

**Principles of Management**  
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**Lecture - 39**  
**Staffing and Coordination - VI**

In this discussion on Staffing and Coordinating, I will cover the topic of compensation and benefits and before that I will just take you back to what we have discussed. As a human resource management we discussed in the what are the various elements in human resource management process. We discussed about human resource planning, then recruitment and selection and orientation training and development and performance management system.

Taking further the discussion to compensation and benefit, I will discuss about after appraising the person's performance. Whether to take a decision about giving incentive or rewarding the performance of an employee in order to keep him motivated we are the we will discuss what is employee compensation. Because compensation is something a monetary reward which an individual gets in return for his performance or contribution to the organization.

So, employee compensation refers to all forms of pay or reward which goes to the employee arising out of his employment, his contribution, his commitment to the job. It can be either in the form of direct payment; that is wage, salary, incentive, commissions, bonuses or it can be indirect payment.

So, benefits like employer paid insurance and vacations. So there is a direct outcome of the person's performance in terms of the financial rewards, direct financial payment or an indirect financial payment.

Otherwise, it is also a kind of an intrinsic motivation for an individual as he is able to associate that his performance has been appraised fairly and he has been given a due recognition in term in terms of a financial reward or a non financial reward. What is intangible or recognition based rewards?

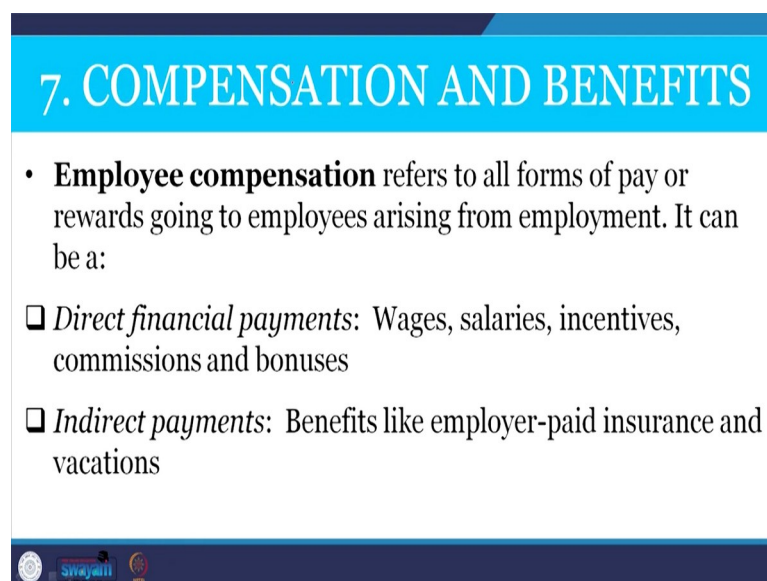
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**NON-TANGIBLE AND RECOGNITION-BASED AWARDS**

- Employee recognition
- Gift certificates
- Special events
- Cash rewards
- Merchandise incentives
- Email/print communications
- Training programs
- Work/life benefits
- Variable pay
- Group travel
- Individual travel
- Sweepstakes
- Online award programs

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**7. COMPENSATION AND BENEFITS**

- **Employee compensation** refers to all forms of pay or rewards going to employees arising from employment. It can be a:
  - ❑ *Direct financial payments:* Wages, salaries, incentives, commissions and bonuses
  - ❑ *Indirect payments:* Benefits like employer-paid insurance and vacations

Employee recognition, there are some non financial measures or indirect payments like, employee recognition programs, gift or gift certificates, special events, cash rewards, merchandise incentives, email or print communication, some say kind of appreciation to individuals, training programs, work life benefits; work life benefits, variable pay, group travel, individual travel, sweepstakes online award programs.


So, there are various forms of recognition or rewards in contribution for an individual's performance and different organizations have different schemes to keep employee

engaged. So, reward is something which can as a which can help an employee be more committed to the assignments or the responsibilities being given to him or her. So, therefore, to keep the employee motivated continuously, to keep him engaged and to keep him say loyal to the firm, organizations emphasize on compensation and rewards as a very important determinant for organizational success. What determines rate of pay?

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## WHAT DETERMINES RATE OF PAY?

- Legal factors
- Union considerations
- Compensation Policies
- Equity





There are some legal factors, union considerations, compensation policies and equity.

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## ACKNOWLEDGING EQUITY'S IMPACT

- The need for external and internal equity is a key factor in determining pay rates
- Each employee should view his or her pay as equitable given other employees' pay in the organization



And the need for external and internal equity is a factor in determining the pay rates. Each employee should view his or her pay as equitable given other employees pay in organizations. It is a general tendency of an individual to compare his salary with the others salary. So, equity in compensation is an important component which the employee need to take care of. Equity in compensation is an important component which an employer needs to take care of.

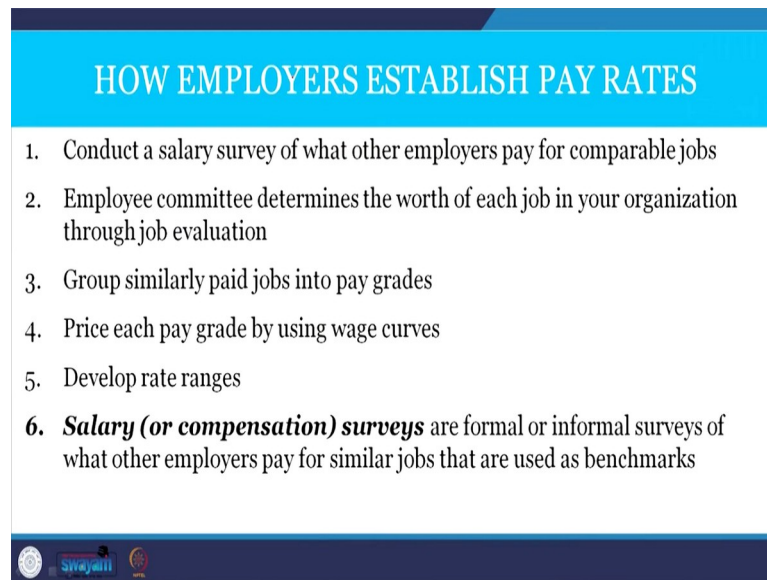
And as we discussed, that the pay rate, what determines the rate of pay, the legal factors like, there is a sudden rise in pay scale which is because of the say external factors or certain legal components equal pay for men and women. So there is a legal factor associated, men and women cannot be differentiated based on gender cannot be differentiated. Equal remuneration act of nineteen equal remuneration act decides that men and women need to be paid similarly.

