

## Module 10

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### International HRM and Other Emerging issues in HRM

#### Overview

In Module 10, we discuss the implementation of a sound policy of international HRM. Today, unlike in the past, the economy is much more global in scope and orientation. We will be going international by having a glimpse of Japan's "womb to the tomb" or *nenko* system of lifelong employment and the U.S. constant "hiring and firing" policy. We will be also look into the world-renowned Hofstede study by Professor Geert Hofstede. We will also look into how inter-country differences affect HRM practices.

Differences in culture, economic systems, labour costs as well as political, legal and industrial relations systems all have an impact on how people are managed. International staffing policies of modern multinational corporations take these into consideration not only when they select managers for international assignments but also when they appraise them later. After initial screening, employees for international postings need to undergo a special training programme to react positively to local culture, understand local attitudes, have a good factual knowledge of the host country and master the language used so that the adaptation and adjustment process will be speedier and they will be able to perform at an optimum level.

We will also look into sexual harassment which is becoming a prominent issue not only in developed countries but also developing countries. Discrimination and equal employment opportunities will be briefly dealt with. Module 10 closes off with a discussion on organisational development and managing change.

Upon completion of this module you will be able to:



### Outcomes

- *discuss* the international dimensions of HRM in the light of globalisation.
- *distinguish* between HRM policies and practices in selected countries.
- *define* what sexual harassment at the workplace is and prepare organisations to prevent such incidences.
- *recount* the theory of managing change.
- *describe* the reasons to change and the reasons to overcome the resistance to change.
- *define* downsizing and apply the various approaches to downsizing.

## Terminology



### Terminology

Discrimination:	An act or making a distinction in favour of or against, a person or thing based on group, class, or category etc.
Ethnocentric:	A belief that home-country attitudes, management styles, skills and knowledge are more superior than host country offer.
Expatriates:	Non-citizens of the country where they work.
Geocentric:	A belief that the company's whole management staff must be recruited on a global basis with the assumption of best talents may be anywhere in the globe.
Home-country national:	Citizens of the country where the multinational has its headquarter.
Multinational corporation (MNC):	International enterprise that setup offshore; an internationally integrated production system over which equity based control is exercised by a parent corporation that is owned and managed essentially by the nationals of the country in which it is situated.
Offshoring:	Having local employees abroad to do the jobs previously did in-house.
Organisational development:	A planned effort to increase an organisation's relevance and viability in the short or long term.

<b>Polycentric:</b>	Citizens of a country other than the parent of host country.
<b>Sexual harassment:</b>	Harassment on the basis of sex that has effect of interfering with a person's work performance or creating an intimidating, hostile or offensive work environment.
<b>Third-country national:</b>	Citizens of country other than the parent pr host country.

## Introduction to IHRM

Different countries approach human resource management (HRM) in different ways. You are probably aware of practices in Japan such as lifelong employment and the *nenko* system of seniority pay where employees are guaranteed a job for life with a company and are paid according to the number of years they have worked for the company. In contrast, employers in the U.S. do not hesitate to resort to hiring and firing employees – subject to certain labour laws. Britain has a reputation for having a conflictual industrial relations system whereas company unions are common in Japan. In countries like France and Italy, trade unions are organised along political lines. In Germany, unions have considerable influence in company decision making through work councils and managers' acceptance of co-determination (where employees have the legal right to a voice in setting up company policies).

When the study of organisations and the people's behaviour in them first emerged, the U.S. was the world's dominant economic power. As a result, much of what was learnt about organisations and their people came from the American middle class perspective. Today, however, it is clear that the economy is much more global in scope and orientation. There exists strong economic forces all over the world and organisations operate within many different cultures. Even former communist nations such as Russia are rapidly developing into strong economic powers with growing organisations of their own. Moreover, many organisations have operations in several different countries. This naturally interested the researchers in human behaviour and HRM to study the differences in behaviour of people and HRM practices in various countries and cultural contexts. This gave rise to the study of international human resource management (IHRM).

### The international organisation and IHRM

The nature of international business has changed over the years. The internationalisation of business has led to companies needing to be managed globally but globalisation confronts managers with some Herculean challenges. Market, product and production plans must be coordinated on a worldwide basis and organisational structures capable of balancing centralised home office control with adequate local autonomy must be created. Some of the most pressing challenges concerning the



impact of globalisation on an employer's HR management system, and specifically the techniques used to recruit, select, train, compensate and maintain the quality of work life of employees who are based abroad.

Companies differ in their degree of international involvement. An international business is any firm that engages in international trade or investment. The multinational company or corporation (MNC) is one type of international business enterprise. A MNC can be defined as "an internationally integrated production system over which equity-based control is exercised by a parent corporation that is owned and managed essentially by the nationals of the country in which it is situated" (Dessler, 2001 citing Robinson, 1984). Firms like General Electric and ITT have long been multinational corporations but marketing expert Theodore Levitt contends that the MNC's reign as the pre-eminent international trade vehicle is nearing its end. It is being replaced, he says, by a new type of international enterprise he calls the "global corporation" (Levitt, 1983). Whereas the MNC operates in a number of countries and adjusts its products and practices to each, the global corporation operates as if the entire world, or major regions of it, were a single entity. They sell essentially the same things in the same way everywhere, much as Sony sells a standardised product throughout the world with components that may be made or designed in different countries (Levitt, 1983).

Consistent with these international business options, international HRM (IHRM) takes several forms. Working internationally is now more extensive and varied than it was in the past. The patterns of international management are diverse and few companies work in the same way. There is a great deal more collaboration and working together across national boundaries between organisations with common interests and international work is no longer the preoccupation of a small elite group of managers. There was a great management challenge at the close of the last millennium for managers to place their local actions in a framework of global thought and strategy. This is particularly demanding because of persistent variations in practice despite international initiatives like those of the European Union.

