. Usually, a professional trainer (or sometimes an experienced employee) serves as the course instructor using hands-on training often supported by formal classroom training. Sometimes training can occur by using web-based technology or video conferencing tools.

Religion and spirituality: In religious and spiritual use, training may refer to the purification of the mind, heart, understanding and actions to obtain a variety of spiritual goals such as (for example) closeness to God or freedom from suffering. Note for example the institutionalized spiritual training of Threefold Training in Buddhism, Meditation in Hinduism or discipleship in Christianity. These aspects of training can be short term or last a lifetime, depending on the context of the training and which religious group it is a part of.

Instructor's guides and Lesson Plans: Instructor Guide (IG), is an important document available to an instructor. Specifically, it is used within a Lesson Plan, as the blueprint that ensures instruction is presented in proper sequence and to the depth required by the objectives.

Objectives of a lesson plan:

- To ensure that instructors have considered all factors necessary to conduct a safe and effective lesson.
- To guide you in conducting lesson activities.
- To help maintain a constant check on training activities and students' progress.
- To standardize instruction.
- To inform training managers of what is being taught.

CAREER DEVELOPMENT:

Career Development is the lifelong process of managing learning, work, leisure, and transitions in order to move toward a personally determined and evolving preferred future.

In educational development, career development provides a person, often a student, and focus for selecting a career or subject to undertake in the future. Often educational institutions provide career counsellors to assist students with their educational development.

In organizational development (or OD), the study of career development looks at:

- How individuals manage their careers within and between organizations and,
- How organizations structure the career progress of their members, it can also be tied into succession planning within most of the organizations.

In today's world, more employers are looking for ways to facilitate career development and encourage their employees to drive their own careers.

In personal development, career development is:

- "the total constellation of psychological, sociological, educational, physical, economic, and chance factors that combine to influence the nature and significance of work in the total lifespan of any given individual."

The evolution or development of a career - informed by

- Experience within a specific field of interest (with career, job, or task specific skills as by-product)
- Success at each stage of development,
- educational attainment commensurate with each incremental stage,
- Communications (the capacity to analytically reflect your suitability for a given job via cover letter, resume, and/or the interview process), and
- Understanding of career development as a navigable process. (Angelo J. Rivera)"... the lifelong psychological and behavioral processes as well as contextual influences shaping one's career over the life span. As such, career development involves the person's creation of a career pattern, decision-making style, integration of life roles, values expression, and life-role self concepts."



SUCCESSION PLANNING:

Succession planning is a process for identifying and developing new leaders who can replace old leaders when they leave, retire or die. In dictatorships, it aims for continuity of leadership, preventing a chaotic power struggle by preventing a power vacuum. In monarchies, it is usually settled by the order of succession. In business, it entails developing internal people with the potential to fill key business leadership positions in the company. Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available. Taken narrowly, "replacement planning" for key roles is the heart of succession planning. Effective succession or talent-pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression (Charan, Drotter, Noel, 2001). In contrast, replacement planning is focused narrowly on identifying specific back-up candidates for given senior management positions. For the most part position-driven replacement planning (often referred to as the "truck scenario") is a forecast, which research indicates does not have substantial impact on outcomes.

Fundamental to the succession-management process is an underlying philosophy that argues that top talent in the corporation must be managed for the greater good of the enterprise. Merck and other companies argue that a "talent mindset" must be part of the leadership culture for these practices to be effective. Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Through your succession planning process, you recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles. Actively pursuing succession planning

ensures that employees are constantly developed to fill each needed role. As your organization expands, loses key employees, provides promotional opportunities, and increases sales, your succession planning guarantees that you have employees on hand ready and waiting to fill new roles. Research indicates that clear objectives are critical to establishing effective succession planning. These objectives tend to be core to many or most companies that have well-established practices:

- Identify those with the potential to assume greater responsibility in the organization
- Provide critical development experiences to those that can move into key roles
- Engage the leadership in supporting the development of high-potential leaders
- Build a data base that can be used to make better staffing decisions for key jobs

In other companies these additional objectives may be embedded in the succession process:

- Improve employee commitment and retention
- Meet the career development expectations of existing employees
- Counter the increasing difficulty and costs of recruiting employees externally.

A Prior preparation needs to be done for the replacement of a CEO in family firms. The role of advisors is important as they help with the transition of leadership between the current generation leaders and the successors. Advisors help family owned businesses establish their own leadership skills. This process is relatively long if the successors want to be accepted by all employees. They need to take higher managing position gradually to be respected. During this process, the successors are asked to develop different skills such as leadership. This is where the role of advisors fully exemplifies its importance. It is when the managing position is shared between the first generation leader, the second and the advisors. An advisor helps with communication because emotional factors between family members can badly affect the company.

The advisors help manage everything during a predetermined period of time and make the succession process less painful and eventful for everybody. In these cases, an interim leadership is usually what is best for the company. The employees can get accustomed to changes while getting to know the future CEO.

Companies devise elaborate models to characterize their succession and development practices. Most reflect a cyclical series of activities that include these fundamentals:

- Identify key roles for succession or replacement planning
- Define the competencies and motivational profile required to undertake those roles
- Assess people against these criteria - with a future orientation
- Identify pools of talent that could potentially fill and perform highly in key roles
- Develop employees to be ready for advancement into key roles - primarily through the right set of experiences.

MANAGERIAL STIMULATION'S:

Stimulation or sensory excitation is the action of various agents or forms of energy (stimuli) on receptors that generate impulses that travel through nerves to the brain (afferents). There are sensory receptors on or near the surface of the body, such as photoreceptors in the retina of the eye, hair cells in the cochlea of the ear, touch receptors in the skin and chemical receptors in the mouth and nasal cavity. There are also sensory receptors in the muscles, joints, digestive tract, and membranes around organs such as the brain, the abdominal cavity, the bladder and the prostate (providing one source of sexual

stimulation). Stimulation to the external or internal senses may evoke involuntary activity or guide intentions in action. Such emotional or motivating stimulation typically is also experienced subjectively (enters awareness, is in consciousness). Perception can be regarded as conceptualized stimulation, used in reasoning and intending, for example. When bodily stimulation is perceived it is traditionally called a sensation, such as a kind of touch or a taste or smell, or a painful or pleasurable sensation. This can be thought of as psychological stimulation, which is a stimulus affecting a person's thinking or feeling processes.

Stimulation, in general, refers to how organisms perceive incoming stimuli. As such it is part of the stimulus-response mechanism. Simple organisms broadly react in three ways to stimulation: too little stimulation causes them to stagnate, too much to die from stress or inability to adapt, and a medium amount causes them to adapt and grow as they overcome it. Similar categories or effects are noted with psychological stress with people. Thus, stimulation may be described as how external events provoke a response by an individual in the attempt to cope. It is possible to become habituated to a particular degree of stimulation, and then find it uncomfortable to have a significant change from that level of the stimulus. Thus one can become used to intense stimuli or a fast-paced life and suffer withdrawal when they are removed. Stress and unhappiness may result an unaccustomed level of stimulation.

Ongoing, long-term stimulation can for some individuals prove harmful, and a more relaxed and less stimulated life may be beneficial despite possible initial discomfort or stress from the change. See also; sensory overload and burnout. Individuals with neurological conditions like autism or intellectual disability may be prone to overstimulation and suffer sensory overload at levels of stimulus that others find unexceptional.

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UNIT-IV

HRM IN EUROPE AND JAPAN

Unit-IV Background of Europe, the institutions of the European Community (E.C.): the council of ministers, the commission, the court of justice, the parliament, the social charter, E.C. legislation procedure, case study; Japans Employee management: Introduction, lifetime employment, characteristics, importance, limitations, the seniority wage system, relevance of Japanese Management in Indian Context, case study.

BACKGROUND OF EUROPE:

The history of Europe covers the peoples inhabiting Europe from prehistory to the present. The period known as classical antiquity began with the emergence of the city-states of Ancient Greece. Later, the Roman Empire came to dominate the entire Mediterranean basin. The fall of the Roman Empire in AD 476 traditionally marks the start of the Middle Ages. Beginning in the 14th century a Renaissance of knowledge challenged traditional doctrines in science and theology. Simultaneously, the Protestant Reformation set up Protestant churches primarily in Germany, Scandinavia and England. After 1800, the Revolution brought prosperity to Britain and Western Europe. The main powers set up colonies in most of the Americas and Africa, and parts of Asia. In the 20th century, World War I, World War II resulted in massive deaths. Cold War dominated European geo-politics from 1947 to 1989. Unification into a European Union moved forward after 1950, with some setbacks. Most countries west of Russia belonged to the NATO military alliance, along with the United States.

Eastern Europe in the High Middle Ages was dominated by the rise and fall of the Mongol Empire. Led by Genghis Khan, the Mongols were a group of steppe nomads who established a decentralized empire which, at its height, extended from China in the east to the Black and Baltic Seas in Europe. As Mongol power waned towards the Late Middle Ages, the Grand Duchy of Moscow rose to become the strongest of the numerous Russian principalities and republics and would grow into the Tsardom of Russia in 1547. The Late Middle Ages represented a period of upheaval in Europe. The epidemic known as the Black Death and an associated famine caused demographic catastrophe in Europe as the population plummeted. Dynastic struggles and wars of conquest kept many of the states of Europe at war for much of the period. In Scandinavia, the Kalmar Union dominated the political landscape, while England fought with Scotland in the Wars of Scottish Independence and with France in the Hundred Years' War. In Central Europe, the Polish–Lithuanian Commonwealth became a large territorial empire, while the Holy Roman Empire, which was an elective monarchy, came to be dominated for centuries by the House of Habsburg. Russia continued to expand southward and eastward into former Mongol lands. In the Balkans, the Ottoman Empire overran Byzantine lands, culminating in the Fall of Constantinople in 1453, which historians mark as the end of the Middle Ages.

The Early Modern period spans the centuries between the Middle Ages and the Industrial Revolution, roughly from 1500 to 1800, or from the discovery of the New World in 1492 to the French Revolution in 1789. The period is characterized by the rise to importance of science and increasingly rapid technological progress, secularized civic politics and the nation state. Capitalist economies began their rise, beginning in northern Italian republics such as Genoa. The early modern period also saw the rise and dominance of the economic theory of mercantilism. As such, the early modern period represents the decline and eventual disappearance, in much of the European sphere, of feudalism, serfdom and the power of the Catholic Church. The period includes the Protestant Reformation, the disastrous Thirty Years' War, the European colonization of the Americas and the European witch-hunts.

THE INSTITUTIONS OF THE EUROPEAN COMMUNITY (EC):

The institutions of the European Union are the seven principal decision making bodies of the European Union. They are, as listed in Article 13 of the Treaty on European Union: the European Parliament, the European Council, the Council of the European Union, the European Commission, the Court of Justice of the European Union, the European Central Bank and the Court of Auditors. Institutions are different from agencies of the European Union.

There are 3 main institutions involved in EU legislation:

1. European Parliament
2. European Council
3. European Commission

Parliament:

The European Parliament (EP) shares the legislative and budgetary authority of the Union with the Council of the European Union (not to be confused with the European Council). Its 751 members are elected every five years by universal suffrage and sit according to political allegiance. They represent nearly 500 million citizens (the world's second largest democratic electorate) and form the only directly elected body in the Union. Despite forming one of the two legislative chambers of the Union, it has weaker powers than the Council in some sensitive areas, and does not have legislative initiative. It does, however, have powers over the Commission which the Council does not. It has been said that its democratic nature and growing powers have made it one of the most powerful legislatures in the world. The Parliament's President (its speaker) is Antonio Tajani (EPP), who was elected from the Parliament's members in 2017.

European Council

The European Council is the group of heads of state or government of the EU member states. It meets four times a year to define the Union's policy agenda and give impetus to integration. The President of the European Council is the person responsible for chairing and driving forward the work of the institution, which has been described as the highest political body of the European Union.

The current president is Donald Tusk.

Council of the European Union

The Council of the European Union (informally known as the Council of Ministers or just the Council) is a body holding legislative and some limited executive powers and is thus the main decision making body of the Union. Its Presidency rotates between the states every six months, but every three Presidencies now cooperate on a common programme. This body is separate from the European Council, which is a similar body, but is composed of national leaders.

The Council is composed of twenty-eight national ministers (one per state). However the Council meets in various forms depending upon the topic. For example, if agriculture is being discussed, the Council will be composed of each national minister for agriculture. They represent their governments and are accountable to their national political systems. Votes are taken either by majority or unanimity with votes allocated according to population. In these various forms they share the legislative and budgetary power of the Parliament, and also lead the Common Foreign and Security Policy. The presidency has been held by Estonia since 1 July 2017.

Commission:

The European Commission (EC) is the executive arm of the Union. It is a body composed of one appointee from each state, currently twenty-eight, but is designed to be independent of national interests. The body is responsible for drafting all law of the European Union and has a near monopoly on proposing new laws (bills). It also deals with the day-to-day running of the Union and has the duty of upholding the law and treaties (in this role it is known as the "Guardian of the Treaties").