And they should be; there should be equity in payment of rewards, equity in payment of salary, there should not be any difference in giving or in deciding the salary of men and women based on gender. So, there should not be any discrimination. So, there is a legal factor associated with or legal factor which decides the salary of an individual. Union considerations the compensation policies are decided and which also influences the rate of pay.

So, overall what we discussed is there should be equity in compensation, acknowledging equity and its impact on compensation and further how employees establish pay rates? So, pay rates are decided based on a salary survey of what other employers pay for comparable job.

As we discuss that there is equity theory of justice or procedural justice; that means, there should be justice in process of procedures, justice in there should be justice in recruitment, selection, award allocation of rewards in performance appraisal. If there is an inequity, then there that would lead to decline in motivation of individuals and would again effect the performance of employee.

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**HOW EMPLOYERS ESTABLISH PAY RATES**

1. Conduct a salary survey of what other employers pay for comparable jobs
2. Employee committee determines the worth of each job in your organization through job evaluation
3. Group similarly paid jobs into pay grades
4. Price each pay grade by using wage curves
5. Develop rate ranges
6. **Salary (or compensation) surveys** are formal or informal surveys of what other employers pay for similar jobs that are used as benchmarks

So, generally there is a salary survey conducted. So, if there is an inequitable pay, inequity in giving rewards, say inequity in fixing the salary of two individuals in the same position. So then there would be a kind of a complexity which develops and would lead to, say conflict would lead to decline in performance and ultimately it would hamper the organizational performance.

Individuals also compare their salary with other employers who are say other people who are in the similar job positions in that comparable job in that industry. So, there is a industry level comparison of jobs. So, salary survey of what other employers pay for similar jobs or comparable jobs. Then, employee committee determines the worth of each job or otherwise it is called job evaluation in your organization through evaluation of job.

So, a committee of people determine the worth of each job. Whether, so a job is evaluated based on the nature of the job, based on the complexity of the job, what is the level of difficulty physical or mental challenges involved in the job, based on that the job is being evaluated.

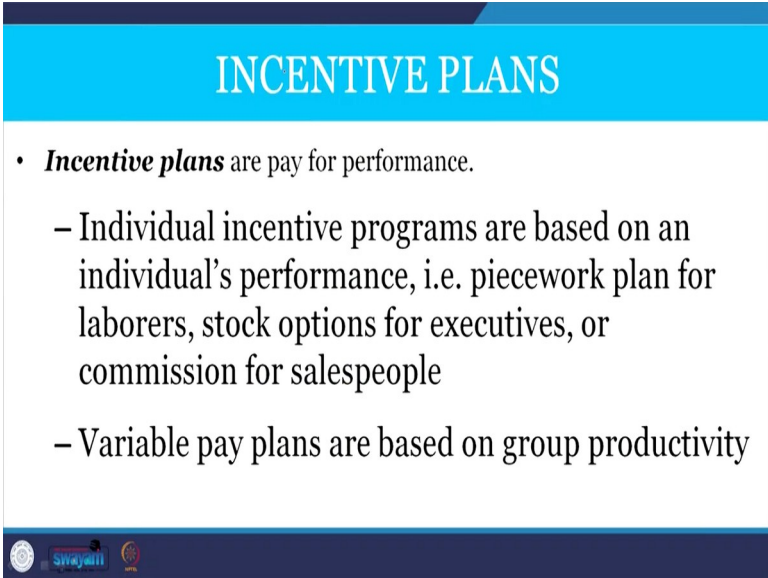
Group, similarly paid jobs into pay grades. The job which are paid similarly are group together into pay grades. Price each pay grade by using wage curve. So, based on the wage curve each pay grade is being; each pay grade is being priced and develop rate range.

And some ranges are being associated to the to a particular pay grade. So, salary or compensation surveys are formal or informal surveys for which other employees pay for similar jobs that are used as benchmark. So how an individual, what we discussed is how employers establish pay grades, pay rates, conducting salary survey, then having a committee which determines the worth of each job.

And then grouping similarly paid jobs into pay grades and each pay grade is priced using the wage curve and then, further we develop rate range. What should be the range for each pay grade? And then salary survey is something which is a formal or a informal survey of what other employees pay, what salary or salary surveys are formal or informal surveys of what other employers pay for similar job that are used as benchmark.

Incentive plans are also similarly designed. Incentive plans are pay for performance. Individual incentive programs are based on individual's performance; that is piece work plan for laborers, stock options, for executives working in different industries, individual's performance is recognized or sales commission for the people who are working in sales jobs.

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The slide features a blue header with the title 'INCENTIVE PLANS' in white. Below the header, on a white background, is a bulleted list. The first bullet point states that incentive plans are pay for performance. It then lists two types of incentive plans: individual incentive programs based on individual performance (examples: piecework plan for laborers, stock options for executives, commission for salespeople) and variable pay plans based on group productivity. At the bottom of the slide, there is a dark blue footer containing three small logos.

## INCENTIVE PLANS

- **Incentive plans** are pay for performance.
  - Individual incentive programs are based on an individual's performance, i.e. piecework plan for laborers, stock options for executives, or commission for salespeople
  - Variable pay plans are based on group productivity

Variable pay plans are also based on group productivity. There are also incentive plans which is paid based on performance of individual can be individual plans individual incentive plans or can be variable plans. So, variable plans are basically designed on the

basis of group's productivity, individual incentive programs are based on individual's performance.

Other incentives are merit pay or a merit raise. Any salary increase awarded to an employee based on his or her individual performance is called merit performance merit linked performance.