## How Inter-country Differences Affect HRM

HR managers must consider the potential impact of inter-country differences on HR operations conducted globally. For example, differences in culture, economic systems, labour costs as well as industrial relations systems all have an impact on how people are managed. Such inter-country differences also mean there will be corresponding differences in management styles and practices from country to country. Such differences may strain relations between headquarters and subsidiary personnel or make a manager less effective when he/she is working abroad than in the home country. International assignments thus run a relatively high risk of failing unless special steps are taken to select, train and compensate international assignees.

The management of the HR function in multinational companies is complicated enormously by the need to adapt personnel policies and procedures to the differences among countries in which each subsidiary is

based. The following are some inter-country differences that demand such adaptation.

### Cultural factors

Considering the global trends, it would be seriously limiting – not to mention, very misleading – to ignore the possibility that HRM is affected by cultural differences. Wide-ranging cultural differences from country to country demand correspondingly different personnel practices among a company's foreign subsidiaries. For instance, it could be generalised that the cultural norms of the Far East and the importance of the patriarchal system will mould the typical Japanese worker's view of his/her relationship to an employer as well as influence how that person works. Japanese workers have often come to expect lifetime employment in return for their loyalty. Incentive plans in Japan tend to focus on the work group while the more usual prescription in the West is still to focus on individual worker incentives.

Similarly in a recent study of about 330 managers from Hong Kong, the People's Republic of China and the U.S., U.S. managers tended to be most concerned with getting the job done while Chinese managers were most concerned with maintaining a harmonious environment; Hong Kong managers fell between these two extremes (Dessler, 2001 citing Ralston et al., 1992). Further, a well-known study by Professor Geert Hofstede underscores other international cultural differences.

Hofstede (1992) says societies differ first in **power distance**– the extent to which less-powerful members of institutions accept and expect that power will be distributed unequally. He concluded that the institutionalisation of such an inequality was higher in some countries (such as Mexico) than in others (such as Sweden). His findings identified several other cultural differences.

**Individualism vs. collectivism** refers to the degree to which ties between individuals are normally loose rather than close. He contends that in more individualistic countries, “all members are expected to look after themselves and their immediate families”. Individualistic countries include Australia and the U.S.; collectivist countries include Pakistan and Indonesia.

**Masculinity vs. femininity** refers, in Hofstede's findings, to the extent to which society values assertiveness (“masculinity”) versus caring (what he called “femininity”). Japan and Austria ranked high in masculinity; Denmark and Chile ranked low. According to Hofstede, uncertainty avoidance refers to cultures with a high avoidance of uncertainty. They attempt to predict, control and influence future events while cultures with a low avoidance of uncertainty are more willing to take things day by day.

**Long-term orientation vs. short-term orientation** is the fifth dimension but was not included in Hofstede's original work. Later, it was added as a result of studies involving Chinese values. It generally refers to the extent to which cultures think in terms of the future (the long term) or in terms of more immediate events (the short term).



Such inter-country cultural differences have several HR implications. First, they suggest the need for adapting HR practices such as testing and pay plans adhering to local cultural norms. They also suggest that HR staff in a foreign subsidiary is best drawn from host country citizens. A high degree of sensitivity and empathy for the cultural and attitudinal demands of co-workers is always important in the selection of employees to staff overseas operations. Therefore, simply assuming a unicultural perspective can be very misleading in a field of study (such as HRM) especially in an international context.

### **Economic factors**

Differences in economic systems among countries also have an effect on inter-country HR practices. In free enterprise systems, for instance, the need for efficiency tends to favour HR policies that value productivity, efficient workers and staff reduction when market forces dictate. In socialist systems, HR practices tend to shift towards preventing unemployment even at the expense of sacrificing efficiency.

### **Labour cost factors**

Differences in labour costs may also produce differences in HR practices (like pay-for-performance) aimed at improving employee performance. Inter-country differences in labour costs are substantial. Besides, there are other comparative labour costs to consider. For example, there are wide differences in hours worked (Portuguese workers average about 1,980 hours of work annually whereas their German counterparts put in 1,648 hours) and payment of substantial severance pay in certain countries such as England and Germany.

### **Industrial relations factors**

Industrial relations and specifically the relationship between the worker, the union and the employer vary dramatically from country to country and have an enormous impact on HR management practices. In Japan, labour management cooperation is very much stressed while adversarial industrial relations are commonly seen in Britain. In Germany, co-determination (where employees have the legal right to a voice in setting up company policies) is the rule. In the U.S., most HR matters such as wages and benefits are not set by the state but by the employer or by the employer in negotiations with the trade union.

## **Enhancing the quality of IHRM practices**

### **Improving international assignments through selection**

It has been estimated that 20 per cent to 25 per cent of all overseas assignments undertaken by U.S. personnel fail but the exact number of failures is understandably difficult to quantify (Dessler, 2001). Comparatively, Japanese and European multinationals reported lower failure rates. The reasons reported for expatriate failure differed between U.S., European and Japanese multinationals. For U.S. multinationals, the reasons varied from inability of spouse to adjust, managers' inability to

adjust, other family problems, managers' personal or emotional immaturity, or inability to cope with higher overseas responsibility. Managers of European firms emphasised only the inability of the manager's spouse to adjust as an explanation for the expatriate's failed assignment. Japanese firms emphasised (in descending order) inability to cope with larger overseas responsibility, difficulties with new assignments, personal or emotional problems, lack of technical competence, and finally, inability of spouse to adjust (Dessler, 2001, p. 678). These findings underscore a truism regarding the selection for international assignments –it is usually not inadequate technical competence but family and personal problems that undermine international assignees.