The Commission is led by a President who is nominated by the Council (in practice the European Council) and approved by Parliament. The remaining 27 Commissioners are nominated by member-states, in consultation with the President, and have their portfolios assigned by the President. The Council then adopts this list of nominee-Commissioners. The Council's adoption of the Commission is not an area which requires the decision to be unanimous, their acceptance is arrived at according to the rules for qualified majority voting. The European Parliament then interviews and casts its vote upon the Commissioners. The interviews of individual nominees are conducted separately, in contrast to Parliament's vote of approval which must be cast on the Commission as a whole without the ability to accept or reject individual Commissioners. Once approval has been obtained from the Parliament the Commissioners can take office. The current President is Jean-Claude Juncker (EPP); his commission was elected in 2014.

The European Court of Auditors, despite its name, has no judicial powers. It ensures that taxpayer funds from the Union have been correctly spent. The court provides an audit report for each financial year to the Council and Parliament. The Parliament uses this to decide whether to approve the Commission's handling of the budget. The Court also gives opinions and proposals on financial legislation and anti-fraud actions.

The Court of Auditors was set up in 1975. It was created as an independent institution due to the sensitivity of the issue of fraud in the Union (the anti-fraud agency, OLAF, is also built on its independence). It is composed of one member from each state appointed by the Council every six years. Every three years one of them is elected as the president of the court, who is currently Vítor Manuel da Silva Caldeira.

THE COUNCIL OF MINISTERS

"Council of Ministers" is the name given to the supreme executive organ in some governments. The term is usually equivalent to the word "cabinet". Councils of Ministers are usually composed of those ministers who are responsible for a ministry, and are usually led by the President of the Council of Ministers, a term that is usually translated as "Prime Minister". It is the official name for body that includes all the ministers it usually has 60 to 80 ministers having collective responsibility. Council of state is a similar term that also most often refer to a Cabinet

The Union Council of Ministers exercises executive authority in the Republic of India. It consists of Cabinet Ministers, Ministers of State (Independent charge) and Ministers of State. It is led by the Prime Minister. A smaller executive body, called the Union Cabinet is the supreme decision-making body in India. Only the Prime Minister and ministers of the rank of "Cabinet Minister" are members of Union Cabinet per Article 352.

There are five categories of council of ministers as given below, in descending order of rank:

- Prime Minister
- Deputy Prime Minister (if any): presides as Prime Minister in his absence or as the senior most cabinet minister.
- Cabinet Minister: member of cabinet; leads a ministry

- Minister of State (Independent Charges): junior minister not reporting to a cabinet minister
- Minister of State (MoS): junior minister reporting to a cabinet minister, usually tasked with a specific responsibility in that ministry

THE COMMISSION

The Commission may refer to:

- The Commission (mafia), the governing body of the Mafia in the United States
- Sicilian Mafia Commission, governing body of the Mafia in Italy
- European Commission, the executive branch of the European Union
- The Commission (album), a 1998 album by Lil' Keke
- The Commission (hip hop), an American hip-hop group of the mid 1990s
- The European Commission (EC) is an institution of the European Union, responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU. Commissioners swear an oath at the European Court of Justice in Luxembourg, pledging to respect the treaties and to be completely independent in carrying out their duties during their mandate.
- The Commission operates as a cabinet government, with 28 members of the Commission (informally known as "commissioners"). There is one member per member state, but members are bound by their oath of office to represent the general interest of the EU as a whole rather than their home state. One of the 28 is the Commission President (currently Jean-Claude Juncker) proposed by the European Council and elected by the European Parliament. The Council of the European Union then nominates the other 27 members of the Commission in agreement with the nominated President, and the 28 members as a single body are then subject to a vote of approval by the European Parliament. The current Commission is the Juncker Commission, which took office in late 2014.
- The term Commission is used either in the narrow sense of the 28-member College of Commissioners (or College) or to also include the administrative body of about 23,000 European civil servants who are split into departments called directorates-general and services. The procedural languages of the Commission are English, French and German. The Members of the Commission and their "cabinets" (immediate teams) are based in the Berlaymont building in Brussels.

The European Commission derives from one of the five key institutions created in the supranational European Community system, following the proposal of Robert Schuman, French Foreign Minister, on 9 May 1950. Originating in 1951 as the High Authority in the European Coal and Steel Community, the Commission has undergone numerous changes in power and composition under various presidents, involving three Communities.

The first Commission originated in 1951 as the nine-member "High Authority" under President Jean Monnet (see Monnet Authority). The High Authority was the supranational administrative executive of the new European Coal and Steel Community (ECSC). It took office first on 10 August 1952 in Luxembourg. In 1958 the Treaties of Rome had established two new communities alongside the ECSC: the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). However their executives were called "Commissions" rather than "High Authorities".^[11] The reason for the change in name was the new relationship

between the executives and the Council. Some states such as France expressed reservations over the power of the High Authority and wished to limit it giving more power to the Council rather than the new executives.

The three bodies, collectively named the **European Executives**, co-existed until 1 July 1967 when, under the Merger Treaty, they were combined into a single administration under President Jean Rey. Due to the merger the Rey Commission saw a temporary increase to 14 members, although subsequent Commissions were reduced back down to nine, following the formula of one member for small states and two for larger states. The Rey Commission completed the Community's customs union in 1968 and campaigned for a more powerful, elected, European Parliament. Despite Rey being the first President of the combined communities, Hallstein is seen as the first President of the modern Commission.

THE COURT OF JUSTICE

The European Court of Justice (ECJ), officially just the Court of Justice (French: Cour de Justice), is the highest court in the European Union in matters of European Union law. As a part of the Court of Justice of the European Union it is tasked with interpreting EU law and ensuring its equal application across all EU member states. The Court was established in 1952 and is based in Luxembourg. It is composed of one judge per member state – currently 28 – although it normally hears cases in panels of three, five or 15¹ judges. The court has been led by president Koen Lenaerts since 2015.

The court was established in 1952, by the Treaty of Paris (1951) as part of the European Coal and Steel Community. It was established with seven judges, allowing both representation of each of the six member States and being an unequal number of judges in case of a tie. One judge was appointed from each member state and the seventh seat rotated between the "large Member States" (West Germany, France and Italy). It became an institution of two additional Communities in 1957 when the European Economic Community (EEC), and the European Atomic Energy Community (Euratom) were created, sharing the same courts with the European Coal and Steel Community.

The Maastricht Treaty was ratified in 1993, and created the European Union. The name of the Court did not change unlike the other institutions. The power of the Court resided in the Community pillar (the first pillar). The ECJ is the highest court of the European Union in matters of Union law, but not national law. It is not possible to appeal the decisions of national courts to the ECJ, but rather national courts refer questions of EU law to the ECJ. However, it is ultimately for the national court to apply the resulting interpretation to the facts of any given case. Although, only courts of final appeal are bound to refer a question of EU law when one is addressed. The treaties give the ECJ the power for consistent application of EU law across the EU as a whole.

The court also acts as arbiter between the EU's institutions and can annul the latter's legal rights if it acts outside its powers. The judicial body is now undergoing strong growth, as witnessed by its continually rising caseload and budget. The Luxembourg courts received more than 1,300 cases when the most recent data was recorded in 2008, a record. The staff budget also hit a new high of almost €238 million in 2009, while in 2014 €350 million were budgeted.

That action may be brought by the Commission – as is practically always the case – or by another Member State, although the cases of the latter kind remain extremely rare. As of 2012, only four interstate cases have been decided by the court:

- France v. United Kingdom (case C-141/78), judgment of 14.10.1979 on a British unilateral fishery protection measure, infringement because UK had to consult and seek approval of commission
- Belgium v. Spain (case C-388/95), judgment of 16.05.2000 on a Spanish regulation ordering wine to be bottled in the region of production if it's using the designation of origin, no infringement because it's an authorized and justifiable restriction on the free movement of goods
- Spain v. UK (case C-145/04), judgment of 12.09.2006 on commonwealth voting rights in Gibraltar, no infringement
- Hungary v. Slovakia (case C-364/10), judgment of 16.10.2012 : Slovakia denies entry to Hungarian president, no infringement

The commencement of proceedings before the Court of Justice is preceded by a preliminary procedure conducted by the Commission, which gives the Member State the opportunity to reply to the complaints against it. The court has decided that if the European Commission does not send the formal letter to the violating member state no-one can force them.^[23] If that procedure does not result in termination of the failure by the Member State, an action for breach of Union law may be brought before the Court of Justice.

If the Court finds that an obligation has not been fulfilled, the Member State concerned must terminate the breach without delay. If, after new proceedings are initiated by the Commission, the Court of Justice finds that the Member State concerned has not complied with its judgment, it may, upon the request of the Commission, impose on the Member State a fixed or a periodic financial penalty.

The constitutional courts of the member-states have in general been reluctant to refer a question to the European Court of Justice.

These are the first references by each constitutional court:

- 1997 : Constitutional Court of Belgium : case C-93/97, Fédération Belge des Chambres Syndicales de Médecins ASBL
- 1999 : Constitutional Court of Austria : case C-143/99, Adria-Wien Pipeline GmbH
- 2007 : Constitutional Court of Lithuania : case C-239/07, Sabatauskas
- 2008 : Constitutional Court of Italy : case C-169/08, Presidente del Consiglio dei Ministri v. Regione Sardegna
- 2011 : Constitutional Court of Spain : case C-399/11, Melloni
- 2013 : Constitutional Council of France : case C-168/13 PPU, Jeremy
- 2014 : Constitutional Court of Germany : case C-62/14, Gauweiler
- 2014 : Constitutional Court of Slovenia : case C-526/14, Kotnik
- 2015 : Constitutional Court of Luxembourg : case C-321/15, ArcelorMittal Rodange et Schifflange SA
- 2015 : Constitutional Court of Poland : case C-390/15, Polish Ombudsman
- Procedure before the ECJ is determined by its own rules of procedure. As a rule the Court's procedure includes a written phase and an oral phase. The proceedings are conducted in one of the official languages of the European Union chosen by the applicant, although where the defendant is a member state or a national of a member state the applicant must choose an official language of that member state, unless the parties agree otherwise.
- However the working language of the court is French and it is in this language that the judges deliberate, pleadings and written legal submissions are translated and in which the judgment is drafted. The Advocates-General, by contrast, may work and draft their opinions in any official language, as they do not take part in any

deliberations. These opinions are then translated into French for the benefit of the judges and their deliberations.

The status and jurisdiction of the ECJ has been questioned by representatives of member states' judiciary:

- In Germany, the former president Roman Herzog warned that the ECJ was overstepping its powers, writing that "the ECJ deliberately and systematically ignores fundamental principles of the Western interpretation of law, that its decisions are based on sloppy argumentation, that it ignores the will of the legislator, or even turns it into its opposite, and invents legal principles serving as grounds for later judgments". Herzog is particularly critical in its analysis of the Mangold Judgment, which over-ruled a German law that would discriminate in favour of older workers.
- The President of the Constitutional Court of Belgium, Marc Bossuyt, said that both the European Court of Justice and the European Court of Human Rights were taking on more and more powers by extending their competences, creating a serious threat of a "government by judges". He stated that "they fabricate rulings in important cases with severe financial consequences for governments without understanding the national rules because they are composed out of foreign judges".

THE PARLIAMENT

In modern politics and history, a parliament is a legislative, elected body of government. Generally, a modern parliament has three functions: representing the electorate, making laws, and overseeing the government via hearings and inquiries.

Although some restrict the use of the word parliament to parliamentary systems, it is also commonly used to describe the legislature in presidential systems (e.g. the French parliament), even where it is not in the official name.

Historically, parliaments included various kinds of deliberative, consultative, and judicial assemblies, e.g. mediaeval parlements.

The term is derived from Anglo-Norman parlement, from the verb parler 'talk'. The meaning evolved over time: originally any discussion, conversation, or negotiation (attested around 1100), through various kinds of deliberative or judicial groups, often summoned by the monarch. By 1400, it had come to mean in Britain specifically the British supreme legislature.

Various parliaments are claimed to be the oldest in the world, under varying definitions. However, they all historically trace their origins back to the Viking expansion originating from the Petty kingdoms of Norway as well as Denmark, replicating Viking government systems in the conquered territories, such as those represented by the Gulating near Bergen in western Norway.

- The Icelandic Althing.
- The Faroese Løgting.
- The Manx Tynwald.

Development of modern parliaments:

The British Parliament is often referred to as the Mother of Parliaments (in fact a misquotation of John Bright, who remarked in 1865 that "England is the Mother of Parliaments") because the British Parliament has been the model for most other parliamentary systems, and its Acts have created many other parliaments.^[30] Many nations with parliaments have to some degree emulated the British "three-tier" model. Most countries in Europe and

the Commonwealth have similarly organised parliaments with a largely ceremonial head of state who formally opens and closes parliament, a large elected lower house and a smaller, upper house.

The Parliament of Great Britain was formed in 1707 by the Acts of Union that replaced the former parliaments of England and Scotland. A further union in 1801 united the Parliament of Great Britain and the Parliament of Ireland into a Parliament of the United Kingdom.

In the United Kingdom, Parliament consists of the House of Commons, the House of Lords, and the Monarch. The House of Commons is composed of 650 (soon to be 600) members who are directly elected by British citizens to represent single-member constituencies. The leader of a Party that wins more than half the seats, or less than half but is able to gain the support of smaller parties to achieve a majority in the house is invited by the Monarch to form a government. The House of Lords is a body of long-serving, unelected members: Lords Temporal - 92 of whom inherit their titles (and of whom 90 are elected internally by members of the House to lifetime seats), 588 of whom have been appointed to lifetime seats, and Lords Spiritual - 26 bishops, who are part of the house while they remain in office.