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**OTHER INCENTIVES**

- **Merit pay, or a merit raise**, is any salary increase awarded to an employee based on his or her individual performance
- **Profit-sharing plans** share the company's annual profits with employees meeting the requirements
- **Employee stock ownership plans (ESOP)** are company-wide plans in which the corporation contributes shares of its own stock – or cash to be used to purchase stock – to a trust established to purchase shares for employees
- **Scanlon/Gainsharing plans** aims to encourage improved employee production by sharing resulting financial gains with employees
- **Earnings-at-Risk plans** put some portion of the employees earnings at risk

Profit sharing plans share company's annual profit with employees meeting the requirement. So, what we discussed is individual assessment, group assessment. Other incentives are merit-based payment or profit sharing plans, where the profit sharing plan shares the company's annual profit with employees meeting the requirement.

Those employees who are working in the organization, they will receive part of the profit of organization. Employees stock ownership plans or otherwise called ESOP's are companywide plans in which the corporation contributes its own stock, contributes the part of the share of its own stock either in cash or in some purchase stock. So, or cash to be used to purchase stock or trust established to purchase shares of employees.

So, employee stock option plan or are companywide plans in which corporation contributes shares of its own stock or cash which is to be purchased which or cash to be used to purchase stock to a trust or say employee stock ownership plans ESOP are

companywide plans in which corporation contributes shares of its own stock or cash to be used to purchase stock or to a trust establish to purchase shares for employees.

Then, Gain sharing plans or Scanlon plan aims to encourage improved employee production by sharing resulting financial gains with employees. Earning at risk plans; put some portion of the employee's earnings at risk.

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## EMPLOYEE BENEFITS ✓

- **Benefits** are indirect monetary and nonmonetary payments an employee receives for continuing to work for the company. ✓
  - i.e. health insurance ✓
  - Pay for time not worked or supplemental pay benefits includes holidays, vacation days, jury duty, bereavement leave, sick leave, military leave, etc. ✓
  - Unemployment insurance ✓
  - Severance pay ✓
- **Insurance benefits** ✓
  - Workers compensation ✓
  - Hospitalization, medical and disability insurance ✓
- **Retirement benefits** ✓
  - Social security ✓
  - Pension plans ✓
  - 401(k) plans ✓
  - Cash balance pension plans ✓

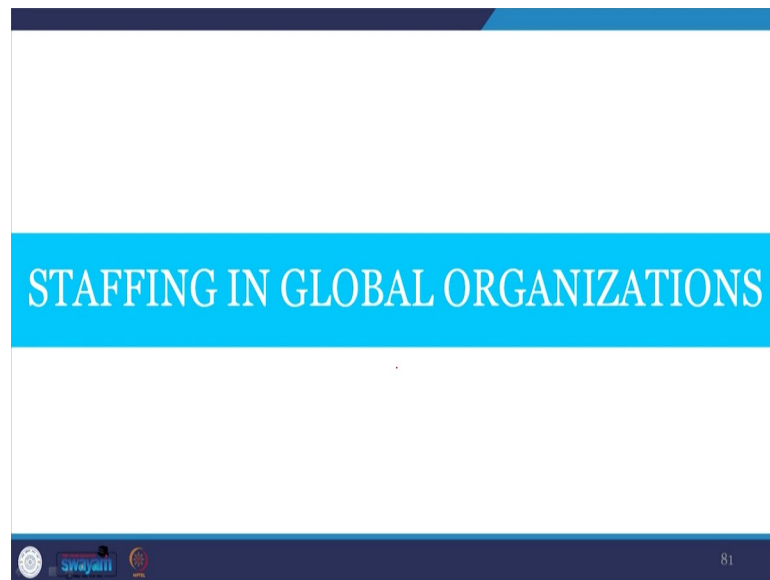
And further we will discuss about employee benefit measures. What are the employee benefit plans? Benefits are indirect monetary and non monetary payments employee receives for continuing to work for the company. For example, the health insurance or the medical benefits pay for time not worked or supplemental pay benefit or say vacation, sabbatical, bereavement leave, or sick leave and maternity leave etcetera.

Unemployment insurance or severance pay. So, these are various types of benefits which an employee receives either indirect monetary or non monetary payment for continuing to work for the company. Insurance benefit like worker's compensation and then hospitalization medical and disability insurance.

Then retirement benefits like social security measures, pension plans, then cash balance, pension plans and so on. So, what we discussed in this section? We discussed about the compensation which is an important element in human resource management process.



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Further moving onto staffing in global organizations. As we discussed about the staffing in general how it happens in organizations and we will also discuss that organizations are going global. More and more companies are now moving towards doing business in business abroad. So, organizations are moving, are going global there is internationalization of business.

So, the policies that we discussed is with respect to any organization. Now with the competition rising and increasing globalization of business, so should we have the same policy of staffing and coordinating in the global firms? So, with respect to that we will discuss about HR and the internationalization of business.

More and more companies are doing business abroad. This globalization requires that employees who never leave the home office need to be internationalized to some extent. We will also discuss about the cultural diversity which must be addressed in the context of international business.

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**HR AND THE INTERNATIONALIZATION OF BUSINESS**


**The Global Challenges**

- Coordinating market, product, and production plans on a worldwide basis.
- Creating organization structures capable of balancing centralized home-office control with adequate local autonomy.
- Extending HR policies and systems to service staffing needs abroad.

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So, what are the global challenges? Coordinating market, product, and production plans on a worldwide basis. Creating organizational structure which is capable of balancing centralized home office work with adequate local autonomy. Extending HR policies and systems to serving staffing needs abroad.

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**HR CHALLENGES OF INTERNATIONAL BUSINESS**

- Employers face political, social, legal and cultural differences among countries abroad
- Effective human resource practices must be developed for each country's local facility and for the company as a whole
- Vast distances add to the challenges

The slide features a blue header with the title in white. Below the header, the text 'HR CHALLENGES OF INTERNATIONAL BUSINESS' is in bold. A bulleted list follows. At the bottom, there is a dark blue footer with logos on the left and the number '13-84' on the right.