### International staffing: Sources of managers

Several ways to classify international managers include:

1. **Locals:** citizens of the countries where they are working
2. **Expatriates:** non-citizens of the countries in which they are working.
3. **Home country nationals:** citizens of the country in which the multinational company's headquarters is based.
4. **Third-country nationals:** citizens of a country other than the parent or the host country

Expatriates represent a minority of managers and locals fill most managerial positions. There are several reasons to rely on local, host country management talent for the fulfilling of management tasks of foreign subsidiaries. Many people simply prefer not working in a foreign country and there is also the high cost of engaging expatriates. Further, MNCs also like to be seen locally as “better citizens” by engaging local talent in addition to insistence by some governments to engage local managers. However, there are also other reasons for engaging expatriates. Some of the reasons are technical competence, operational control, and as part of a plan to develop top managers.

### International Staffing Policy

MNCs follow different staffing policies depending on the underlying attitudes. These attitudes can be —

- **Ethnocentric:** This stance features a prevailing attitude that home country attitudes, management style, knowledge, evaluation criteria and managers are superior to what expatriates can offer. Therefore, they would follow a staffing policy in which parent-country nationals fill all key management positions.
- **Polycentric:** There is a conscious belief that only host country managers can ever really understand the culture and behaviour of the host country market. Therefore, such a firm would staff foreign subsidiaries with host country nationals and its home office headquarters with parent country nationals.



- **Geocentric:** This approach assumes that management candidates must be searched for on a global basis for the best available talent. Therefore, a firm subscribing to such a belief would seek the best people (regardless of nationality) for key jobs throughout the organisation. This may allow the global firm to use its human resources more efficiently by transferring the best person to the open job wherever they may be.

## Selecting international managers

Selecting managers for expatriate assignments means screening them for traits that predict success in adapting to what may be dramatically new environments. Dessler (2001, p. 680) lists such expatriate selection traits as follows:

- Adaptability and flexibility
- Cultural toughness
- Self-orientation
- Others-orientation (relationship skills)
- Perceptual ability
- Family adaptability.

A recent study by Winfred and Bennett (1995, pp. 106-107) also identified five factors perceived by international assignees to contribute to success in a foreign environment. They were:

- Job knowledge and motivation
- Relational skills
- Flexibility/adaptability
- Extra-cultural openness (openness and interest in foreign cultures)
- Family situation.

Therefore, adaptability screening is generally recommended as an integral part of the expatriate screening process. This is necessary to avoid employment culture shock (discrepancy between what the assignee expected from his/her assignment and the actual reality of it).

## Training and maintaining international employees

The employee destined for an international posting, having successfully gone through a screening process, may require special training. What sort of training do overseas candidates need? Dessler (2001, p. 683) refers to four levels and names the focus of each level:

Level 1: Impact of cultural differences on business outcomes.

Level 2: Understanding of attitudes.

Level 3: Factual knowledge about the target country

Level 4: Skill building in areas such as language as well as adjustment and adaptation skills.

Beyond such special training, there is also the need for traditional training and development for overseas employees. IBM, for instance, has a planned approach to develop its overseas employees professionally. Programmes are also aimed at building unifying corporate cultures by imbuing in them corporate values, strategies and policies to achieve the desired results.

## International compensation

Compensation is a very risky area for a HR manager. They would be required to choose or balance between maintaining company-wide pay scales and also customising their pay scales to suit the local market rates. In view of the high living costs in countries like Japan and Greece, it could be difficult to find managers for such places if pay scales are not suitably adjusted. To overcome this, companies usually pay a similar basic salary and then add various allowances according to various market conditions. Determining equitable wage rates in many countries is not easy. Some companies therefore deal with this problem by conducting their own annual compensation surveys.

The most common approach to formulating expatriate pay is to equalise purchasing power across countries by using a technique known as the balance sheet approach (Dessler, 2001 citing Hill, 1994, pp. 519-520). The basic idea is that each expatriate should enjoy the same standard of living they would have had at home. Thus, four main home country groups of expenses are taken into consideration –income taxes, housing, goods and services, and reserves. After comparing the expenses to be incurred by the expatriate in the case of their home country and in the country of assignment, any differences are then paid. In practice, this usually means that the expatriate's total package is built around five or six separate components.

Analysts highlight that an international compensation trend awards long-term incentive pay (such as, stock option plans) to overseas managers as seen in many U.S. multinationals. More and more U.S. multinationals are devising performance-based, long-term incentive plans tied more closely to performance at the subsidiary level. These can build a sense of belonging and ownership among key local managers while providing the financial incentives needed to attract and retain the people needed overseas.

## Performance appraisal of international managers

Cultural differences can create problems in appraising international managers. For example, local bosses who may feel that the expatriate manager's use of participative decision making is inappropriate in their culture may assess the performance of a U.S. manager based in India. Conversely, home office management may be out of tune with on-the-ground realities prevailing in the actual location. Addou and Mendenhall



(1991, pp. 853-873) present five suggestions for improving expatriate appraisal processes:

1. Stipulate the difficulty level of the assignment. The appraisal should take difficulty level differences into account – working in China as compared with working in Britain.
2. Weigh the evaluation more towards the on-site manager's appraisal than towards the home-site manager's distant perceptions of the employee's performance.
3. If, however, as is usually the case, the home-site manager does same overseas location to provide background advice during the appraisal process. This can help ensure that unique local issues are considered during the appraisal process.
4. Modify the normal performance criteria used for that particular position to fit the overseas position and characteristics of that particular locality. For example, maintaining positive labour relations might be more important in Chile where labour instability is more common than it would be in the U.S. or Malaysia.
5. Attempt to give the expatriate manager credit for relevant insights into the functioning of the operation and specifically the interdependencies of the domestic and foreign operations.

## International labour relations

It is necessary to take into account the substantial differences in labour relations practices among the world's countries and regions whether they are in the U.S., Europe or Central Asia. Sauer and Voelker (1993, pp. 525-526) highlight some important differences between labour relations practices in Europe and the U.S. which include:

### Centralisation

In general, collective bargaining in Western Europe is likely to be industry-wide or regionally oriented whereas U.S. collective bargaining generally occurs at the enterprise or plant level.