Legislation can originate from either the Lords or the Commons. It is voted on in several distinct stages, called readings, in each house. First reading is merely a formality. Second reading is where the bill as a whole is considered. Third reading is detailed consideration of clauses of the bill.

In addition to the three readings a bill also goes through a committee stage where it is considered in great detail. Once the bill has been passed by one house it goes to the other and essentially repeats the process. If after the two sets of readings there are disagreements between the versions that the two houses passed it is returned to the first house for consideration of the amendments made by the second. If it passes through the amendment stage Royal Assent is granted and the bill becomes law as an Act of Parliament.

The House of Lords is the less powerful of the two houses as a result of the Parliament Acts 1911 and 1949. These Acts removed the veto power of the Lords over a great deal of legislation. If a bill is certified by the Speaker of the House of Commons as a money bill (i.e. acts raising taxes and similar) then the Lords can only block it for a month. If an ordinary bill originates in the Commons the Lords can only block it for a maximum of one session of Parliament. The exceptions to this rule are things like bills to prolong the life of a Parliament beyond five years.

In addition to functioning as the second chamber of Parliament, the House of Lords was also the final court of appeal for much of the law of the United Kingdom—a combination of judicial and legislative function that recalls its origin in the Curia Regis. This changed in October 2009 when the Supreme Court of the United Kingdom opened and acquired the former jurisdiction of the House of Lords.

Since 1999, there has been a Scottish Parliament in Edinburgh, which is a national, unicameral legislature for Scotland. However, the Scottish Parliament does not have complete power over Scottish Politics, as it only holds the powers which were devolved to it by Westminster in 1997. It cannot legislate on defence issues, currency, or national taxation (e.g. VAT, or Income Tax). Although this might change because of the outcome of the independence referendum. Additionally, the Scottish Parliament can be dissolved at any given time by the British Parliament without the consent of the devolved government. This applies to all devolved governments within the United Kingdom, a limit on the sovereignty of the devolved governments.

Parliaments of the European Union

- European Parliament

- Parliament of Austria (consisting of the National Council and the Federal Council)
- Belgian Federal Parliament (consisting of the Chamber of Representatives and the Senate)
- National Assembly of Bulgaria
- Croatian Parliament
- House of Representatives (Cyprus)
- Parliament of the Czech Republic (consisting of the Chamber of Deputies and the Senate)
- Folketing (Denmark)
- Riigikogu (Estonia)
- Parliament of Finland
- Parliament of France (consisting of the National Assembly and the Senate)
- Bundestag (Germany)
- Hellenic Parliament (Greece)
- National Assembly (Hungary)
- Oireachtas (Ireland) (consisting of the President of Ireland, Dáil Éireann (Lower House) and Seanad Éireann (Senate))
- Parliament of Italy (consisting of the Chamber of Deputies and the Senate)
- Saeima (Latvia)
- Seimas (Lithuania)
- Chamber of Deputies (Luxembourg)
- House of Representatives (Malta)
- States General of the Netherlands (consisting of the House of Representatives and the Senate)
- National Assembly of the Republic of Poland (consisting of the Sejm and the Senate)
- Assembly of the Republic (Portugal)
- Parliament of Romania (consisting of the Chamber of Deputies and the Senate)
- National Council (Slovakia)
- Parliament of Slovenia (consisting of the National Assembly and the National Council)
- Cortes Generales (Spain) (consisting of the Congress of Deputies and the Senate)
- Riksdag (Sweden)
- Parliament of the United Kingdom (consisting of the Queen, the House of Commons and the House of Lords)

THE SOCIAL CHARTER

The **European Social Charter** is a Council of Europe treaty which was opened for signature on October 18, 1961 and initially became effective on February 26, 1965, after West Germany had become the fifth of the 13 signing nations to ratify it. By 1991, 20 nations had ratified it.

The Charter was revised in 1996. The Revised Charter came into force in 1999 and is gradually replacing the initial 1961 treaty. The Charter sets out human rights and freedoms and establishes a supervisory mechanism guaranteeing their respect by the States parties.

The Charter was established to support the European Convention on Human Rights which is principally for civil and political rights, and to broaden the scope of protected fundamental rights to include social and economic rights. The Charter also guarantees positive rights and freedoms which concern all individuals in their daily existence. The basic rights set out in the Charter are as follows: housing, health, education, labour rights, full employment, reduction

of working hours^[5] equal pay for equal work, parental leave, social security, social and legal protection from poverty and social exclusion, free movement of persons and non-discrimination, also the rights of migrant workers and that of the persons with disabilities.

States Parties to the Charter must submit annual reports on a part of the provisions of the Charter (be it the 1961 Charter or the 1996 Revised Charter), showing how they implement them in law and in practice.

The European Committee of Social Rights (ECSR) is the body responsible for monitoring compliance in the States party to the Charter.

The ECSR is composed of 15 independent members who are elected by the Council of Europe's Committee of Ministers for a period of six years, renewable once.

Under the 1995 Additional Protocol providing for a system of Collective Complaints which came into force in 1998, complaints of violations of the Charter may be lodged with the ECSR.

Certain organisations are entitled to lodge complaints with the ECSR (a special list of NGOs has been established, made up of NGOs enjoying participatory status with the Council of Europe). The ECSR examines the complaint and, if the formal requirements have been met, declares it admissible. The State Party may then respond in writing, and a hearing may be requested by either party to the procedure. Finally, the Committee comes to a decision on the merits.

The **European Social Charter** is a Council of Europe treaty that guarantees fundamental social and economic rights as a counterpart to the European Convention on Human Rights, which refers to civil and political rights. It guarantees a broad range of everyday human rights related to employment, housing, health, education, social protection and welfare.

The Charter lays specific emphasis on the protection of vulnerable persons such as elderly people, children, people with disabilities and migrants. It requires that enjoyment of the abovementioned rights be guaranteed without discrimination.

No other legal instrument at pan-European level can provide such an extensive and complete protection of social rights as that provided by the Charter, which also serves as a point of reference in European Union law; most of the social rights in the EU Charter of Fundamental Rights are based on the relevant articles of the Charter.

The Charter is therefore seen as the **Social Constitution of Europe** and represents an essential component of the continent's human rights architecture.

E.C. LEGISLATION PROCEDURE:

The European Union adopts legislation through a variety of legislative procedures. The procedure used for a given legislative proposal depends on the policy area in question. Most legislation needs to be proposed by the European Commission and approved by the Council of the European Union in order to become law.

Over the years the power of the European Parliament within the legislative process has been greatly increased from being limited to giving its non-binding opinion or excluded from the legislative process altogether, to participating equally with the Council in the legislative process.

The power to amend the Treaties of the European Union, sometimes referred to as the Union's primary law, or even as its de fact constitution, is reserved to the member states and must be ratified by them in accordance with their respective constitutional requirements. An

exception to this are so-called casseroles clauses in which the legislative procedure used for a certain policy area can be changed without formally amending the treaties.

Parliament

The European Parliament's 751 members are directly elected every five years by universal suffrage. It organizes itself as a normal multi-party parliament in conducting most of its work in its committees and sitting in political groupings rather than national delegations. However, its political groups are very weak due to their status as broad ideological groups of existing national parties.

The Parliament's powers have grown considerably since the 1950s as new legislative procedures granted more equality between Parliament and Council. It also has gained greater powers over the appointment of the Commission, which has always been responsible to it (Parliament has the power of censure).

Council

The Council of the EU represents the national governments of member states, and hence its composition is essentially the number of member states (28) though votes are weighted according to the population of each state (see procedures below for clarification). As such, it does not sit according to political groups and rather than conducting most of its work in committees, much of its work is prepared by diplomatic representatives (COREPER).

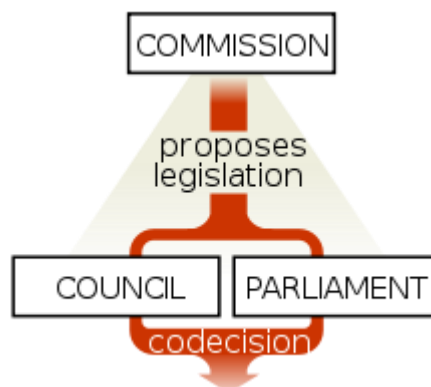
Commission

The Commission has a virtual monopoly on the introduction of legislation into the legislative process, a power which gives the Commission considerable influence as an agenda setter for the EU as a whole.¹ And while the Commission frequently introduces legislation at the behest of the Council or upon the suggestion of Parliament, what form any legislative proposals introduced take is up to the Commission.

Under the ordinary legislative procedure (see below), the negative opinion from the Commission also forces the Council to vote by unanimity rather than majority. There are also limited instances where the Commission can adopt legislation on its own initiative.

NATIONAL PARLIAMENTS

The national parliaments of EU member states have an "early warning mechanism" whereby if one third raise an objection – a "yellow card" – on the basis that the principle of subsidiarity has been violated, then the proposal must be reviewed. If a majority does so – an "orange card" – then the Council or Parliament can vote it down immediately. If the logistical problems of putting this into practice are overcome, then the power of the national parliaments could be decried as an extra legislature, without a common debate or physical location: dubbed by EU Observer a "virtual third chamber".



Ordinary legislative procedure

Ordinary legislative procedure

The ordinary legislative procedure is the main legislative procedure by which directives and regulations are adopted. It was formerly known as the co decision procedure, and is sometimes referred to as the community method as a contrast to the intergovernmental methods which can variously refer to the consultation procedure or to the open method of co-ordination.

Article 294 TFEU outlines ordinary legislative procedure in the following manner. The Commission submits a legislative proposal to the Parliament and Council. At the first reading Parliament adopts its position. If the Council approves the Parliament's wording then the act is adopted. If not, it shall adopt its own position and pass it back to Parliament with explanations. The Commission also informs Parliament of its position on the matter. At the second reading, the act is adopted if Parliament approves the Council's text or fails to take a decision. The Parliament may reject the Council's text, leading to a failure of the law, or modify it and pass it back to the Council. The Commission gives its opinion once more. Where the Commission has rejected amendments in its opinion, the Council must act unanimously rather than by majority.^[2]

If, within three months of receiving Parliament's new text the Council approves it, then it is adopted. If it does not then the Council President, with the agreement of the Parliament President, convenes the Conciliation Committee composed of the Council and an equal number of MEPs (with the attendance as moderator of the Commission). The committee draws up a joint text on the basis of the two positions. If within six weeks it fails to agree a common text, then the act has failed. If it succeeds and the committee approves the text, then the Council and Parliament (acting by majority) must then approve said text (third reading). If either fails to do so, the act is not adopted.

The procedure was introduced with the Maastricht Treaty as the co decision procedure and was initially intended to replace the Cooperation procedure (see below). The co decision procedure was amended by the Amsterdam and the number of legal bases where the procedure applies was greatly increased by both the latter treaty and the Treaty of Nice. It was renamed the ordinary legislative procedure and extended to nearly all areas such as agriculture, fisheries, transport, structural funds, the entire budget and the former third pillar by the Treaty of Lisbon.

CASE STUDY

JAPANS EMPLOYEE MANAGEMENT:

Introduction:

The Japanese term "hourensou" (also rendered as "Ho-Ren-So") refers to frequent reporting, touching base and discussing -- important attributes that are said to characterize collaboration and information flow within effective Japanese corporate culture. Hou' stands for 'Houkoku', the Japanese word for 'reporting'. 'Ren' comes from 'Renraku', the word for 'informing'. 'Sou' is derived from 'Soudan', the word for 'consulting'. Refers to "getting your hands dirty", to identify or solve immediate problems and leaders are not exempt from this. Aspects of these principles are often mistaken by western managers "micromanagement. In contrast, these principles are used as tools to shepherd processes.

The term of "ringi" has two meanings. The first meaning being of "rin," 'submitting a proposal to one's supervisors and receiving their approval,' and "gi" meaning 'deliberations and decisions.' Corporate policy is not clearly defined by the executive leadership of a Japanese company. Rather, the managers at all levels below executives must raise decisions to the next level except for routine decisions. The process of "ringi decision-making" is conducted through a document called a "ringisho." The "ringisho" is created and circulated

by the individual who created the idea. As the “ringisho” reaches a peer for review, the peer places his or her “personal seal (hanko) right side up” to agree, “upside down” to disagree, and sideways to indicate being undecided. Once all peers have reviewed the “ringisho” the peers’ manager reviews the “ringisho” and places his or her hanko on it. The upper level manager’s decision is final and the “ringisho” is sent back to the originator who either initiates the idea or re-evaluates, based on the “hanko” of the upper level manager.

Tony Kippenberger (2002) elaborates on the leadership values that are deeply rooted in the Japanese business culture. These values were created by Konosuke Matsushita, the prominent deceased entrepreneur of Matsushita’s Electric Company, who cared deeply for the employees of his company as if they were family. Matsushita firmly believed that a business as large as his was responsible to help all of society prosper, and not simply for those that owned and ran the company to prosper. In 1933 Matsushita, during the great depression, created seven “guiding principles”:

- Service to the public – by providing high-quality goods and services at reasonable prices, we contribute to the public’s well-being;
- Fairness and honesty – we will be fair and honest in all our business dealings and personal conduct;
- Teamwork for the common cause – we will pool abilities, based on mutual trust and respect;
- Uniting effort for improvement – we will constantly strive to improve our corporate and personal performances;
- Courtesy and humility – we will always be cordial and modest and respect the rights and needs of others;
- Accordance with natural laws – we will abide by the laws of nature and adjust to the ever-changing conditions around us; and
- Gratitude for blessings – we will always be grateful for all the blessings and kindness we have received.”