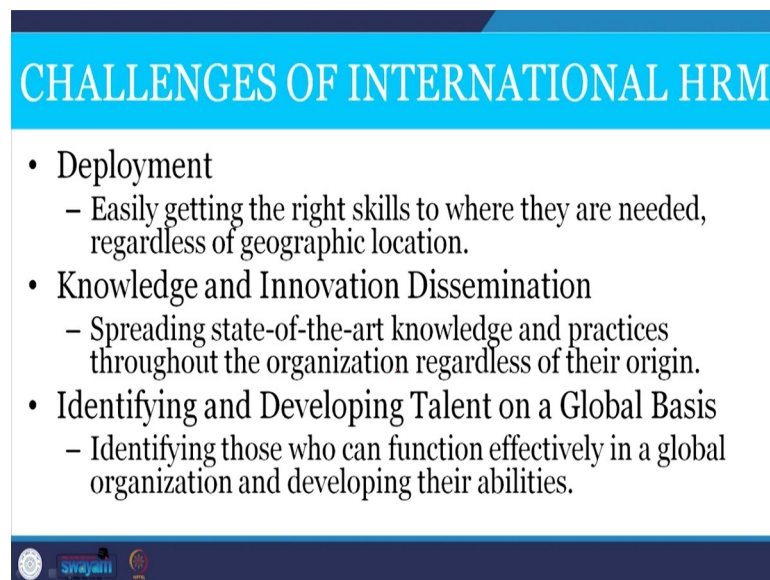
So with this background, we will discuss about what is the challenge of international business, what are the HR challenges of international business. Employers face, political, social, legal and cultural differences among countries abroad. Unlike the domestic

market, unlike the domestic business the global companies face political, social, legal and cultural differences among countries abroad.

Effective human resource practices must be developed for each country, local facility and for the company as a whole.

Vast distances add to the challenge. So, they are geographically dispersed having different business environment different national cultures, so what is how does HR addressed to those challenges? Challenges of international human resource management is deployment. Easily getting the right skills to where they are needed regardless of geographical location.

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## CHALLENGES OF INTERNATIONAL HRM

- Deployment
  - Easily getting the right skills to where they are needed, regardless of geographic location.
- Knowledge and Innovation Dissemination
  - Spreading state-of-the-art knowledge and practices throughout the organization regardless of their origin.
- Identifying and Developing Talent on a Global Basis
  - Identifying those who can function effectively in a global organization and developing their abilities.

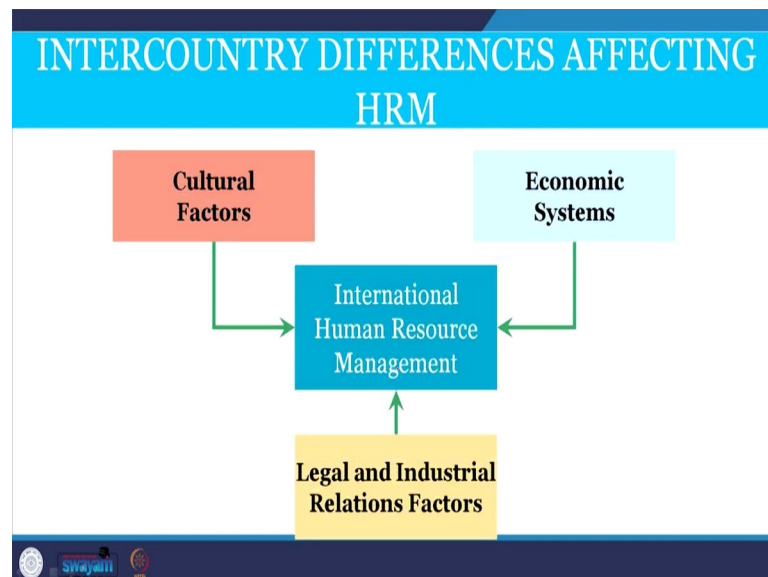
Knowledge and innovation dissemination; spreading state of the art knowledge and practices throughout the organization regarding of their origin. Identifying and developing talent on a global basis; identifying those who can efficiently function in a global organization and developing their abilities.

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So, what is international HRM? Human resource management concepts and techniques employers used to manage the HR challenges of their international operations. It focuses on three main areas: - management of HR in global corporations, management of expatriate employees, compare HRM policies in variety of countries.

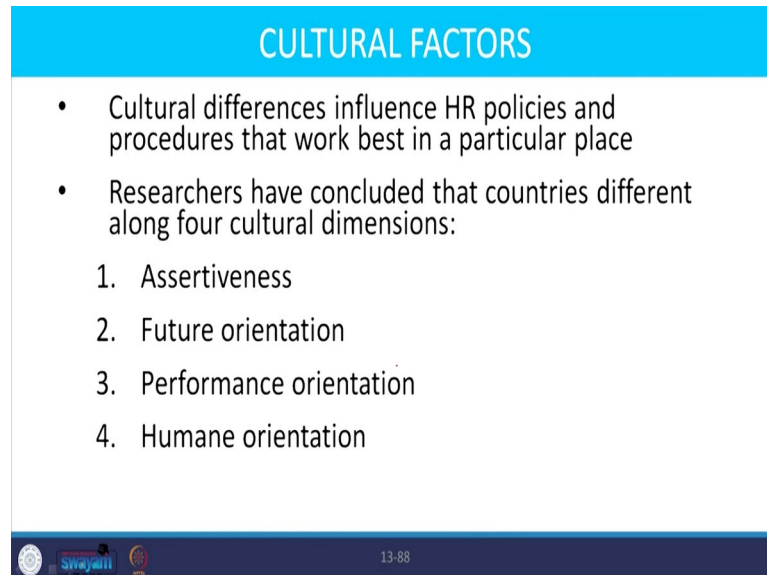
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So, let us have a look at intercultural or inter country difference affecting HRM. Let us have a look at what are the inter country differences in affecting human resource management. Cultural factors, economic system and legal and industrial relations factors

affect international human resource management as it has affected the human resource management in general.

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**CULTURAL FACTORS**

- Cultural differences influence HR policies and procedures that work best in a particular place
- Researchers have concluded that countries differ along four cultural dimensions:
  1. Assertiveness
  2. Future orientation
  3. Performance orientation
  4. Humane orientation

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What is cultural factor? Cultural differences influence HR policies and procedures that work best in a particular place. Researchers have identified that countries differ along cultural dimensions as defined by Hofstede. The orientation of different cultures; different cultures is different.