### Union structure

Because collective bargaining is relatively centralised in most European countries, local unions in Europe tend to have much less autonomy and decision-making power than in the U.S., and they basically concentrate on administrative and service functions.

### Union recognition

Union recognition for collective bargaining in Western Europe is much less formal than in the U.S. For example, there is no legal mechanism in Europe requiring an employer to recognise a particular union; even if a union claims to represent 80 per cent of an employer's workers, another union can try to organise and bargain for the other 20 per cent

### **Union security**

Union security in the form of formal closed-shop agreements is largely absent in continental Western Europe.

### **Labour-management contracts**

As in the U.S., most European labour management agreements are legally binding documents except in Great Britain where such collective agreements are viewed as “gentlemen’s agreements” existing outside the law.

### **Content and scope of bargaining**

U.S. labour-management agreements tend to focus on wages, working hours and working conditions. On the other hand, European agreements tend to be brief and simple, and they specify minimum wages and employment conditions with employers free to institute more generous terms. The relative brevity of the European agreements is a function of two points:

- Industry-wide bargaining makes it difficult to write detailed contracts applicable to individual enterprises.
- In Europe, the governments are much more heavily involved in setting terms of employment such as vacations and working conditions.

### **Grievance handling**

In Western Europe, grievances occur much less frequently than they do in the U.S. They are usually handled by legislated machinery outside the formal control of unions.

### **Strikes**

Generally speaking, strikes occur less frequently in Europe. This is probably due to industry-wide bargaining which generally elicits less management resistance than in the U.S. where demand cuts deeper into the individual enterprise’s revenues.

### **The role of governments**

In Europe, governments generally do not regulate the bargaining process but are much more interested in directly setting the actual terms of employment than is the case in the U.S.

### **Worker participation**

Worker participation has a long and relatively extensive history in Western Europe where it tends to go far beyond matters such as pay and working conditions. The aim is to create a system by which workers can participate in a meaningful way in the direct management of the enterprise. Determining wages, hours and working conditions is not



enough; employees should participate in formulating all management decisions. In many countries in Western Europe, works councils are required. A works council is a committee in which plant workers consult with management about certain issues shared in the governance of the workplace. Co-determination is a second form of worker participation in Europe. Co-determination means that there is mandatory worker representation on an enterprise's board of directors. It is especially prevalent in Germany.

## How do we find out about HRM practices in other countries?

Various methods are used by both researchers and students to examine the ways in which human resources are managed in different countries.

### **Large-scale data sets and analysis**

Information can be found about pay and employment trends from national labour force surveys that are usually conducted by governments. This source of data has the advantages of being nationally representative and longitudinal. Trends could be established – in the use of part-time or temporary employment or in the numbers of people employed in different sectors and show how they change over time. However, caution should be exercised in making comparisons across countries since the definitions could have been generated by differing historical and ideological suppositions and conceptions. For example, in France, the *l'Enquete sur l'emploi* (the equivalent of the British Labour Force Survey) makes a clear distinction between public sector employees and private sector employees which is not the case in the British survey.

### **Questionnaires**

The use of questionnaires has been very popular– in the work of Hofstede. The advantages of this method are that they allow the researcher to standardise the data collected and they are cheaper to use than conducting case study analysis. However, one of the major criticisms of this method is that it can only obtain superficial evidence. This method is also susceptible to ethnocentrism (the questions may be relevant for example to an American audience but have little meaning in a European or Asian context).

### **Case studies**

Case studies involve conducting in-depth interviews and using observational methods or working in a firm to see the realities of how work is organised. This enables researchers not only to get more in-depth insight into the workings of companies than that provided by national surveys but they also pick up unforeseen issues that may have been excluded in earlier research. Most importantly, it can allow a researcher to find out why certain practices are used. However, the disadvantages are that this approach is very expensive and the process is open to error and misinterpretation – using a relatively small number of company case studies to generalise about an entire society.

## Sexual harassment

The problem of sexual harassment in the workplace is one that requires an active response from organisational managers (Ferris & Buckley, 1996). Following a number of court decisions, particularly in the U.S. Supreme Court, organisations have been cautioned to define and communicate policies on sexual harassment.

### Definition

Sexual harassment is defined as harassment on the basis of sex that has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile or offensive work environment (Dessler, 2001, p. 38). The Equal Employment Opportunity Commission in the U.S. defines sexual harassment as unwelcome sexual advances, requests for sexual favours and other verbal or physical conduct of a sexual nature that takes place under any of the following conditions:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. Submission to or rejection of such conduct by an individual is used as the basis for decisions affecting that individual's employment.
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or of creating an intimidating, hostile or offensive working environment.

The concept of sexual harassment is extremely broad, covering anything that a person who is not hypersensitive finds offensive – words, magazine pictures, conduct, touching or looking. The burden is on the employer to remove offensive items and stop offensive behaviour. An employee's responsibility to stop sexual harassment may also extend to off-premises and off-duty conduct.

### Forms of sexual harassment

There are three forms of sexual harassment:

1. **Quid pro quo** – This form of harassment is the exchange of sexual favours for job benefits (the promise of a salary raise or promotion). This is also the most direct form of harassment.
2. **Hostile environment created by supervisors** – This is to create an offensive working environment. It may be that a male supervisor's sexual harassment has a substantial effect on a female employee's performance.
3. **Hostile environment created by co-workers or non-employees** – The workplace may be poisoned for an employee without direct harassment by supervisors; this can come from the employee's co-workers or the employer's customers.



## What employers should do

Ivancevich (1998, p. 98) states that an employer fulfils his/her duty to prevent or remedy sexual harassment in three ways:

1. By developing a policy against sexual harassment.
2. By promptly and thoroughly investigating all allegations and complaints of sexual harassment.
3. By properly disciplining offenders.