The “guiding principles” were “remarkable for their time.” The seven principles are used by Matsushita’s company today and serve as principles for other Japanese companies. Because the “guiding principles” are such powerful statements and an extension of the Japanese cultural into business, the principles have been renamed the “Seven Spirits of Matsushita” to honor Matsushita.

LIFETIME EMPLOYMENT:

As the Japanese economy overcame the adverse effects of two oil crises, admiration for its management emerged in foreign countries. The success of Japan's economy tended to promote myths about the "lifetime employment" practices of Japanese firms. Following is a brief look at three models of the lifetime employment system. Lifetime employment is a long-established practice in large Japanese firms. However, it is a "gentlemen's agreement" and is not guaranteed by statute or collective bargaining agreement. Z The recent concept of lifetime employment is described as follows:

- Workers become employed right after their graduation from school with a particular company.
- The employer will not lay off his workers if possible even in the course of depression.
- The employee in turn will not quit his job at this company but tend to continue working there until he reaches his retirement age.

This definition reflects the concept of lifetime employment which prevailed during years of high economic growth which began about 1955. It also reflects the social ideas

generated by labor unions' resistance to mass dismissals during the preceding decade, as well as court decisions to restrict employers' right to dismissal due to business difficulties. This concept differs from the prototype of the lifetime employment system originated in large firms around 1910. Three differences, in particular, should be noted.

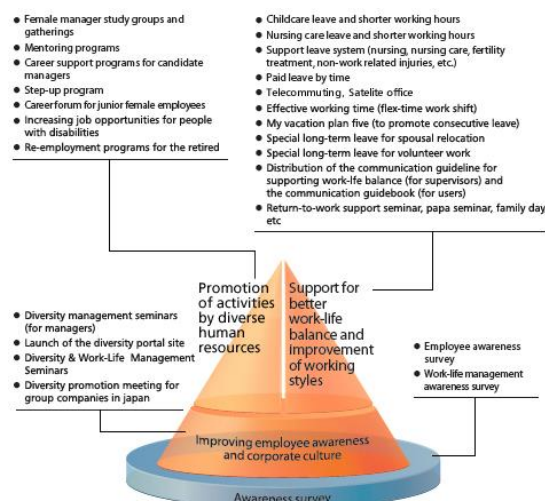
An accurate assessment of lifetime employment invariably requires the time dimension. Information concerning past job histories are required to examine patterns of labor market mobility. But such micro data are not readily available in Japan. Large scale employment surveys conducted by the central government ministries are not available as micro data, but only as published statistics. Longitudinal data, by either government or private organizations, are non-existent.² As such, measuring lifetime employment in Japan requires simplifications and approximations from which we may deduce its size and speculate its direction of change. I review the existing literature and outline the various methods used to estimate the size of lifetime employment, and present the latest available measures.

While estimations of lifetime employment provide a better understanding of the “facts,” their utility will be limited unless we know how the facts compare to other economies. The second question therefore assesses the uniqueness of Japan’s long-term employment in an international context. Long-term employment is observed in other industrialized economies, so why the exclusive focus on Japan? Is there a pattern that is unique to Japan? One of the problems underlying comparative research on employment durations is the lack of comparable data. Consequently, much of the existing research relies on U.S.-Japan comparisons.

CHARACTERISTICS OF JAPANESE MANAGEMENT:

- life time employment (shusliinkoyo)
- Discrimination
- recruitment
- seniority wage principle
- training
- enterprise unionism
- single status
- employee involvement
- core and peripheral workers
- Employee welfare and (xi) internal labour market.

IMPORTANCE:



LIMITATIONS:

Businessmen in the United States and Europe know Japanese industry as an important supplier, customer, and competitor. But they should also know it as a teacher. Three important sets of ideas we can learn from Japan are described in this article. They could have a far-reaching impact on the quality of our executive decision making, corporate planning, worker productivity, and management training.

- Making effective decisions.
- Harmonizing employment security with other needs such as productivity, flexibility in labor costs, and acceptance of change in the company.
- Developing young professional managers.

The Japanese process is focused on understanding the problem. The desired end result is certain action and behavior on the part of people. This almost guarantees that all the alternatives will be considered. It rivets management attention to essentials. It does not permit commitment until management has decided what the decision is all about. Japanese managers may come up with the wrong answer to the problem (as was the decision to go to war against the United States in 1941), but they rarely come up with the right answer to the wrong problem. And that, as all decision makers learn, is the really dangerous course, the irretrievably wrong decision.

To contrast the Japanese approach and the Western approach, let me illustrate:

I once watched a Japanese company work through a proposal for a joint venture received from a well-known American company, one with which the Japanese had done business for many years. The Orientals did not even discuss the joint venture at the outset. They started out with the question: “Do we have to change the basic directions of our business?” As a result, a consensus emerged that change was desirable, and management decided to go out of a number of old businesses and start in a number of new technologies and markets; the joint venture was to be one element of a major new strategy. Until the Japanese understood that the decision was really about the direction of the business, and that there was need for a decision on that, they did not once, among themselves, discuss the desirability of the joint venture, or the terms on which it might be set up. It has, by the way, been doing very well since its formation.

To be sure, most employees in “modern” Japanese business and industry have a guaranteed job once they are on the payroll. While they are on the job, they have practically complete job security which is endangered only in the event of a severe economic crisis or of bankruptcy of the employer. They also are paid on the basis of seniority, as a rule, with pay doubling about every 15 years, regardless of the type of job. To be accurate, the picture must be qualified with such facts as the following:

- Women are almost always considered “temporary” rather than “permanent” employees; so they are exempted from the benefits.
- In most “traditional” Japanese businesses, such as workshop industries producing lacquer, pottery, and silk, workers are hired and paid by the hour.
- Even in the “modern” industries there is a slowly shrinking, but substantial (perhaps 20%), body of employees who, by unilateral management decision, are considered “temporary” and remain in that category for many years.

THE SENIORITY WAGE SYSTEM

The seniority-wage system (Nenkō joretsu) is the Japanese system of promoting an employee in order of his or her proximity to retirement. The advantage of the system is that it

allows older employees to achieve a higher salary level before retirement and that it usually brings more experience to the executive ranks. The disadvantage of the system is that it does not allow new talent to be merged with the experience and those with specialized skills cannot be promoted to the already crowded executive ranks. It also does not guarantee or even attempt to bring the "right person for the right job". The labor turnover rate in Japan is less than half the US level. The seniority-wage system can also be seen in Japanese government. Japanese parliament seats are usually filled with the older members from each party.

After the economic bubble burst in Japan in the late 1980s and the venture capital (dot-com) shock of the 1990s, the seniority-wage system has become less popular amongst business as they could not afford to keep older employees with high salaries on the payroll. Many mid-level executives that climbed the corporate ladder with the *Nenko* system fell victim to corporate restructuring.

The seniority-based wage system (*nenkō joretsu*) has gone hand in hand with lifetime employment. Companies maintain very broad employment categories or ranks, rather than paying employees for the particular jobs they perform. Employees begin with a standard basic wage, and receive an increase in pay for each year of service. An employee who leaves to join another company would start from a lower end of that company's wage scale and his or her income could be lower than other employees' of the same age in the same company. The seniority-based wage system keeps workers from changing jobs, since after a few years of employment they enjoy a wage level that they could not match if they moved to another company. The seniority-based wage system underpays young workers, but rewards them well in later years, even if their productivity declines. It offers workers a strong incentive to remain with their first employer. An early retirement age also supports the seniority wage system, normally forcing employees to retire from their regular positions at age 55 to 62. After formal retirement they may be rehired by the same firm under short-term contracts, or may take other temporary employment until they are truly ready to retire several years later.

RELEVANCE OF JAPANESE MANAGEMENT IN INDIA CONTEXT:

The relevance of management education, especially the Master of Business Administration course to prepare future corporate leaders and successful entrepreneurs. It is also important as many corporate leaders with management education are becoming public policy makers and occupying national leadership positions in many countries, including USA. The discussion is mainly in the context of the corporate and higher education sectors in USA.

The aim of this study is to establish whether Japanese foreign direct investment (FDI) in India has led to positive effects from the transfer of human resource management (HRM) to local companies of Japanese subsidiaries in the automotive industry. FDI can be defined as 'the objective of obtaining a lasting interest by a resident entity in one economy (direct investor) in an entity resident in an economy other than that of the investor (direct investment enterprise) (OECD, 1996). This definition not only implies a long-term relationship between both parties but also a 'significant degree of influence on the management of the enterprise' (OECD, 1996). Scullion (2005) defines international human resource management as the process by which 'multi-national corporations (MNCs) manage their geographically dispersed workforce in order to leverage their HR resources for both local and global competitive advantage.

The Transfer of Japanese Management in India There have been a number of works examining the transfer of production methods from Japan to India via Indian subsidiaries of Japanese companies (Okada, 2004; Kiyokawa et al, 2006; Altenburg et al, 2008; Shintaku & Suzuki, 2009; Panizzolo, 2011) and research comparing the development of HRM in India since liberalisation with that of countries such as Japan also exists (Budhwar & Sparrow,

2002; Singh, 2004; Bjorkman & Budhwar, 2007; Capelli et al, 2010, Som, 2011). However the most significant research in terms of this report to date is that of Choudhury (2005) who investigated the transfer of Japanese management in Honda Sael, Greater Noida, outside New Delhi.

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CASE STUDIES

1. LOCALIZATION AND ITS IMPLICATIONS FOR SUBSIDIARY PERFORMANCE: A CASE OF JAPANESE MNCS

It has long been argued that Japanese firms have an ethnocentric orientation with regard to staffing of foreign subsidiaries. Compared with their rivals from U.S. and Europe, they strongly prefer to fill key positions in foreign subsidiaries with Japanese expatriate managers. Recognizing the downside of an ethnocentric staffing orientation, Japanese firms have begun to change their staffing policies to better exploit talent of local managers. However, this raises a question: does localization really improve the performance of subsidiaries? Few studies have empirically examined the effect of localization. Thus, this study explores whether subsidiary performance increases by replacing Japanese expatriate managers with local managers.

Localization can have both positive and negative effects on subsidiary performance. Whether the positive effect outweighs the negative effect may depend on conditions under which subsidiaries operate. Thus, this study assumes a non-linear relationship between localization and subsidiary performance and focuses on moderators that strengthen a positive or negative effect of localization.

Using a panel dataset consisting of foreign subsidiaries owned by Japanese multinational corporations, the analysis finds that localization itself has a positive effect on subsidiary performance. Regarding interaction effects, it demonstrates that the relationship between localization and subsidiary performance is positively moderated by the degree of local managers' competence. It also shows that in the case where host countries are economically less developed than the home country, the effect of localization is negatively moderated by difference in economic development between the host and home countries.

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assignments are in the areas of global business strategy and international business. His research interests lie in the areas of strategic management of MNCs, international HRM, and competitive strategies in emerging economies. He has published articles in journals such as Asia Pacific Journal of Management, Cross Cultural Management, Human Resource Management Journal, and International Journal of Human Resource Management.

CHICKEN AND DUCK TALK”: LIFE AND DEATH OF CROSS-CULTURAL TRAINING AT A JAPANESE MANUFACTURING PLANT IN CHINA

The paper examines the employees’ account of training. Trainings have often been depicted as a ‘win-win’ HR function: training improves employee skills and enhances employee commitment, which will convert to better individual performance and improved organisational outcomes. Research on training has so far focused on the management’s side and limited attention has been given to the trainees’ side of the story. This study is based on an intensive ethnographic case study of the introduction and terminations of an ‘entry-level training’ provided to all local employees in a Japanese manufacturing plant in China. The programme was launched as the management’s attempt to establish a unified corporate language, enhance employees’ corporate cultural awareness and facilitate distribution of work knowledge among the local workforce. The paper reports two cohorts of employees, both of whom have undertaken the same training programme. Through the lens of labour process theory, the paper explains the life and death the training programme as the result of a dyadic spill-over of workplace tension between classroom and the shop-floor. By extending our understanding of the social-political side of training, this paper offers a critique to existing literature that sees training as a ‘corrective’ to workplace problems.

Yu ZHENG (BSc Peking University; MA National University of Singapore; PhD University of London) is a Lecturer in Asian Business and International Human Resource Management at Royal Holloway, University of London. She has published a research monograph *Managing Human Resources in China: The View from Inside MNCs* with the Cambridge University Press. She has also published papers with academic journals such as the International Journal of HRM, Journal of Asia Pacific Management and International Journal of Entrepreneurial Behaviour & Research. Yu’s research interests include: multinational companies (MNCs) and cross-country transfer of employment practices, employment relations in global R&D centres in China, human resource management in the Japanese MNCs, and human resource management strategy and employment practices of Chinese MNCs. She is an active member of the Euro-Asia Management Studies Association and

holds close research link with the National University of Singapore, Ritsumeikan University, Japan and School Business Economics and Law, Göteborg University, Sweden. Her research has been funded by the Sanwa Foundation and the Japan Foundation.