Some emphasize on relationship orientation, future orientation or having some long and short term orientation. Performance orientation of the countries national nationalities is different, human orientation or otherwise you can say that there is collectivism and individualism in different cultures or there is a focus on short and long term orientation based on the time horizon.

And some cultures may be more feminine than masculine, some will have say risk avoidance and risk taking ability, so there is a difference on uncertainty avoidance and some have say differences in terms of assertiveness, some can have differences in terms of feminism masculinity.

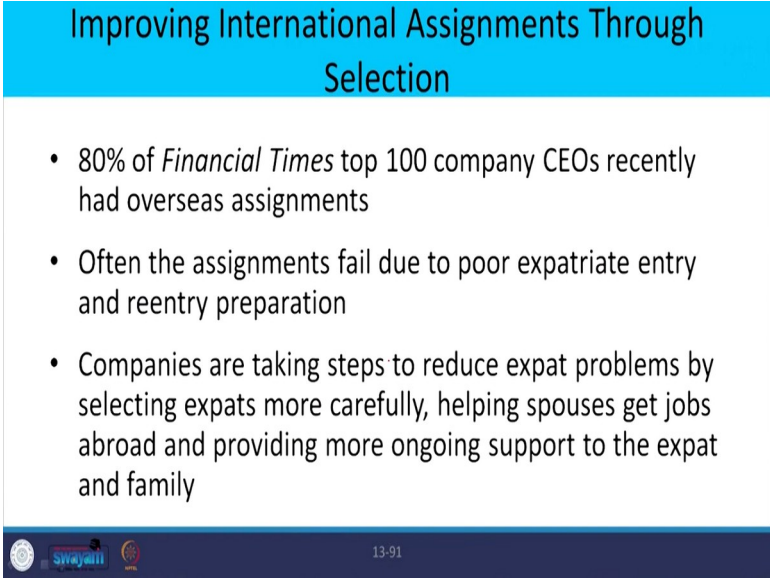
Which means that a country which is can be judged on the basis of how much the how much it emphasizes on assertiveness or say competitiveness whereas, some cultures emphasize on relationship orientation or a softer aspect of business.

So, these are general differences of national cultures. Now, economic systems also influence the human resource management policies and procedures. Economy, from country to country economic systems vary labor laws, regulations, cost all of them differ from country to country.

Hourly compensation and a typical work week, vacation and benefit requirements. Moving further, we also discussed about legal and industrial relations factors. The interplay of directives and country laws means HR practices must vary from one country to another country.

They are not necessarily the same. Some European Union countries have minimum wage system in place while other set national limits. The European Union sets the work week at 48 hours, but most of the country set it at 40 hours per week. European Union countries have levels of employee representation. So, every country has a different legal and industrial relations and which will have an impact on the human resource management practices and policies.

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The slide has a blue header with the title "Improving International Assignments Through Selection". Below the header, there is a white box containing three bullet points. At the bottom of the slide, there is a dark blue footer bar with logos on the left and the text "13-91" on the right.

### Improving International Assignments Through Selection

- 80% of *Financial Times* top 100 company CEOs recently had overseas assignments
- Often the assignments fail due to poor expatriate entry and reentry preparation
- Companies are taking steps to reduce expat problems by selecting expats more carefully, helping spouses get jobs abroad and providing more ongoing support to the expat and family

13-91

Improving international assignments through selection. 80 percent of financial type times top hundred companies' CEOs recently had overseas assignments. Often the assignments fail due to poor expatriate entry and reentry. Companies are taking steps to reduce expatriate problems by selecting expats more carefully, helping the spouses get jobs abroad and providing more ongoing support to the expat and the family.

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When International Assignments Succeed

- They focus on knowledge creation and global leadership development
- They assign overseas people whose technical skills are matched or exceeded by their cross-cultural abilities
- Their expatriate assignments include a deliberate repatriation process

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When do international assignments succeed? They focus on knowledge creation and global leadership development. So, international assignments are successful when they focus on knowledge development, knowledge creation and global leadership development.

They assign overseas people whose technical competencies match or exceeded the cross cultural abilities and their expatriate assignments include a deliberate repatriation process. So, international success in international assignments is because of the hiring of people with knowledge with technical competencies and developing their potential for effectively used by organizations.



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## EXPATRIATE PERSONALITY

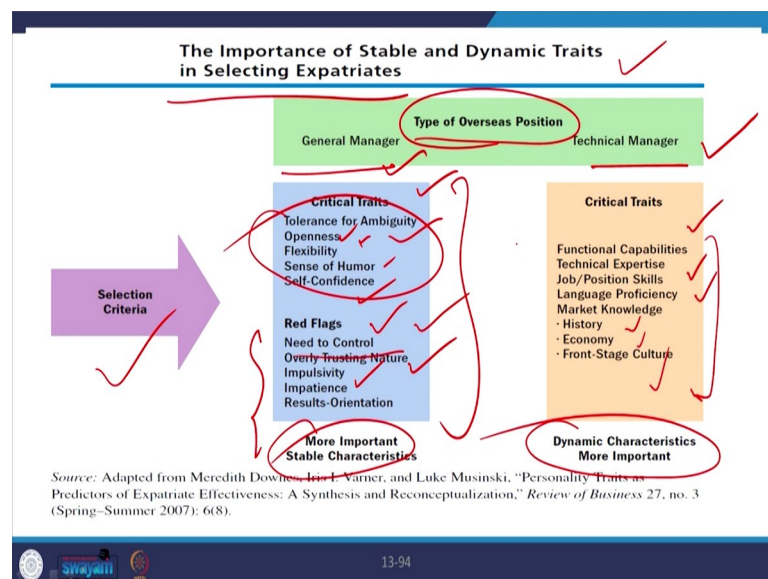
- Expats are increasingly younger and single
- Tend to be extroverted, agreeable and emotionally stable individuals
- Tend to have great cultural empathy



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Expatriate personalities are increasingly younger and single tend to be extroverted, agreeable and emotionally stable individuals. They tend to have a cultural empathy or cultural intelligence.