All written sexual harassment policies need to contain the following:

- Definition of sexual harassment.
- Statement encouraging people to come forward with complaints.
- Promise of confidentiality.
- Alternative channel for filing complaints.
- Promise of prompt and thorough investigation of all complaints.
- Promise that the organisation may take interim steps pending full investigation.
- Appropriate disciplinary measures against offenders.
- Assurance that those who make complaints will not be subjected to retaliation or punishment in any way for complaining.

Dessler (2001, p. 40) presents a similar viewpoint but with a different approach. Employers can take steps to minimise liability if a sexual harassment claim is filed against the organisation and to prevent such claims from arising in the first place:

1. First, take all complaints seriously. When confronted with a sexual harassment complaint or when sexual conduct is observed in the workplace, the best reaction is to address the complaint or stop the conduct.
2. Issue a strong policy statement condemning such behaviour. The policy should contain a workable definition of sexual harassment, spelling out possible actions against those who harass others, and making it clear that retaliatory action against an employee who makes charges will not be tolerated.
3. Inform all employees about the policy prohibiting sexual harassment and of their rights under that policy.
4. Develop a complaints procedure.
5. Establish a management response system that includes immediate reaction and investigation by senior management.
6. Begin management training sessions with supervisors and managers to increase their own awareness of the issues.
7. Discipline managers and employees involved in sexual harassment.

8. Keep thorough records of complaints, investigations and actions taken.
9. Conduct exit interviews that may uncover any complaints and acknowledge (by signature) the reasons for leaving.
10. Re-publish the sexual harassment policy periodically.
11. Encourage upward communication through periodic written attitude surveys, hotlines, suggestion boxes and other feedback procedures to discover employees' feelings concerning any evidence of sexual harassment and to keep management informed.

You should observe that these guidelines state that immediate corrective action is required (even if the offending party is a non-employee) once the employer knows of harassing conduct. Please note that steps to prevent harassment should include (at a minimum) an explicit policy against harassment that is clearly and regularly communicated to employees, efforts to sensitise all supervisory and non-supervisory employees on harassment issues, and an effective internal complaints procedure.

### What the individual can do

The individual who believes he/she has been sexually harassed can also take several steps to eliminate the problem. The following is proposed:

1. A verbal request to the harasser and the harasser's boss that the unwanted overtures should stop because the conduct is unwelcome.
2. The offended person should write a letter to the accused – a polite, low-key letter written in three parts: The first part should be a detailed statement of facts as the writer sees them. The second part should describe the writer's feelings and what damage the writer thinks has been done (for example, "Your action made me feel terrible; I am deeply embarrassed ..."). Thirdly, the accuser should state what he/she would like to have happen from then on ("I ask that our relationship from now on be on a strictly professional basis ...").
3. The offended person should report the unwelcome conduct and all unsuccessful efforts to get it stopped. The report should be made verbally and in writing to the offender's manager and/or the HR director.
4. If the employer does not take any action, the offended person should consult a lawyer about suing the harasser for assault and battery as well as for intentional inflicting of emotional distress. He/she can also take steps to recover compensatory and punitive damages if the harassment is of a serious nature.



## Discrimination

Many governments provide laws that eliminate discrimination. However, you may be surprised to hear that laws never defined “discrimination”: courts have had to do it when they interpreted the laws.

### A legal definition

According to Ivancevich (1998, p. 77), legal definitions, particularly those arising out of interpretations by courts of law (in this case, the U.S. courts) are of three types:

1. Initially, during World War II, U.S. courts defined discrimination as **prejudicial treatment**: harmful actions motivated by personal animosity towards the group of which the target person was a member. However, this first definition was ineffective against many employment practices that perpetuated inequality.
2. The courts went on to redefine discrimination to mean **unequal treatment**. This meant that a practice was unlawful if it applied different standards or different treatment to different groups of employees or applicants.
3. The third definition was arrived at by the U.S. Supreme Court: **unequal impact**. The court struck down employment tests and educational requirements that screened out a greater proportion of minorities (such as African-Americans) than the whites. Today, both unequal treatment and unequal impact are considered discrimination.

### Equal employment opportunities

According to Goss (1994, p. 156), there are two ways in which equal opportunities issues are located within the HRM debate. The first relates to concerns about human capital: where opportunities to develop and progress are artificially blocked for any particular group, this would result in the sub-optimal use of human resources; hence, it is economically rational to ensure that all those who have ability also have the opportunity to exercise it on behalf of the organisation.

*From this perspective, equal opportunities is a purely practical matter of outcomes that need not be concerned with the nature or origin of inequalities; what is important is the resource value of the employee, not their social status.*

In contrast, the second link between HRM and equal opportunities emphasises the importance of social justice:

*In this respect, equal opportunities is primarily a moral or ethical issue that focuses on the processes giving rise to inequalities and seeks to address these in a qualitative sense, not by reducing social difference to a common currency, but by promoting its acceptance and understanding.*

Goss (1994, p. 156) further advocates that promoting equal opportunities is first and foremost a social duty for an employer, although economic benefits may subsequently flow from this. Here, the affinity is more with humanistic traditions of HRM.

As you would see, there could be different approaches to equal opportunities and that may well create tension. Arising from this, stances on equal opportunities and its appearance as an issue within HRM frameworks are likely to be variable – depending on one hand, on the nature of the commitment of management, and on the other hand, on the ability of under-represented groups to influence employment policy. Goss (1994, p. 157) presents a framework to describe the ways in which equal opportunities may appear as “agendas” for HRM. In the following framework, there are two major factors: commitment and focus. Commitment can be either shallow or deep whilst the focus could be either broad or narrow.

**COMMITMENT**

		COMMITMENT	
		Shallow	Deep
FOCUS	Broad	Token agenda	Long agenda
	Narrow	Short agenda	Focused agenda

**Figure 10.1 Equal opportunity framework**

Shallow commitment means that the organisation is capable of adopting or abandoning equal opportunities in line with legal or economic expediency. Narrow commitment means equal opportunities will be restricted only to those measures required by law or demanded by short-term labour market conditions. Where humanistic HRM predominates, the tendency is likely to be towards a deep commitment based upon principles and a wide coverage beyond minimum legal requirements.