Academic Session II

How Egalitarian are Japanese Firms in India? A Case Study of Japanese Joint Ventures in India

Many cultural models claim that hierarchy is strong in Asian communities and this gets reflected in the business environment. But in aberration, Japan has promoted an egalitarian work culture in their factory system, resulting in incremental innovation, curtailing of waste and above all, a highly motivated human resource at work place. Today, the egalitarian environment promoted by Japanese management is considered an important link to creating a productive and efficient system. Economic liberalization in India opened doors to foreign investment, and the Indian government encouraged Japanese companies to invest in India. Among other things, Japanese human resource management was of great attraction because it embodied a disciplined, diligent and motivated workforce. Since liberalization policy was implemented in India, Japanese companies have been in operation in form of joint venture. The presentation will seek to understand how far Japanese joint ventures in India have been successful in promoting egalitarianism within their companies. Egalitarianism comes from following certain practices which serves to break barriers between supervisor and subordinates enabling creation of a conducive work environment. Encouraging inter and intra department communication; developing a sense of belongingness among shop floor workers; allowing a career track for a blue collar worker to move to white collar assignments/positions are some of the key issues. The presentation will show case Japanese joint ventures-Honda Seil (automobile), Kansai Nerolac (Paints) Denso Kriloskar (auto-parts). In so doing, the presentation will address the communication system, promotion system, training programmes and delve into how they work in India.

Srabani Roy CHOUDHURY is an Associate Professor in Japanese Studies, Centre for East Asian Studies, School of International Studies, Jawaharlal Nehru University. Recipient of Japan Foundation Fellowship 1996-1997 she was based at Tokyo University to complete her Ph.D field work. Her Ph.D was from Jawaharlal Nehru University, New Delhi. In January 2012, she was recipient of visiting scholar programme to Keizai Koho Centre, Ministry of Economics and Industry, Japan. Subsequently she spent May and June 2012 with Policy Research Institute, Ministry of Finance, Japan and worked on "Understanding the Impact of the Comprehensive Economic Partnership Agreement and the Ensuing Prospects for Japanese

companies in India". In 2014, she was a visiting fellow at REIB Kobe University. Her research interest lies in the area of Japanese investment in India. She does field study on Japanese companies in India and has conducted study on same lines for ICRIER in 2008. Her recent publications are centered on Japan- India economic relations and Japanese Multinationals experiences in India, their entry strategies and their survival techniques. Currently, she has been also working on identifying sectors for Japanese investment into India by conducting consumer surveys.

PASSION TRANSFER ACROSS BORDERS: A CASE OF JAPANESE MULTINATIONALS

Passion is a valuable organizational asset, as it empowers those who feel it to strive for excellence and overcome performance barriers. Our empirical data, collected at the level of both the parent firm and its subsidiaries, show that leaders' passion tends to be transferred more effectively to followers when it is based on the leaders' self- transcendent rather than self-enhancing motivations; when leaders and followers engage in frequent communications; and when they see the organizational barriers between headquarters and subsidiaries to be low, although they tend to see the salience of the barriers in different ways.

Shige MAKINO is Professor of Management and the Director of the Centre for International Business Studies at the CUHK Business School in the Chinese University of Hong Kong. Shige has LLB and MBA degrees from Keio University, and PhD from Ivey School of Business, University of Western Ontario. His current research focuses on strategies and performance of multinational corporations. His research has appeared in a number of leading journals, including Academy of Management Journal, Journal of International Business Studies, Journal of Management Studies, Organization Science, and Strategic Management Journal. He is the former President of the Association of Japanese Business Studies and is a Fellow of the Academy of International Business (AIB Fellow). He has been serving as a senior editor of Global Strategy Journal and Oxford Research Review and as an editorial and advisory board member of fifteen international journals in total.

THE GLOBALIZATION OF BUSINESS AND THAT OF HR: WITH SPECIAL REFERENCE TO JAPANESE EXPATRIATES IN ASIA

Regardless of the collapse of Lehman Brothers at the end of 2008, the demand for global

human resources has been increasing rapidly. Japanese firms are expanding their overseas operations firstly in the Asian NIES and ASEAN especially after 1985 when Japanese yen was rapidly appreciated after the Plaza Accord, and secondly in China since 2000 and thirdly in other emerging Asian regions, such as Vietnam, Myanmar, and India, etc.

In this session, I want to examine the qualities and competencies of Japanese expatriates in Asia depending on our research data. On the one hand, this presentation elucidates the strengths of Japanese expatriates: attributes of special note include respect for compliance, seriousness, sense of responsibility, and morality. On the other hand, as their immediate subordinates point out, Japanese middle management expatriates tend to be inferior in the job abilities, leadership skills, and development skills of subordinates in comparison with local managers at the same level. The evaluations of Japanese expatriates in the ASEAN countries were especially harsh, all the way to the top level of management. This is more than just a question of insufficient language ability. Japanese expatriates need to boost their competencies in numerous facets of leadership ability and cross-cultural adaptability.

At the same time, the utilization of foreign staff in key divisions at headquarters and the creation of systems to use local staffs' abilities in a global manner are also needed.

Mitsuhide SHIRAKI is a Professor of Labor Policy and Human Resource Management at the Faculty of Political Science and Economics, and President of the Institute for Transnational HRM, Waseda University. He also served as President of Japan Society of Human Resource Management until the end of August, 2015 and Executive Director of the Japan Academy of International Business Studies. His previous publications, written in Japanese, include: *Development and Appraisal of Global Managers'*, (edited by Shiraki) Waseda University Press, 2014; *'The Essentials of Human Resource Management'*, (edited by Shiraki) Bunshindo, 2013; *'Human Resource Management under the Changing China'*, (edited by Shiraki) Hakutou-shobo, 2011; and *'A Comparative Analysis of International Human Resource Management'*, (written by Shiraki) Yuhikaku, 2006.

JAPANESE EMPLOYMENT SYSTEMS IN TRANSITION: GROWING DIVERGENCE AND GLOBALIZATION

Employment systems of Japanese enterprises have undergone significant changes and diversification. As the result, it is becoming less relevant to discuss HR policies across the board (without considering parameters such as core products and services that firms are offering, core markets that firms are targeting, etc.). The presentation discusses three patterns

of employment systems emerging within large Japanese MNCs and their methods of coordination and unification of HRM practices between HQ in Japan and overseas subsidiaries. Such rough classification is based on relative competitive strength or weakness of the core products within international markets as well as the level of competitive and institutional pressures firms are facing; firms enjoying relative strength (e.g. automobile) try to diffuse Japanese work practices into overseas operations (Japanization). On the other hand, firms whose core products are relatively weak in international markets (e.g. pharmaceutical, securities) try to adopt global best practices and transform HRM practices at HQ level. Lastly there are firms not experiencing fierce international competitions because of local assets they hold within Japan and low international transferability of core products. These firms tend to maintain separate HRM practices between Japanese HQ and overseas subsidiaries. Thus implication on subsidiaries management is not straightforward.

Mari YAMAUCHI is Visiting Professor at Institute for Technology, Enterprise and Competitiveness, Doshisha University, Kyoto. She holds a Ph.D. in Business and Commerce from Keio University, Tokyo, and MSc in Comparative HRM and Employment Relations from London School of Economics (LSE) in London. Before starting academic activities, she worked for US, European and Japanese MNCs for almost 25 years, and from 2005 till 2011 she was Managing Director at UBS Japan responsible for Products and Services in WM. Her publications include *Changing 'Japanese' Corporate Strategy: Analysis In the light of Complementarity between Management Strategy and HRM Strategy* (co-author, Tōyō Keizai Shinpōsha, 2015), *Japanese Employment Systems: Growing Divergence and Globalization* (Keio University Press, 2013). The latter received two academic awards from Japan Institute for Labour Policy and Training (JILPT) and Japan Society of Human Resource Management (JSHRM).

GRACIA LIU-FARRER – THE TRIALS OF GLOBALIZATION: EMPLOYEES' EXPERIENCES IN GLOBALIZING JAPANESE FIRMS

As a part of globalizing strategies, Japanese companies have been actively recruiting skilled foreign professionals. Yet, studies have shown that foreign employees' difficulty in fitting into Japan's organizational life has been an obstacle for Japan to attract and retain skilled professionals from overseas (Oishi 2012). This difficulty has to do with inter-cultural communications, a lack of institutional support and the gaps between foreign employees' career expectations and what the firms seek from them (Oishi 2012, 守屋 2012). How should we understand these manifested difficulties among foreign employees? Equally importantly, how do the firms' strategies to globalize the workforce affect the Japanese employees?

Drawing on narratives obtained from both foreign and Japanese employees working for Japanese firms in Japan, this study investigates how employees experience and understand the changes globalization has brought on. It shows that the economic globalization is a trial for both foreign and Japanese employees. On the one hand, foreign employees confront cultural, logistic and organizational difficulties in the Japanese firms. On the other hand, the Japanese employees are struggling with the changing meanings of work, career and workplace in contemporary Japan. Both types of employees are grappling with the challenges and adjusting their expectations and practices accordingly.

Gracia LIU-FARRER is Professor of Sociology at the Graduate School of Asia-Pacific Studies, Waseda University, Japan. She holds a Ph.D. in sociology from the University of Chicago, and leads the Migration and Citizenship Research Group at Waseda Institute of Asia-Pacific Studies. Her research compares different immigrant groups' economic, social and political incorporation in Japan, as well as examines the identity and belonging issues of Chinese immigrants in different ethno-national social contexts. She has also been investigating the recent migration of wealthy Chinese under the investor category. Her current research funded by JSPS is a sociological investigation of skilled immigrant employees' workplace experiences and Japanese firms' problems in incorporating these employees. She has authored the monograph *Labor Migration from China to Japan: International Students, Transnational Migrants* (Routledge, 2011) and many journal articles and book chapters in English, Chinese and Japanese.

STUDY ABROAD EXPERIENCES AND CAREER PATHS OF JAPANESE WORKFORCE

Through the 'Global Human Resources' campaign by universities, government, and industry, Japanese youth are now encouraged to study abroad so that they can acquire the necessary skills and competencies for active engagement in the globalized work environment. However, the total landscape of their highly diversified study abroad experiences—from short term language training to a long term pursuit or a doctoral degree—has not been examined in depth with substantial evidence. Using a large scale online survey of more than 4,000 Japanese workforce with study abroad experiences led by Masahiro Yokota (Meiji University), we tried to identify the representative patterns of study abroad experiences and the career paths after study. Based on the analyses, the authors argue the existence of institutional segmentation in the linkage between study abroad experiences and career paths. We also identify the necessity for more tailored study abroad guidance based on a precise understanding of labor markets and career structures.

Akiyoshi YONEZAWA, Ph.D., is an associate professor at the Graduate School of International Development (GSID), Nagoya University. With a background in sociology, he mainly conducts research on comparative higher education policy, especially focusing on world-class universities, internationalization of higher education, and public–private relationships in higher education. Before moving to Nagoya University in 2010, he worked at Tohoku University, the National Institution for Academic Degrees and University Evaluation (NIAD-UE), Hiroshima University, OECD, and the University of Tokyo. He is currently serving as a board member of the Japan Society of Educational Sociology, Japan Association for Higher Education Research. He is also a co-editor of a new book series entitled *Higher Education in Asia: Quality, Excellence and Governance* from Springer. His publications include Yonezawa, A., Kitamura, Y., Meerman, A., Kuroda, K. (Eds.). 2014. *Emerging International Dimensions in East Asian Higher Education*. Springer.

Yukiko SHIMMI is an assistant professor and international education advisor at the Graduate School of Law, Hitotsubashi University in Tokyo, Japan. Yukiko received her Ph.D. degree in Higher Education at Boston College while working as a research assistant at CIHE. She earned her Masters’ degree in Educational Psychology at the University of Minnesota with a Fulbright Scholarship. She also holds a Bachelor of Arts in Human Relations from Keio University in Japan. Yukiko’s research focuses on international visiting scholars and their experiences in the United States. She also studies the impact of study abroad experiences on students. Yukiko’s articles, “The Decline of Japanese International Students” (issue #64, Summer 2011), “Should Japanese University Shift the Academic Calendar?” (issue #70, Winter 2013), and “International Visiting Scholars: Potential Resources through Brain-circulation and Internationalization” (issue #77, Fall 2014) were published in *International Higher Education*, issued by the Center for International Higher Education, Boston College.

A LONGITUDINAL STUDY OF HEADQUARTER HRM PRACTICES IN JAPANESE MNCS

The purpose of this study is to clarify the impact of the human resource management policies of corporate headquarters on the utilization of three types of international managers – namely, parent-country nationals (PCNs), host-country nationals (HCNs) and third-country nationals (TCNs). This paper drew particularly on case studies of four Japanese electronic and electrical industry companies. Unlike the three other case companies, Company G reduced the number of Japanese expatriates, while increasing host-country national presidents

and third-country national employees. Of the human resource management methods adopted by corporate headquarters, we found that providing training and development to international managers is having an impact on changing how these human resources are utilized.

Shiho NAKAMURA is Associate Professor in College of Business Administration at Ritsumeikan University, Japan. She holds a Ph.D. in Business Administration from Kobe University, Japan. Before joining Ritsumeikan University in 2010, she worked at Nakamura Gakuen University from 2007 to 2009 and at Takamatsu University from 2004 to 2006. Her research focuses on HRM in Japanese MNCs, especially in Panasonic, Sharp, and some electronic and electrical industry companies. Her latest articles have appeared in The Open University of Japan and in Cyuo Keizaisha, Japan. Shiho was Visiting Researcher at University of Victoria, Canada in 2014.