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So, importance of stable and dynamic trait for selecting expatriates. So, while when we are dealing with global companies, global firms, the challenges of international HRM are selecting the right individual who are conscious or who are emotional culturally intelligent, who can be more adaptable.



So, selecting the individuals from across the globe who are culturally sensitive, who are culturally intelligent or who are more aware they can be they can gel into different cultures. So, in the selection criteria what we should take care of when we are giving an overseas position? General managerial traits and technical skills to be taken care of.

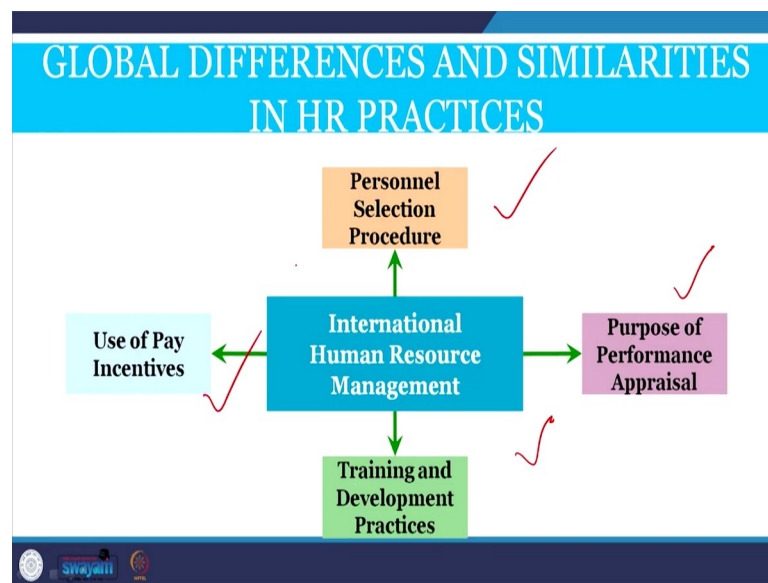
So, critical traits to be looked into is tolerance for ambiguity. When the individual has tolerance for ambiguity, openness to experience, that is able to adapt to different situation is more flexible and has a sense of humor and self-confidence. So, these things need to be taken care of while recruiting people from across the globe.

In international firms and global firms the cultural sensitivity, sense of humor, sense of adaptability, flexibility, openness to experience, and self confidence need to be taken care of as critical traits. And then some red flags or certain areas which need to be looked into is need to control trusting overly trusting nature, impulsive behavior, impatience and result orientation.

So, there are certain checkpoints to be taken care of and critical traits which must be taken care of like functional capabilities, technical dexterity, the functional ability, and expertise job position, job knowledge and language proficiency, market knowledge, market sensitivity, history knowing about the past and economy and front stage culture.

So, all these are certain attributes which are to be taken care of. So, dynamic characteristics point, some important and stable characteristics that we discussed is critical traits to be looked into, certain areas which need to be checked is like the person's ability to adjust ability or impatience or impulsiveness need to be corrected and critical traits to be looked into performance, the technical ability, dexterity or language proficiency.

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So, in international assignments these factors need to be taken care of. Global differences and similarities in HR practices - While we select individuals for the international firms or the global firms, personal selection procedure, purpose of performance appraisal training and development practices and use of incentive, use of pay or incentive should be taken care of.

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### HOW TO IMPLEMENT A GLOBAL HR SYSTEM

- Best practices for making **a global HR system more acceptable** to local managers:
  1. Remembering that global systems are more accepted in truly global organizations.
  2. Investigating pressures to differentiate and determine their legitimacy.
  3. Working within the context of a strong corporate culture is best.
- Best practices for developing **a more effective** global HR system:
  - Form global HR networks that make local HR managers a part of global teams.
  - Remember that it's more important to standardize ends and competencies than specific methods.
- Best practices **for implementing** the global HR system:
  - Dedicate adequate resources for the global HR effort.

How to implement a global HR system? Best practices for making a global HR system more acceptable to local managers. What are the best practices for making a global HR

system more acceptable to local managers? Remember that global systems are more acceptable in truly global organizations. Global practices to be incorporated investigating pressures to differentiate and determine their legitimacy.

Then working within the context of a strong corporate culture is best. So, there has to be a strong corporate culture within which the person can work. Then other best practices for developing an effective global HR system. Form global HR networks that make local HR managers a part of the global team.

Remember that it is more important to standardize ends that is results and competencies than specific methods. Best practices for implementing the global HR system is to dedicate adequate resources for the global HR effort. Dedicate adequate resources for the global HR effort.

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Do...	Don't...
• Work within existing local systems—integrate global tools into local systems	• Try to do everything the same way everywhere
• Create a strong corporate culture	• Yield to every claim that “we’re different”—make them prove it
• Create a global network for system development—global input is critical	• Force a global system on local people ✓
• Treat local people as equal partners in system development ✓	• Use local people just for implementation ✓
• Assess common elements across geographies	• Use the same tools globally, unless you can show that they really work and are culturally appropriate
• Focus on what to measure and allow flexibility in how to measure ✓	• Ignore cultural differences ✓
• Allow for local additions beyond core elements	• Let technology drive your system design—you can’t assume every location has the same level of technology investment and access
• Differentiate when necessary	• Assume that “if we build it they will come”—you need to market your tools or system and put change management strategies in place
• Train local people to make good decisions about which tools to use and how to do so ✓	
• Communicate, communicate, communicate! ✓	
• Dedicate resources for global HR efforts	
• Know, or have access to someone who knows, the legal requirements in each country	

Source: Ann Marie Ryan et al., “Designing and Implementing Global Staffing Systems: Part 2—Best Practices,” *Human Resource Management* 42 (Spring 2003), p. 93.

A summary of the best global practices we will discuss about the do's and do not's: - work within the existing local systems, integrate global tools into local systems, create a strong corporate culture, then global create a global network for system development, global treat local people as equal partners in the system of development.