Interpreting the above framework, Goss states that the key distinction is between long agendas and short agendas, the others being variants of these. Thus, the token agenda covers inequalities other than those specified in employment legislation but treats these in a generally superficial way that owes more to public relations and short-term economic pressure than to a commitment to fundamental change. In this respect, its approach, while broad, is essentially the same as the short agenda. Similarly, the focused agenda approaches equal opportunities with the same concern for real change as the long agenda but concentrates attention on a limited range of issues.

In summary, the short agenda is concerned merely with policy measures that meet short-term economic and legal requirements while the long agenda is both broad in its coverage and geared towards positive action to equalise employment opportunities beyond the level required by law or economic expediency. The long agenda approach is one of “equal share”



which goes beyond simple “equal chance” usually involving some form of positive action.

Positive action does not involve meeting quotas by positive discrimination; rather, it provides members of under-represented groups with the necessary skills to reach the selection pool and to be able, once there, to compete equally on merit alone. In broad terms, positive action covers four areas:

1. Policies and practices
2. Behaviour and attitudes
3. Training and development
4. Resource provision.

These will not be discussed at length here. If you are interested in this topic, you may refer to Principles of Human Resource Management (Goss, 1994, pp. 156-174).

## Organisational development (OD)

Dessler (2001, p. 292) defines organisation development (OD) as:

*a method that is aimed at changing the attitudes, values, and beliefs of employees so that the employees themselves can identify and implement the technical changes such as reorganizations, redesigned facilities, and the like that are required, usually with the aid of an outside change agent or consultant.*

According to Dessler, action research is the common denominator underlying most OD interventions. It includes:

1. Gathering data about the organisation, its operations and attitudes with an eye towards solving a particular problem.
2. Feeding back these data to the parties involved.
3. Having these parties team-plan solutions to the problems.

You can see from the above three action research activities that participants of OD always get involved in gathering data about themselves and their organisation, analysing these data and planning solutions based on these analyses. Dessler further says that OD efforts include survey feedback, sensitivity training and team building.

Ivancevich (1998, p. 453) defines OD as a process of change that involves the continuing development of human resources. It is not unusual that organisations and their environments are dynamic and constantly changing. Especially as the environment keeps changing, organisations will have to keep pace with it. What really happens in the environment? New technologies are developed and introduced, competitors enter and leave markets, inflation increases and productivity fluctuates. In general, managers have to face these kinds of changes but HR managers have to cope with specific changes manifested in the workforces.

Although there is no definition that is universally accepted, perhaps the most quoted definition of OD is the following from Beckhard (1969) by way of Ivancevich (1998):

*An effort (a) planned (b) organisation wide (c) managed from the top (d) to increase organisational effectiveness and health (e) through planned intervention in the organisation's processes using behavioural science knowledge.*

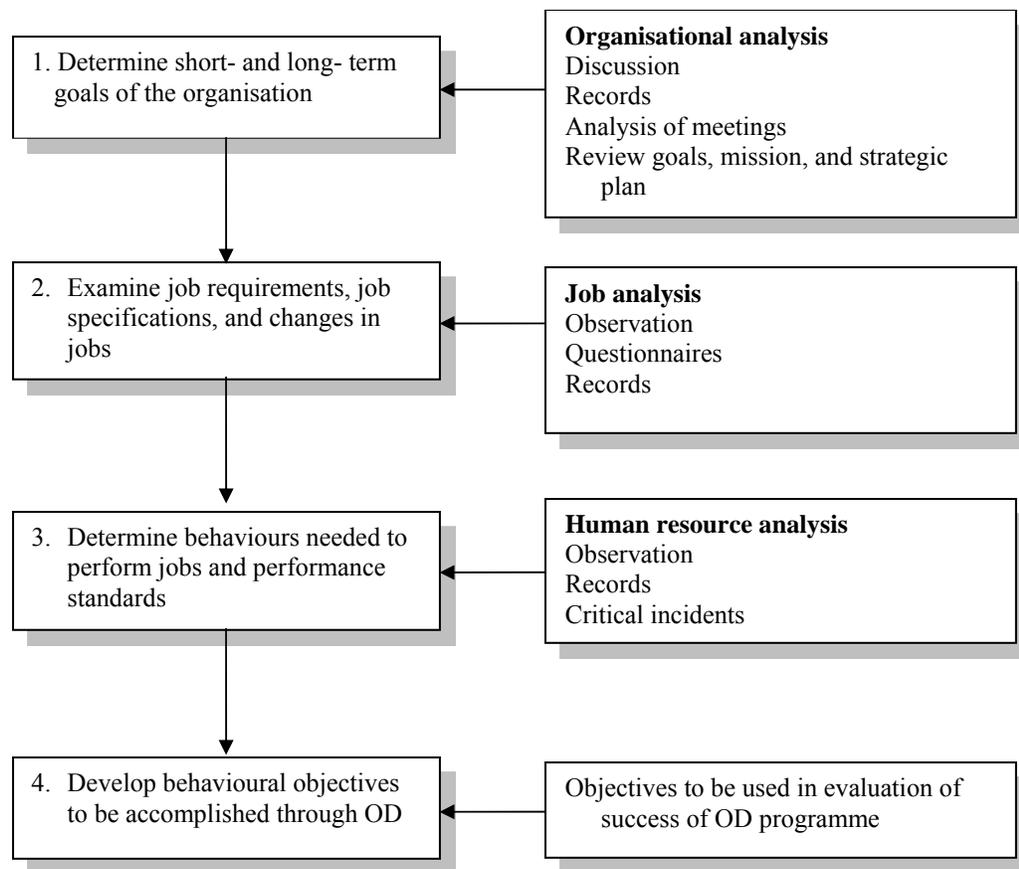
You will note that (as per the above definition) OD is planned since it requires systematic diagnosis, development of a programme, and the mobilisation of resources (such as trainers, participants and teaching aids). As Ivancevich points out, it involves either the entire system or an entire unit. As you will agree, it must have top-management commitment if it is to be a success. You should also note another important feature in this definition. OD is not a specific technique such as behaviour modelling, transactional analysis or sensitivity training. These techniques and others are part of an OD effort.