BUILDING AN INTERNATIONAL HUMAN RESOURCE BASE: JAPANESE MULTINATIONALS AND THE RECRUITMENT OF FRESH FOREIGN GRADUATES FOR TOKYO

Companies worldwide are striving for global human resource and talent management systems to support continuing internationalization. Here, Japanese companies recently have come up with a novel strategy that sees fresh graduates from universities overseas begin their careers in Japan. This presentation looks at this strategy and locates it within the debate on international human resource management. It then presents the results of empirical research with HR sections in Japan that was conducted to assess this new development at an early point in time. Findings suggest that the objectives of this strategy need to be carefully assessed. Where diversity is the objective, the attainment of this goal needs to compete with the strong adjustment pressures that young employees face in Japanese companies, with the fundamentals of Japanese management practices still being largely intact where training and socialization practices are concerned. Focussing on headquarters and not being integrated into comprehensive overall global human resource management strategies, it is argued that the new initiative can only contribute indirectly to solving the localization issues that Japanese companies face in their overseas subsidiaries.

Hendrik MEYER-OHLE is Associate Professor in the Department of Japanese Studies at the National University of Singapore. He studied Business Administration and Japanese Studies at the Philipps University Marburg where he also obtained his PhD with a thesis on the development of modern formats in Japanese retailing. Before joining NUS in 2000 he worked five years as a research fellow for the German Institute for Japanese Studies in Tokyo (DIJ). His publications include “*Japanese Workplaces in Transition - Employee Perceptions*” (Palgrave Macmillan 2009) “*Innovation and Dynamics in Japanese Retailing - From Techniques to Formats to Systems*”, (Palgrave Macmillan 2003) and “*Corporate Strategies for Southeast Asia after the Crisis - A Comparison of Multinational Firms from Japan and Europe*” (Editor with Jochen Legewie, Palgrave Macmillan 2003).

Harald CONRAD is Sasakawa Lecturer in Japan’s Economy and Management at the University of Sheffield’s School of East Asian Studies. He holds a Ph.D. in economics from Cologne University, Germany. Before joining the University of Sheffield in 2008, Harald

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Session Chairs

Alexander WOLLENBERG is currently Lecturer at Binus University, Binus Business School, in Jakarta, Indonesia. He holds a PhD from the Department of Japanese Studies at the National University of Singapore specialising in entry mode structures and process optimisation in subsidiaries of Japanese companies. Apart from his academic endeavours, he currently runs a consulting company in Singapore aimed at helping foreign SMEs structure market entries in ASEAN. His latest publications include articles in the *International Journal of Innovation, Management, and Technology* and a book titled *Entry Modes and Innovation: A Productivity Growth Perspective* (2014).

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Carol HOOI is an Associate Professor of Human Resource Management and Organisational

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UNIT-V

THE AMERICAN APPROACH TO HRM

Unit-V Scientific Management, Behavioral and humanistic psychology, organic theories of management, the practice of HRM in American organizations, encouragement of union avoidance, transforming unionized industrial relations, case study. International Compensation - Principles of International Compensation, Methods and practices of International Compensation, International Compensation and employee satisfaction, case study.

SCIENTIFIC MANAGEMENT:

Scientific management is a theory of management that analyzes and synthesizes workflows. Its main objective is improving economic efficiency, especially labor productivity. It was one of the earliest attempts to apply science to the engineering of processes and to management. Scientific management is sometimes known as Taylorism after its founder, Frederick Winslow Taylor. Taylor began its development in the United States during the 1880s and '90s within manufacturing industries, especially steel. Its peak of influence came in the 1910s;^[2] In 1913 Vladimir Lenin wrote that the "most widely discussed topic today in Europe, and to some extent in Russia, is the 'system' of the American engineer, Frederick Taylor"; Lenin decried it initially as a "'scientific' system of sweating" more work from laborers. Taylor died in 1915 and by the 1920s, scientific management was still influential but had entered into competition and syncretism with opposing or complementary ideas.

Taylor often expressed views of workers that may be considered insulting. He recognized differences between workers, stressed the need to select the right person for the right job, and championed the workers by advocating frequent breaks and good pay for good work. He often failed to conceal his condescending attitude towards less intelligent workers, describing them as "stupid" and comparing them to draft animals in that they have to have their tasks managed for them in order to work efficiently.

Scientific management appealed to managers of planned economies because central economic planning relies on the idea that the expenses that go into economic production can be precisely predicted and can be optimized by design. The opposite theoretical pole would be laissez-faire thinking in which the invisible hand of free markets is the only possible "designer". In reality most economies today are somewhere in between. Another alternative for economic planning is workers' self-management.

Scientific management was one of the first attempts to systematically treat management and process improvement as a scientific problem. It may have been the first to do so in a "bottom-up" way and found a lineage of successors that have many elements in common. With the advancement of statistical methods, quality assurance and quality control began in the 1920s and 1930s. During the 1940s and 1950s, the body of knowledge for doing scientific management evolved into operations management, operations research, and management cybernetics. In the 1980s total quality management became widely popular, and in the 1990s "re-engineering" went from a simple word to a mystique. Today's Six Sigma and lean manufacturing could be seen as new kinds of scientific management, although their evolutionary distance from the original is so great that the comparison might be misleading. In particular, Shigeo Shingo, one of the originators of the Toyota Production

System, believed that this system and Japanese management culture in general should be seen as a kind of scientific management.

BEHAVIORAL A HUMANISTIC PSYCHOLOGY:

There are various different approaches in contemporary psychology:

An approach is a perspective (i.e. view) that involves certain assumptions (i.e. beliefs) about human behavior: the way they function, which aspects of them are worthy of study and what research methods are appropriate for undertaking this study. There may be several different theories within an approach, but they all share these common assumptions.

- Behaviorist Perspective
- Psychodynamic Perspective
- Cognitive psychology
- Biological Psychology
- Evolutionary Psychology

1. Behaviorist Perspective:

Behaviorism is different from most other approaches because they view people (and animals) as controlled by their environment and specifically that we are the result of what we have learned from our environment. Behaviorism is concerned with how environmental factors (called stimuli) affect observable behavior (called the response). The behaviorist approach proposes two main processes whereby people learn from their environment: namely classical conditioning and operant conditioning. Classical conditioning involves learning by association, and operant conditioning involves learning from the consequences of behavior. Behaviorism also believes in scientific methodology (e.g. controlled experiments), and that only observable behavior should be studied because this can be objectively measured. Behaviorism rejects the idea that people have free will, and believes that the environment determines all behavior. Behaviorism is the scientific study of observable behavior working on the basis that behavior can be reduced to learn S-R (Stimulus-Response) units.

Behaviorism has been criticized in the way it under-estimates the complexity of human behavior. Many studies used animals which are hard to generalize to humans and it cannot explain, for example the speed in which we pick up language. There must be biological factors involved.

2. Psychodynamic Perspective

Psychodynamic is both a theory and therapy. It is original psychodynamic theory and inspired psychologists such as Jung and Erikson to develop their own psychodynamic theories. Freud's work is vast and he has contributed greatly to psychology as a discipline. Freud, the founder of psychoanalysis, explained the human mind as like an iceberg, with only a small amount of it being visible, that is our observable behavior, but it is the unconscious, submerged mind that has the most, underlying influence on our behavior. Freud used three main methods of accessing the unconscious mind: free association, dream analysis and slips of the tongue.

Humanism: Humanistic psychology is a psychological perspective that emphasizes the study of the whole person (known as holism). Humanistic psychologists look at human behavior, not only through the eyes of the observer, but through the eyes of the person doing the behaving. Humanistic psychologists believe that an individual's behavior is connected to

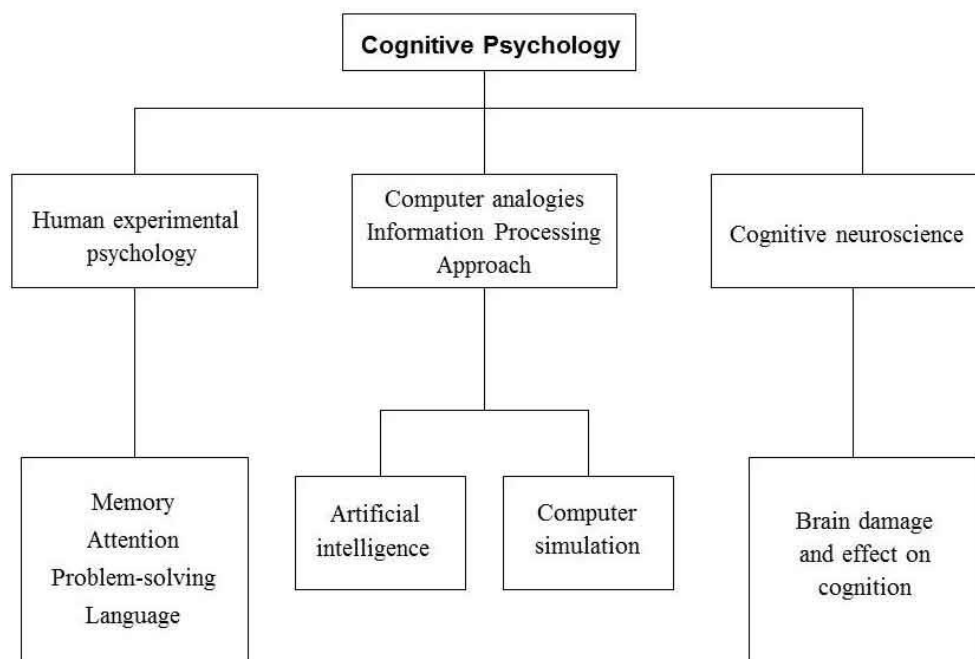
his inner feelings and self-image. The humanistic perspective centers on the view that each person is unique and individual, and has the free will to change at any time in his or her lives.

The humanistic perspective suggests that we are each responsible for our own happiness and well-being as humans. We have the innate (i.e. inborn) capacity for self-actualization, which is our unique desire to achieve our highest potential as people.

3. Cognitive psychology

Cognitive Psychology revolves around the notion that if we want to know what makes people tick then the way to do it is to figure out what processes are actually going on in their minds. In other words, psychologists from this perspective study cognition which is ‘the mental act or process by which knowledge is acquired.’ The cognitive perspective is concerned with “mental” functions such as memory, perception, attention etc. It views people as being similar to computers in the way we process information (e.g. input-process-output). For example, both human brains and computers process information, store data and have input and output procedure.

This had led cognitive psychologists to explain that memory comprises of three stages: encoding (where information is received and attended to), storage (where the information is retained) and retrieval (where the information is recalled). It is an extremely scientific approach and typically uses lab experiments to study human behavior. The cognitive approach has many applications including cognitive therapy and eyewitness testimony.



4. Biological Psychology

The biological approach believes that most behavior is inherited and has an adaptive (or evolutionary) function. For example, in the weeks immediately after the birth of a child, levels of testosterone in fathers drop by more than 30 per cent. This has an evolutionary function. Testosterone-deprived men are less likely to wander off in search of new mates to inseminate. They are also less aggressive, which is useful when there is a baby around.

Biological psychologists explain behaviors in neurological terms, i.e. the physiology and structure of the brain and how this influences behavior. Many biological psychologists have concentrated on abnormal behavior and have tried to explain it. For example, biological psychologists believe that schizophrenia is affected by levels of dopamine (a neurotransmitter).

These findings have helped psychiatry take off and help relieve the symptoms of the mental illness through drugs. However, Freud and other disciplines would argue that this just treats the symptoms and not the cause. This is where health psychologists take the finding that biological psychologists produce and look at the environmental factors that are involved to get a better picture.

5. Evolutionary Psychology

The Evolutionary approach explains behavior in terms of the selective pressures that shape behavior. Most behaviors that we see/display are believed to have developed during our EEA (environment of evolutionary adaptation) to help us survive.

Observed behavior is likely to have developed because it is adaptive. It has been naturally selected, i.e., individuals who are best adapted survive and reproduce. Behaviors may even be sexually selected, i.e., individuals who are most successful in gaining access to mates leave behind more offspring.

ORGANIC THEORIES OF MANAGEMENT:

An organic organization is a type of informal organization originally described by British theorists Tom Burns and George Stalker. According to Burns and Stalker, an organic organization is one that is very flexible and is able to adapt well to changes. Its structure is identified as having little job specialization, few layers of management, decentralized decision-making, and not much direct supervision.

Key Concepts:

Burns and Stalker wanted to determine the relationship between an organization's structure and management as they relate to changes in the organization's environment. They developed a continuum of organizational structure where organic organizations are at one end and mechanistic organizations are at the other end. As you might expect, mechanistic organizations demonstrate high complexity, a high degree of formalization, and are highly centralized.

Organic and mechanistic types of organizations are defined by three general factors: complexity, formalization, and centralization. You will find that an organic organizational system has a low level of complexity, meaning that it's a flatly structured entity with few layers of management. Organic organizations have very few rules and procedures with vague member responsibilities and duties, resulting in a low degree of formalization. Finally, you will find that organic organizations have low centralization, which means that the members in the organization share in organizational decision-making and power.