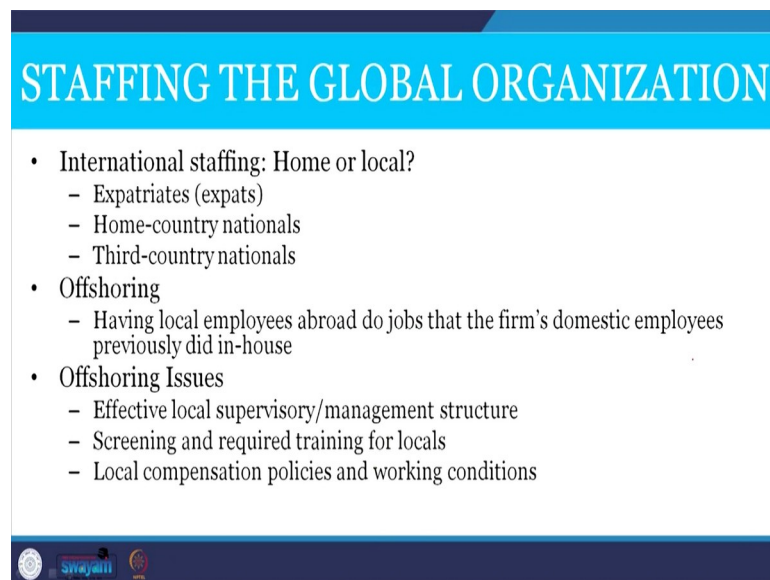
Assess common elements across geographies; the common elements need to be identified. Focus on what measures and allow flexibility in how to measure and allow local additions beyond core elements. Train local people to make good decisions about

which tools to use and how to use. Communicate effectively and dedicate resources for global HR efforts.

What we should not do in a global HR practice? Try to do everything the same everywhere, and yield to every claim that we are different make them prove it. Force a global system on local people, we should not do this.

Use local people just for implementation, use the same tools globally, unless you can show that they really work and are culturally appropriate. Ignore cultural differences, and let technology drive your system you cannot assume every location as the same level of technology investment and access.

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## STAFFING THE GLOBAL ORGANIZATION

- International staffing: Home or local?
  - Expatriates (expats)
  - Home-country nationals
  - Third-country nationals
- Offshoring
  - Having local employees abroad do jobs that the firm's domestic employees previously did in-house
- Offshoring Issues
  - Effective local supervisory/management structure
  - Screening and required training for locals
  - Local compensation policies and working conditions




So, staffing the global organization, what we have seen is international staffing, home or local whether you are recruiting expatriates or home country nationals or third country nationals. Then we further we will discuss about how offshoring issues are being reflected.

Offshoring means, having local employees abroad do jobs that the firms domestic employees previously did in house. Then offering issues are effective local supervisory or management structure, screening and required training for locals, local compensation policies and working conditions.

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### International Staffing: Home or Local?

- **Locals** are citizens of the countries where they are working
- **Expatriates** are noncitizens of the countries in which they are working
- **Host country nationals** are citizens of the country in which the multinational company has its headquarters (can be expatriates)
- **Third-country nationals** are citizens of a country other than the parent or the host country






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Then international staffing home or local? Locals are citizens of the country and where they are working. Expatriates are non citizens of the country in which they are working. Host country nationals are citizens of the country in which multinational company has its headquarters. Third country nationals are citizens of a country other than the parent or the host country.

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### International Staffing: Home or Local?, cont.

- Using locals can be cost effective and help the multinational gain favor with the host country
- Using expats helps multinationals meet required technical qualifications and help the multinational implement headquarters instructions and culture
- A hybrid solution that utilizes both locals and expats can help smooth the multinational's transition



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### Values and International Staffing Policy

- **Ethnocentric** companies will make sure the home country's attitudes, management style, knowledge, evaluation criteria, etc., prevail through filling key management jobs with parent-country nationals
- **Polycentric** companies believe that only host country managers can understand the culture and behavior of the host country market and the foreign subsidiary should be managed by host-country nationals and home office with parent-country nationals



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And international staffing and staffing the global organization we will discuss about ethnocentric, polycentric and geocentric. As we have already discussed in the global organizations, we discussed about ethnocentric selecting expatriate.

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Values and International Staffing Policy, cont.



- **Geocentric** companies believe that the best manager for the firm could be located anywhere so they look at all management for potential and staff on the basis of choosing the best people for key jobs regardless of nationality

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## SELECTING EXPATRIATE MANAGERS

- Adaptability Screening
  - Assessing the assignee's (and spouse's) probable success in handling the foreign transfer.
  - *Overseas Assignment Inventory*
    - A test that identifies the characteristics and attitudes international assignment candidates should have.
- Realistic Previews
  - The problems to expect in the new job, as well as the cultural benefits, problems, and idiosyncrasies of the country.


 



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## ORIENTING AND TRAINING EMPLOYEES ON INTERNATIONAL ASSIGNMENT

- There is little or no systematic selection and training for assignments overseas.
- Training is needed on:
  - The impact of cultural differences on business outcomes.
  - How attitudes (both negative and positive) are formed and how they influence behavior.
  - Factual knowledge about the target country.
  - Language and adjustment and adaptation skills.



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## TRAINING AND MAINTAINING INTERNATIONAL EMPLOYEES

- Cross-cultural training

**Corporate Programs to Develop Global Managers**

Source: Francesco, Anne Marie; Gold, Barry A., International Organizational Behavior, 2nd, © 2005. Electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

- ABB (Asea Brown Boveri) rotates about 500 managers around the world to different countries every two to three years in order to develop a management cadre of transpatriates to support their global strategy.
- PepsiCo has an orientation program for its foreign managers, which brings them to the United States for one-year assignments in bottling division plants.
- British Telecom uses informal mentoring techniques to induct employees into the ways of their assigned country; existing expatriate workers talk to prospective assignees about the cultural factors to expect.
- Honda of America Manufacturing gives its U.S. supervisors and managers extensive preparation in Japanese language, culture, and lifestyle and then sends them to the parent company in Tokyo for up to three years.
- General Electric likes its engineers and managers to have a global perspective whether or not they are slated to go abroad. The company gives regular language and cross-cultural training for them so that they are equipped to conduct business with people around the world.