The following is a list containing a variety of approaches that are available to managers. Note that there is no one best approach.

### Thirteen major "Families" of OD interventions

Ivancevich (1998) notes that OD activities come in a variety of forms. All share a focus on improving the effectiveness of an organisation's self-diagnosis and problem-solving abilities rather than solving any particular organisational problem.

1. **Diagnostic activities:** Fact-finding activities designed to ascertain the state of the system, the status of a problem, and the way things are. Traditional data collection methods that include interviews, questionnaires and meetings are commonly used. Figure 10.2 is a diagrammatic representation of this stage.
2. **Team-building activities:** Activities designed to enhance the effective operation of system teams.
3. **Inter-group activities:** Activities designed to improve the effectiveness of interdependent groups. The focus is on joint activities.
4. **Survey feedback activities:** Activities involving analysing data produced by a survey and designing action plans based on these data.
5. **Education and training activities:** Activities designed to improve skills, abilities and knowledge of individuals. There are many possible approaches that concentrate on technical, interpersonal or other competencies.
6. **Technostructural or structural activities:** Activities designed to improve the effectiveness of technical or structural inputs and constraints affecting individuals or groups (e.g., interventions involving job enrichment, matrix structures, management by objectives and physical settings).



**Figure 10.2 Diagnostic activities**

Source: (Ivancevich, 1998, p. 455)

The list of organisational activities continues thus:

7. **Process consultation activities:** Activities on the part of consultants that help managers understand and act on human processes in organisations. This includes teaching skills in diagnosing and managing communications, leadership, cooperation and conflict, and other aspects of interpersonal functioning.
8. **Grid organisation development activities:** Activities developed by Robert Blake and Jane Mouton, constituting a six-phase change model involving the entire organisation. The phases include upgrading individual managers' leadership abilities, team improvement activities, inter-group relations, corporate planning, development of implementation tactics, and evaluation of change and future directions.
9. **Third-party peacemaking activities:** Activities designed to manage conflict between two parties. These activities are conducted by a third party who is typically a skilled consultant.

10. **Coaching and counselling activities:** Activities that entail working with individuals to better enable them to define learning goals, learn how others see their behaviour, explore alternative behaviours and learn new behaviours.
11. **Life-planning and career-planning activities:** Activities that help individuals identify life and career objectives, capabilities, areas of strength and deficiency, and strategies for achieving objectives.
12. **Planning and goal-setting activities:** Activities that include theory and experience in planning and goal setting. They may be conducted at the level of the individual, group, and total organisation.
13. **Strategic management activities:** Activities that help key policymakers identify their organisation's basic mission and goals; ascertain environmental demands, threats and opportunities; and engage in long-range planning.

Source: Ivancevich (1998, p. 454) citing French, W and Bell, C (1983) Organization development: Behavioral science interventions for organization improvement (3rd Ed.). Englewood Cliffs, NJ: Prentice-Hall, pp. 126-128.

## The importance of diagnosis

Ivancevich points out that an important characteristic of any OD intervention is that it should follow diagnosis. A manager merely having a certain viewpoint of a problem is not a sufficient reason to implement a technique such as behaviour modelling. The rational way is to collect data in a scientific way through interviews, observations, questionnaires or checks of records and then plan an OD intervention after careful consideration and selection.

Ivancevich's sources consider the collection of diagnostic data to be part of the orientation of OD towards action research. Action research involves seven main steps:

1. Problem identification.
2. Consultation among experts. This could involve hired consultants, HR specialists and senior executives.
3. Data collection and diagnosis.
4. Feedback of findings to key people.
5. Group discussion of diagnostic data and findings.
6. Action. This includes the adoption of techniques such as sensitivity training, transactional analysis and team building.
7. Evaluation of the action steps taken in Step 6.

Ivancevich observes that HR specialists may be involved in any or all of these seven steps. Step 6 – action – is extremely important in developing



human resources; it involves determining which planned interventions or techniques are available for use as part of OD programmes.

## OD techniques

A reasonable classification of OD techniques proposed by Ivancevich (1998, p. 456) is by the target area they are intended to affect: (1) individual (2) group, or (3) organisation.

1. Goal setting is designed to improve an individual's ability to set and achieve goals. Behavioural modification is the use of individual learning through reinforcement.
2. Team building focuses on the group.
3. Grid OD and total quality management (TQM) target the organisation as a whole.

You may refer to *Human Resource Management* by Ivancevich (1998) for further information on these techniques.

Nair and Nair (1999) present another framework to list various interventions managers can undertake. The following summarises their thinking:

- **Sensitivity training:** The group seeks to change their behaviour through unstructured group interaction.
- **Survey feedback:** In this intervention, questionnaires are used to identify discrepancies of perceptions among members belonging to the same working family, group or department. These are then discussed through feedback and discrepancies are weeded out.
- **Process consultation:** Although many persons may identify the problems, they may not know the solutions. In order to avoid bias, an outside consultant is brought in to suggest solutions that are formulated based on his/her past experience.
- **Team building:** As mentioned above, the objective is to improve coordination between members and thereby increase group performance.
- **Inter-group development:** The idea here is to remove interdepartmental conflicts. This method seeks to change attitudes, animosity and perceptions that groups have of each other.

## Managing change

Every manager needs a clear understanding of how to manage change effectively. Think of yourself in a managerial role, either presently or in the past. You would have had the challenge of managing change some time or another in your work life. According to Bateman and Snell (1999), organisational change is managed effectively when:

1. The organisation is moved from its current state to some planned future state that will exist after the change.

2. The functioning of the organisation in the future state meets expectations – the change works as planned.
3. The transition is accomplished without excessive cost to the organisation.
4. The transition is accomplished without excessive cost to individual organisational members.