A second aspect of the nature of these organizations is their relationship to the environment. Organic organizations are designed to effectively deal with a rapidly changing environment because they have attributes that make them able to address unforeseen problems, issues, and requirements. They are able to do so because of their informal communication systems that allow quick communication, a flat fluid structure that can quickly adapt to changes, and the ability to easily and continuously change individual activities in the organization. You will find that mechanistic organizations, on the other hand,

are best suited for stable and predictable environments in which they can leverage their standard procedures, centralization, and formalized structure.

Finally, you need to keep two things in mind. First, any particular organization will fall within the continuum between the ideal organic organization and the ideal mechanistic organization. An organization that fits perfectly into the ideal type of organization on either side of the continuum probably does not exist. This means nearly all organizations will fall somewhere between the two extremes. Second, neither the mechanistic type organization nor the organic type organization is necessarily superior to the other. Each is the best type of organization in particular circumstances.

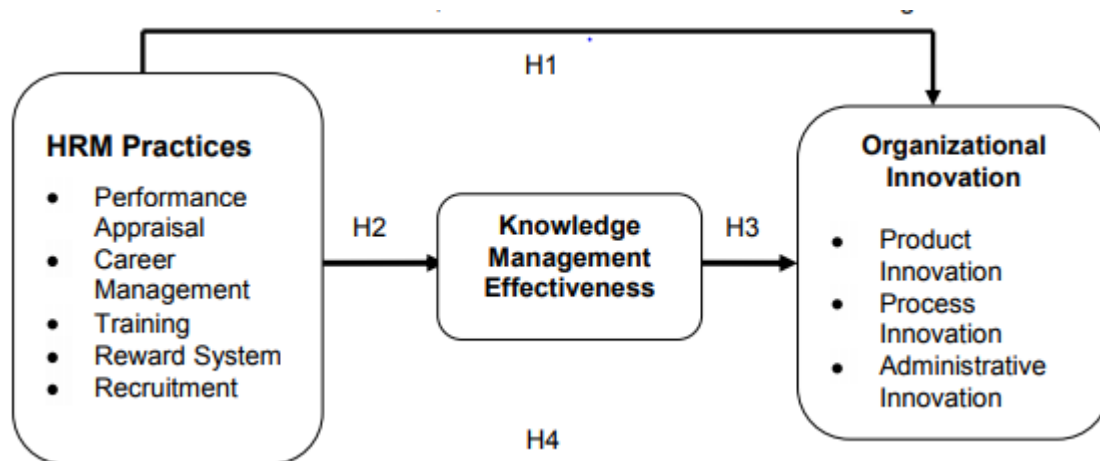
THE PRACTICE OF HRM IN AMERICAN ORGANIZATIONS:

Organizational innovation has been viewed as an essential weapon for organizations to compete in this competitive business environment. Particularly, Malaysia manufacturing firms strive to transform their business model from labor-intensive to knowledge-intensive, which aim to immerse themselves in higher value added activities such as, developing new products, processes, and services, to continual sustain the competitiveness within the rivalries. One of the ways to heighten the organizational innovation is through effective human resource management (HRM) practices and effective knowledge management. This study examined the direct relationships between HRM practices (performance appraisal, career management, training, reward system, and recruitment) and organizational innovation (product innovation, process innovation, and administrative innovation). Additionally, it also examined the mediating role of KM effectiveness on the direct relationship. Data was drawn from a sample of 171 large manufacturing firms in Malaysia.

The regression results showed that HRM practices generally have a positive effect on organizational innovation. Specifically, the findings indicate that training was positively related to three dimensions of organizational innovation (product innovation, process innovation, and administrative innovation). Performance appraisal also found to have a positive effect on administrative innovation. Additionally, this study also demonstrates that training and performance appraisal, are positively related to knowledge management effectiveness. Knowledge management effectiveness fully mediates the relationship between training and process innovation, training and administrative innovation, and performance appraisal and administrative innovation. A discussion of the findings, limitations, and implications are provided.

Organizational innovation has been widely defined as the creation of new idea and new behaviour to the organization (Damanpour & Gopalakrishnan, 2001). The dimensions of organizational innovation are extremely complex and multiple; it can be reviewed from two aspects: (1) breadth of innovation, which includes policies, system, administrative, processes, products, services, and others; (2) depth of innovation, which includes the importance, the degree of influence, effect on long term profitability, and others (Chuang, 2005). Fundamentally, there are two distinctive types of organizational innovation have been classified in most literature, namely technological innovation, and administrative innovation (i.e. Chuang, 2005; Damanpour & Evan, 1984; Damanpour et al., 1989; Tan & Nasurdin, 2010). Chuang (2005) has further categorized technological innovation into secondary dimensions: product innovation and process innovation; while administrative innovation remains distinct from the other two. Under Mavondo, Chimhanzi and Stewart's (2003) study, organizational innovation was distinctively classified into three dimensions, namely: product innovation, process innovation and administrative innovation. The present study divided organizational innovation into the main dimensions of product innovation, process innovation

and administrative innovation based on the most prevalent types that have been discussed in the previous literatures (i.e. Chuang, 2005; Damanpour, 1991; Damanpour & Evan, 1984; Damanpour et al., 1989; Mavondo et al., 2003; Tan & Nasurdin, 2010). Product innovation, process innovation and administrative innovation are the important predecessors for manufacturing firms and have the equal capability to improve performance or effectiveness, solve problems, add value, and create competitive advantage (Cooper, 1998; Damanpour, 1996). Given the importance of product innovation, process innovation and administrative innovation in enhancing manufacturing firm performance, therefore, the organizational innovation is operationalized to be multidimensional comprising of these three types of organizational innovation.



HRM practices and organizational innovation via knowledge management effectiveness. Therefore, we hypothesized that:

- H2:** Knowledge management effectiveness mediates the relationship between HRM practices (performance appraisal, career management, training, reward system, and recruitment) and organizational innovation (product innovation, process innovation and administrative innovation).
- H2a:** Knowledge management effectiveness mediates the relationship between HRM practices (performance appraisal, career management, training, reward system, and recruitment) and product innovation.
- H2b:** Knowledge management effectiveness mediates the relationship between HRM practices (performance appraisal, career management, training, reward system, and recruitment) and process innovation.
- H2c:** Knowledge management effectiveness mediates the relationship between HRM practices (performance appraisal, career management, training, reward system, and recruitment) and administrative innovation.

ENCOURAGEMENT OF UNION AVOIDANCE:

"Union-Free" Employment Employers in newer or more rapidly growing industries such as information technology, financial products and services, discount retailing, and personal services had either never been unionized to any extent or were experiencing many new entrants who were not unionized. Employers in established industries like autos and steel were heavily unionized and faced substantial economic problems. In steel, for example, so-

called mini-mills were created that could produce low-end commodity products at substantially cheaper prices with much lower investments and lower-wage nonunion employees.

In order to gain increased flexibility in work design and employee assignments and to reduce wage levels, employers embarked on a variety of "union-free" strategies (detailed in this chapter). These were aimed to avoid unionization in currently nonunion facilities and to reduce or eliminate unionization in the rest of their facilities. This approach represented a shift in management strategy from trying to secure the "best bargain" to "union avoidance."³ This process was aided by a shift in public policy under President Reagan's administration away from the corporatist approach and toward labor and management having greater freedom to use whatever legal tactics each wanted to achieve its objectives. Some argue that the scales were tipped to the extent that previously illegal tactics were either reinterpreted to be legal or overlooked as administrative oversight was reduced.

Trade unionists believe that wealth is ultimately created by the workers that produce the products or deliver the services to the consumer. In cases where the firm is successful in the market (i.e., it makes a profit), unions attribute a large measure of the success to the efforts of employees. Their actions are seen as ultimately adding the value to the inputs that make the products and services attractive in the market. From a union perspective, these gains need to be shared with the employees. While employers would like complete freedom to hire, fire, and assign workers to jobs, unions see employees as becoming increasingly invested in their jobs with their employers. Job property rights are established over time and employers should be constrained in the types of decisions they can make about employees as employees accrue seniority and firm-specific skills. Unions also believe that employees should have a role in determining the rules that will be used to decide how these gains will be distributed and how the workplace will be governed. Employees are seen as investing a substantial part of their lives in employment, often with a particular employer. As such, they are entitled to a role in determining how the social system in which they are involved should be operated.

Employers may associate plant size as a factor to use in avoiding unions. Evidence on union election success covered in Chapter 6 found plants with fewer than 100 employees more vulnerable to unionization than larger plants. While very large plants are more difficult to organize, employers may also believe the type of human resource management they would prefer to implement is difficult to inculcate in a large plant. Thus, the trend appears to be toward siting plants in labor market areas able to support medium-sized operations and planning they will generally not exceed 500 employees unless returns to scale are large. One problem with smaller plants is that they may not be optimally productive given the appropriate capital-labor mix. Plants also should not be smaller than 200 employees because a union can capitalize quickly on an issue in a smaller plant, and the plant population may be relatively homogeneous, enabling quicker and more nearly unanimous agreement among employees on whether to be represented.

TRANSFORMING UNIONIZED INDUSTRIAL RELATIONS:

Industrial relations is a field that thrives on applying theory and empirical research to the critical problems of the day. The challenges facing industrial relations in Canada today are formidable:

- Unemployment remains high at slightly over 10 percent.
- Productivity growth in 1990 was only 0.5 percent, well below the average of 1.5 percent of the 1980-89 periods and below the rate of productivity growth achieved in five of the six largest industrialized countries in the 1980s. Only the US rate of 0.8 percent was lower.

- Income inequality continues to grow as real wages stagnate or lag behind increases in productivity.
- Recent reports on the Canadian economy argue that the future lies in shifting from reliance on natural resources and low costs as sources of comparative advantage to an economy that capitalizes on high value added strategies but warn that significant economic restructuring and institutional change will be needed to achieve this transition.
- Concern is voiced about the fear of loss of capital investment to short term speculation or, worse, a flight of new capital investment to the US or to other lower cost or less unionized countries. The rate of unionization in the private sector continues to decline as new
- Jobs that are created are predominantly part-time, low wage, service occupations or white-collar, managerial, and professional jobs whose incumbents are not attracted to traditional labour unions.
- Union leaders are split on the appropriate strategic response of the labour movement to the challenges of restructuring the economy and the workplace. While some unions favour a broad program of reforms that would extend beyond traditional collective bargaining, others favour strategies designed to reinforce and update traditional bargaining strategies.
- Management has been slow to accept or introduce innovative joint Labour-management strategies for restructuring. Instead, the majority of Canadian firms apparently continue to be dominated by a low cost view of competitive strategy that leaves little room for workplace innovations or union-management partnerships.
- But there is widespread recognition of the need to invest in skill• development and training programs as part of any effort to transform Canada from a resource dependent to a high value added economy.

The Canadian industrial relations system is better positioned than the US industrial relations system to make this transformation. Although US firms started experimenting with workplace innovations somewhat earlier and on a broader and more public scale than was the case in Canada, labour, management, and government in Canada are, paradoxically, better situated to learn from and diffuse the lessons from these innovations than are their American counterparts. The primary reason for this is that Canadian unions are in a more powerful position — a force that Canadian firms and policy makers must reckon with if they have any significant hope of achieving widespread changes in economic performance. Indeed, given recent elections, the Canadian labour movement is now in a position to initiate and lead the transformation process.

The basic arguments or conclusions shared in these studies can be summarized quite simply:

- Advanced industrialized nations cannot sustain high levels of competitiveness at high standards of living by relying on natural resource advantages or low costs and low wages.
- High value added competitive strategies require a highly educated, skilled, and motivated work force and human resource policies and practices that fully utilize these skills at the workplace.
- To achieve these human resource practices requires significant reforms in traditional, adversarial labour management relations and collective bargaining practices.

- Achieving these innovations in human resource and labour-management practices, in turn, will require effective partnerships among labour, business, and government leaders and policy makers at all levels of the economy ranging from the federal and provincial levels to sectoral or industry settings, and to individual companies and establishments. In their forthcoming book, Chaykowski and Verma describe this as the 'strategic alliance' path of transformation, a term I will adopt here to characterize this approach.

INTERNATIONAL COMPENSATION:

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.

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 fulfill 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.

METHODS AND PRACTICES OF INTERNATIONAL COMPENSATION



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 than 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 ongoing 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.

1. Tax equalization: – Firm withhold an amount equal to the home country tax obligation of the expatriate and pay all taxes in the host country.
2. 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.

INTERNATIONAL COMPENSATION AND EMPLOYEE SATISFACTION

One human resources are no less important is the non-academic employees are employees of administration. Administrative employees organize the running operations of the University so that it can run as expected institution. Good management of human resources will provide benefits also for the improvement of the performance of the University itself. Lodging in Bali Island Private Universities has an important role in producing quality human resources. The island of Bali is one of the areas that became famous tourist destinations both domestically and overseas. Human resources play an important role in building relationships between foreign tourists against locals. In other word, Private University is expected to print the human resources that have some knowledge, skills, so skilled in their work. Moreover, the implementation of agreements already ASEAN.

Human resource management at the Private University in Bali cannot be separated from the aspects that support the performance such as performance-based compensation, employee motivation, and employee satisfaction. When some of these aspects is met is expected to improve employee performance, especially in the field of administration. The models in this study wanted to know how the management of human resources at the Private University on the island of Bali and then linking them with the literature review and empirical basis of the findings earlier. This study develops a research model Jehanzeb et al. (2012), with variable compensation, motivation and job satisfaction. This study focuses on performance-based compensation, which is part of the variable compensation and the addition of employee performance as a research subject.