So, what we have so far discussed in this section, we have been we discussed about staffing in the global form. Similarly, tends of there would be specific orientation and training employees. Selecting expatriates, selecting expatriate managers. Now, after this we will discuss about selecting expatriate managers.

Adaptability screening, overseas assignment inventory. Adaptability screening means assessing the assignees probable success in handling the foreign transfers. So, in global firms, generally the transfers are very like before the transfers are being made. So, a kind



of cultural sensitivity training to be given an overseas assignment inventory a test that handles the characteristics and attitudinal attitude international assignments candidate should have.

What should be the attitude of the candidate towards international assignment that should be taken care of? Realistic preview should be given the problems to expect in the new job as well as the cultural benefits, problems and problems of joining in a different country and problems of being out of home should be discussed.

Then orientation and training employees on international assignment should be given to individuals before they depart. There is a little or no systematic selection and training for assessment assignments overseas. Training is needed on impact of cultural differences on business outcome. Attitudinal, both negative and positive are formed and how they influence behavior.

Factual knowledge about the target country, language and adaptation language adjustment and adaptation skills need to be imparted. A cross cultural training to be imparted to individuals before they join any other company, before cross cultural training is required when the individual is sent offshore.

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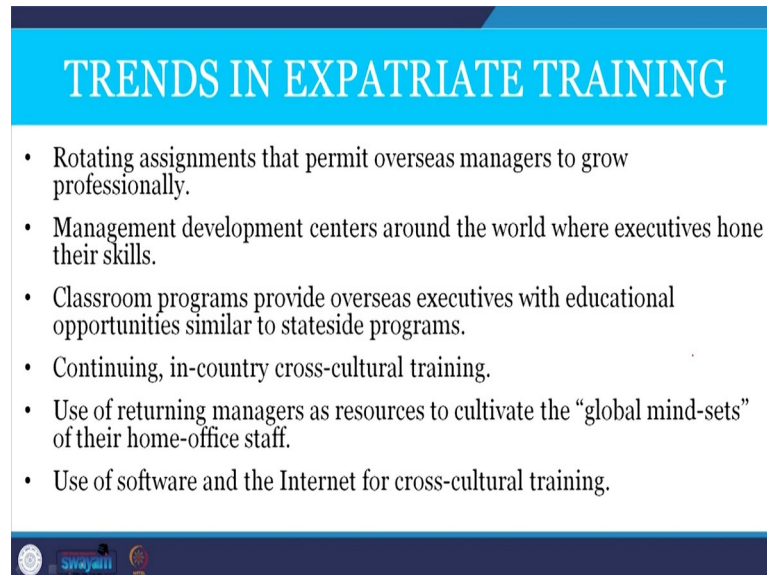
### OTHER EXPATRIATE TRAINING

- Documentary programs about the country's geography and socioeconomic/political history
- Cultural assimilation to display the sorts of social and interpersonal situations expats are likely to encounter
- Language training
- Sensitivity training
- Actual interactions with people from other countries

Other expatriate trainings like documentary programs about the country's geography, socioeconomic, political history, cultural assignments or cultural language training

sensitivity training actual interaction with people from other countries to be given to individuals when they join on international assignments.

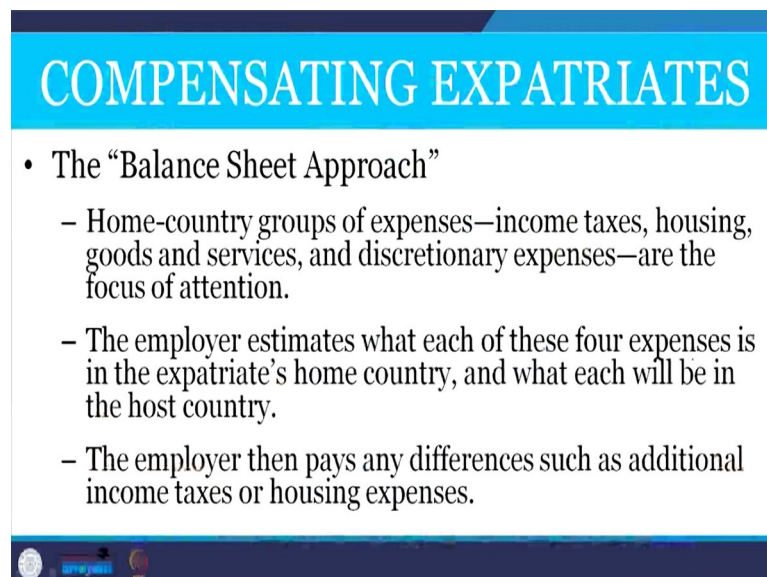
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## TRENDS IN EXPATRIATE TRAINING

- Rotating assignments that permit overseas managers to grow professionally.
- Management development centers around the world where executives hone their skills.
- Classroom programs provide overseas executives with educational opportunities similar to stateside programs.
- Continuing, in-country cross-cultural training.
- Use of returning managers as resources to cultivate the “global mind-sets” of their home-office staff.
- Use of software and the Internet for cross-cultural training.

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## COMPENSATING EXPATRIATES

- The “Balance Sheet Approach”
  - Home-country groups of expenses—income taxes, housing, goods and services, and discretionary expenses—are the focus of attention.
  - The employer estimates what each of these four expenses is in the expatriate’s home country, and what each will be in the host country.
  - The employer then pays any differences such as additional income taxes or housing expenses.

So, with this we will also focus on like, what should be the compensation. After discussing about the training of the employees in the global assignments, I would like to emphasize that the compensation and then performance appraisal of international managers should also be duly considered.

If the home office manager does the actual written appraisal, have him or her use a formal expatriate from the same overseas location for advice and stipulate the assignments difficulty level and adapt performance criteria to the situation. And there should be as fair treatment being given to employees who are sent abroad.

So, what we discussed overall in this section of staffing and coordinating? We discussed about the compensation in details and then we discussed about the global assignments, we discussed about global or international HRM practices and what are the problems that people on offshore projects come across.

And we have discussed about like what are the global best practices to be adopted, what are the difference and similarities in HR practices. With this I would like to conclude the discussion here. And the next section we will be discussing about coordination, organization as an open system and systems approach and organizational effectiveness.

Thank you.