Compensation is divided into three direct or indirect compensation and incentives / benefits are described as follows:

1. Direct Compensation Direct compensation is a reward / punishment is called the salary or wages are paid regularly by the time limit fixed. In line with the understanding that, wages or salaries interpreted also as a payment in the form of money in cash or in kind obtained by employees of the implementation work.
2. Indirect Compensation Indirect compensation is giving the profits / other benefits for workers beyond the salary or wages fixed, either in cash or goods. Whether it is a holiday allowance (THR), as well as other holiday allowance. In addition, in a wider variation can include health insurance, vacation, leave, and others.
3. Incentives Incentives are rewards / punishment given to motivate employees to work productivity is high, is not permanent or at any time. In other words, as part of the profit incentive, especially once given to the workers who work in good or outstanding. Compensation as a reward given organization is made up in various forms. Dessler (2013: 352) said that divides into two forms such as compensation for financial payments directly and indirectly. Direct financial payments include wages, salaries, incentives, commissions and bonuses and indirect financial payments such as insurance and recreation. Direct financial payments made in two ways salary increases based on time or with a performance-based, but for indirect financial payments based on performance.

Rewards management aims as follows (Armstrong, 2010: 736):

1. Rewards refers to what the organization values and are willing to pay
2. The remuneration to employees the value created.
3. A reward is the right thing to convey the right message about the importance of how to behave and the end result.
4. Developing a culture of performance.
5. Motivate employees and increase the commitment and engagement.
6. Helping people to draw and improve the quality of employees according to the needs of the organization.
7. Build a positive relationship with the employee and the psychological contract.
8. Stresses reward practices with business goals and employee value.
9. Providing equitable remuneration for employees feel they are treated fairly in accordance with which they provide to the organization.

10. Apply to equal the reward valued employees according to what they do to the organization, their relationship to work is measured by equivalent payments made by the work produced.
11. Functions consistent decisions that payment is not made in full and without distinguishing between one person and another person at a different time.
12. Carried out in a transparent manner that employees understand how rewards work and how it affects them.

The definition of employee satisfaction of some experts is as follows.

“Job satisfaction is feeling happy or positive emotions that arise from the assessment of an occupation or experience in working” (Luthans, 2011: 141).

Kreitner and Kinicki (2005: 270), defines that “a job satisfaction as an emotional response to the various aspects of the job”.

While Robbins and Judge (2008: 107), defines “employee satisfaction as a positive feeling about the work of someone who is the result of an evaluation of its characteristics”.

Mathis and Jackson (2011: 158), defines “the job satisfaction of employees as positive emotions that arise from the evaluation of a work experience”

Job satisfaction refers to the attitudes, and feelings about their work so that a positive attitude and comfortably through the work that led to the attachment will result in job satisfaction, while a negative attitude and uncomfortable to work indicates dissatisfaction. (Armstrong, 2009: 343). The level of job satisfaction is influenced by factors intrinsic and extrinsic motivation, quality supervision, social relations with the working group and the level of success and failure of individuals in their work (Armstrong, 2009: 344). Stewart and Brown (2011: 258) explain that the work is a feeling of satisfaction and employee confidence about the quality of their work.

CASE STUDIES

1. CASE STUDY ON HRM IN THE UNITED STATES

HRM is a category of management which is distinctively American both in its genesis and its present practice. It was influenced by American behavioral psychology and by the labor market in the United States earlier in this century. (Springer and Springer, 1990) It developed in a legal environment supportive of the American values of individualism, free enterprise and property rights. These early influences continue to shape the field today. HRM specialists engage in the following tasks: hiring personnel, job classification, management development and designing compensation and fringe benefit packages. Each of these tasks is shaped by the requirement that personnel practices be objective and without discrimination in regard to sex or race. Standardization, validation, scientific are attributes which practitioners seek in their work.

Many specialists in Europe regard HRM with suspicion and as a distinctly American import. (See for example, Vickerstaff, 1992, p. 1) They prefer the concepts personnel management and/or industrial relations. (HRM is growing in popularity, however.) Disputes among advocates of the different concepts fill the pages of relevant European journals and

supply panel topics at conferences. (See for example Thurley, 1989 or Adams, 1995) According to Richard Hyman, the dynamic for HRM in the United States has been anti-unionism. For this reason, HRM has had little appeal in northern Europe, in particular, where collective bargaining is highly developed and labor/management relations is institutionalized. (Hyman, 1995 pp. 35-38) European specialists argue that American HRM is too mechanistic making a science of a field that should be treated as an art. They assert that HRM is based on assumptions drawn from American culture that do not necessarily apply in Europe. Others criticize American HRM as still influenced by Taylorist approaches and lacking humanity. Europeans discuss concepts such as Taylorism, Fordism, or lean production much more commonly in their scholarly writings than do their American counterparts. The differences are a reflection of the tendency in the United States to regard the employee as an individual with an economic relationship with the firm. Pay and promotion are key concerns. In Europe, the tendency is to regard employees as a class or group with general interests.

Three topics are popular in HRM literature in the United States today. They are employee involvement programs, the status of HRM and globalization. The interest in employee involvement programs stems from serious worries about productivity. Such programs as total quality management and team building are management initiatives to involve employees in discussions regarding improvements in the workplace. They do not involve the transfer of authority or are they mandated by law. They are sometimes advocated by consultants as part of an anti-union strategy. In regard to the status of HRM, practitioners believe that their work is not a highly valued field of management. Ambitious, young managers are advised to avoid HRM as a stepping stone to higher management. Many authorities, as well as corporate executives, argue that the status of HRM should be raised in order to make American firms more competitive in the global economy. The reality remains, however, that human resource managers have little status in the corporate hierarchy.

Globalization is a popular word in business literature. When used in reference to HRM, it refers to the establishment of uniform HRM practices for an entire MNC in order to facilitate the effective utilization of personnel. Positions are to be filled by the best qualified individual without regard to nationality. In the jargon of the field, personnel practices are to change from ethnocentric or polycentric to geocentric. Ethnocentric practices are those in which the norms of the United States dominate and high level positions are reserved to American nationals. Expatriates staff the higher positions in subsidiaries of a MNC and policies are made in the home country headquarters. Polycentric MNCs are highly decentralized. HRM policies are determined nationally with little oversight from headquarters. Expatriates are replaced by local managers.

Geocentric HRM is characterized by universal standards, the movement of the "best" people to positions without regard to nationality, the establishment of world-wide objectives and close collaboration between headquarters and subsidiaries. (Deresky, 1994, pp.252-261) Geocentricism currently is regarded as the best form of HRM for international corporations. (Kobrin, 1994)

As MNCs globalize and adopt geocentric objectives for HRM, the possibility increases that practitioners will give less regard to local laws and customs. American managers, in general, have a lower level of knowledge about the countries to which they are sent as well as a higher failure and return rate than managers from other MNCs. About one-third of them receive some cross cultural training before leaving the US, but the training generally does not include information on the government and laws of the host country. (Deresky, p. 262) American managers, therefore, tend to arrive in host countries with little knowledge of national laws and little incentive to implement local HRM practices. Many assume that American HRM is the most advanced in the world. When they also believe in the principles of globalization, they may have little incentive to learn about the local laws and practices. The situation raises warning signs for easy harmony between American operations in the EU

and the spirit of EU employment policies.

2. CASE STUDY ON THE EUROPEAN WORKS COUNCIL DIRECTIVE

Employment policies (or social policies as they are more commonly called) in the EU are regarded in the Commission as a necessary flanking measure to the creation of the internal market. They are designed to protect employees from negative consequences, such as social dumping, that result from the internal market. The policies derive from European values and European practices. They have many similarities with policies in the United States such as laws against sex discrimination, but they also have differences -- most particularly in regard to statutory requirements for worker participation.

The European Works Council Directive, the first employment directive to be adopted under the Social Protocol, requires MNCs operating in two or more member states and having a minimum number of employees to establish a procedure for informing and consulting employees on matters, such as investment plans, closures or management restructuring, which affect at least two members of the group. The MNC and its employees may negotiate a voluntary agreement regarding the procedure for consultation. If they fail to reach a voluntary agreement within three years, a European works council will be imposed by law. The council will be composed of representatives from the European subsidiaries. The council will have the right to regular information and to meet with upper management at least once a year. Given the options, MNCs are probably wise to act now while they have flexibility in designing the structure for consultation rather waiting and being required to establish a structure mandated by law.

The reach of the directive is impressive. It includes operations in countries of the European Economic Area as well as the member states of the EU except the United Kingdom (U.K.) It will affect approximately 1,500 corporate groups including possibly 200 groups with headquarters in the United States and 50 with headquarters in Japan. It also includes the continental operations of British groups. (FINANCIAL TIMES, April 10, 1995 and CREW, 1994, p. 5) Member states have agreed to transpose the directive into national law simultaneously on September 22, 1996 which gives corporations until 1999 to implement the legislation. Some 50 groups have already established European works councils and some, such as Electrolux, are using their proactive policy as part of a public relations effort to demonstrate that the MNC is a good European.

The EU has struggled since the 1970s in order to devise an acceptable directive on workers' participation. Opposition came from the British government and from business groups. The British denied the legitimacy of the principle of participation. European business groups opposed legal requirements for participation but they accepted the principle of participation. (Almost all European firms have experience with national laws on works councils and worker information rights.) The Commission of the EU drafted and redrafted proposals for the directive in order to overcome the opposition of business groups. The draft that was finally accepted in 1994 is much more moderate than were proposals in the 1970s. No revision, however, was acceptable to the British since they opposed the fundamental principle. The "opt out" provision of the Maastricht treaty had to be invoked in order for the directive to be adopted.

Labor unions claim the Works Council Directive as an important victory. They are calling on companies to enter negotiations for voluntary agreements and not to wait until the law forces action. (ETUI, 1995, pp. 133-135) The subject will, no doubt, be on the agenda for negotiations throughout the member states (including the U.K. where labor unions are arguing for voluntary compliance.) Corporations that want to maintain harmonious relations with their labor unions will need to have a strategy for cooperation.

3. CASE STUDY ON THE AMERICAN RESPONSE

American businesses opposed adoption of a policy on worker participation in the EU. A number of MNCs, under the leadership of Ford, formed a group in the early 1980s to oppose the famous Vredeling proposal for information and consultation of employees in MNCs. Some American consultants conducted scare campaigns against proposals in the European Community on employee rights. The hostility against EU social proposals became almost palpable in meetings of HRM managers. The proposals were considered to be a threat to traditional managerial prerogatives. Managers also argued that the proposal would increase both the cost and the complexity of doing business in Europe. Some leaders warned that American firms would disinvest in Europe if new social proposals were adopted. The strident tone created a backlash against American tactics among some Europeans in Brussels.

The response among US managers arose from philosophical as well as strategic difference between the business environment in the US and Europe. These differences are deeply ingrained and they will make it difficult for American MNCs to adopt the new Works Council Directive. The differences start with the fundamental differences between American and European capitalism which many scholars have noted and they lead to different approaches in HRM. (See for example Hodges and Woolcock, 1993, pp. 329-344) Works council are a 'natural' extension of continental labor practices, but appear to be an infringement on the 'natural' operation of the market to many American managers. American managers have few restraints on their authority to determine pay levels, lay-offs, plant relocations or 'down-sizing'. Neither labor unions nor legislation seriously inhibit their right to manage. In contrast, the majority of European employees have their pay determined by collective bargaining compared to about twenty percent in the United States. (Adams, 1995, p. 55) Many European employees must also be informed and consulted regarding plans to lay-off, relocate or 'down-size' an operation. The employee participation programs, which are popular in the United States, are not equivalent because they are a management prerogative and not a legal requirement as they are in Europe.

The ratification of the Maastricht Treaty, with its opt out provision on social policy, made the adoption of the Works Council Directive a certainty. In that new era, American managers in the EU apparently changed their strategy. They did not openly oppose the proposal but rather left the initiative to UNICE, the European employers association. They rightly determined that UNICE would be able to gain concessions in the final version of the directive even if they could not block it.

Since the adoption of the directive, the American managers have been quiet. More importantly they appear to be doing little to take advantage of the three year period in which they may negotiate voluntary agreements. Officials from both the Commission and the American Chamber of Commerce in Brussels agree on this point. Consequently American firms will have to institute works councils as directed by law in 1999.

The final section of this paper cannot be completed at this time due to the disappointing number of responses to a questionnaire which was mailed to forty HRM directors. The purpose of the questionnaire was to ascertain whether the managers followed relevant developments in the EU and whether they had plans to implement the Works Council Directive. They were also asked whether the HRM policy of their MNC was global or decentralized. The responses which were received showed no discernible pattern except all indicated that EU policies were of moderate relevance to them. Half had plans to implement the Directive and half did not. All indicated that various EU policies such as health and

safety affected their operation, each indicated a different set of policies. No pattern appeared in regard to the questions concerning globalization either. The main conclusion which I reached regarding the experience is that the information regarding the consequences of EU policies will be very difficult to obtain and will require personal interviews and probably repeated interviews. Since HR managers are affected by national laws, they are not always aware that the national laws derive from an EU directives. In addition, HR managers may not know about pending policies that are under discussion elsewhere in the corporate hierarchy. The findings of a field research effort would be fascinating to have. We know little about the impact of EU policies on the operations of American MNCs. The objective, however, will have to await a more ambitious program than is possible at this time.