People are the key to successful change. It is the people that will finally determine the fate of the organisation. Whether an organisation is poised to be great or just to survive, people have to care about its fate and perceive how they can contribute. You should not think that it is only the leadership that should be involved in the change process. It is the entire organisation that should be involved in a change. In small organisations, this is easy but there needs to be a permanent rekindling of individual creativity and responsibility as the organisation grows larger. The essential task is to motivate people fully to keep changing in response to new challenges posed by the environment.

### Motivating People to Change

You have probably observed that people usually resist change and must be motivated to embrace it. As a manager, your efforts at such motivation will only succeed if you understand why people often resist change. An informative resource for you is *Managing Public Services: Implementing Changes – A Thoughtful Approach* by Doherty and Horne (2002) who define and describe organisational change and various theories about it, which are categorised in the book as:

- Biological
- Cultural
- Developmental
- Economic
- Energy
- Mathematical
- Political
- Psychoanalytical
- Psychological
- Sociological
- Systems.

Of these, energy theories refer to Newton's second law of thermodynamics. It states that the entropy will increase in any random transaction. Entropy is a measure of how random things are – in other words, how chaotic they are. This implies that any random change throughout the universe will be in the direction of increasing variety and complexity. It should be clear to you that the organisation will change



even if a manager does not do anything. Therefore, managers need to be vigilant to intervene when the effect of random change is detrimental.

### General reasons for resistance

Some reasons are general and arise in most change efforts while others relate to the specific nature of a particular change. Let us first see what the general reasons are. These arise regardless of the actual content of the change (Bateman and Snell, 1999, p. 609):

- **Inertia.** Usually, people do not want to disturb the status quo. The old ways of doing things are comfortable and easy. So, people do not want to shake things up and try something new.
- **Timing.** People often resist change because of poor timing. If managers or employees are unusually busy or under stress, or if relations between management and workers are strained, the timing is wrong for introducing new proposals. Where possible, managers should introduce change when employees are receptive.
- **Surprise.** One key aspect of timing and receptivity is surprise. If the change is sudden, unexpected or extreme, then resistance may be the initial (almost reflexive) reaction. When people have time to prepare for the change, the resistance may be less.
- **Peer pressure.** Sometimes, work teams resist new ideas. Even if individual members do not strongly oppose a change suggested by management, the team may band together in opposition.

### Reasons for Resistance to change in public services

- Adherence to bureaucratic habits related to delegation, legalism and procedural regulation; the need for caution and security.
- Skepticism – often legitimate – about management.
- Difficulties due to multiple levels of authority, accountability and reporting.
- Tendency to push decision making upwards. This conflicts with approaches that seek to increase self-control and self-direction.
- Relationships are guided by the interests of stakeholders.
- Conflicting interests, agendas, alliances, reward structures and values.
- Financial support for change management programmes is difficult to obtain.

Source: (Doherty & Horne, 2002, p. 41)

### Change-specific reasons for resistance

According to Bateman and Snell (1999), other causes of resistance arise from the specific nature of a proposed change. Change-specific reasons for resistance stem from what people perceive to be the personal consequences of the change. Some of these reasons include:

- **Self-interest:** Most people care less about the organisation's best interests than they do about their own best interests. They will resist a change if they think it will cause them to lose something of value.
- **Lack of understanding:** Even when the management proposes a change that will benefit everyone, people may resist because they do not fully understand its purpose.
- **Different assessments:** Employees receive different (and usually less) information than management receives. Such discrepancies cause people to develop different assessments of proposed changes. Some may be aware that the benefits outweigh the costs while others may see only the costs and not perceive the advantages.

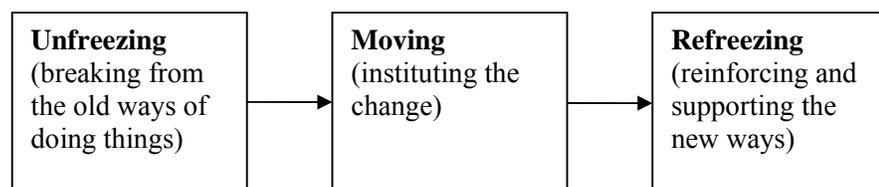
#### Who might resist change?

- Consider employees who are older – they may fear that they are too old to learn.
- Consider the less well educated – they may doubt their self-worth, or their value to the organisation, or their ability to benefit from retraining.
- Consider the junior staff – they may be the least informed and the most vulnerable to rumour and to cynicism from older staff who have 'seen it all before' and may advise junior staff to keep their heads down and wait for the change to go away.

Source: (Doherty & Horne, 2002, p. 44)

#### Implementation – A general model for managing resistance

According to Bateman and Snell (1999), motivating people to change often requires three basic stages: (1) unfreezing (2) moving to institute the change, and (3) refreezing.



**Figure 10.3 Stages of change**

**Unfreezing:** In this stage, management realises that its current practices are no longer appropriate and the organisation must break out of (unfreeze) its present mould by doing things differently. Unfreezing often results from an assessment of the organisation's adjustment to its present environment and its readiness for the future. If management concludes that the fit between the organisation and its present or anticipated environment is poor, change is needed.

An important contributor to unfreezing is the recognition of a performance gap which can be a precipitator of major change. A



performance gap is the difference between actual performance and the performance that should or could exist. A gap typically implies poor performance. Another form of performance gap could exist when performance is good but someone realises that it could be better. Thus, the gap is between what is and what could be.

**Moving:** This is to institute the change by establishing a vision of where the organisation is heading. The vision can be realised through strategic, structural, cultural and individual change.

**Refreezing:** This means strengthening the new behaviours that support the change. The changes must pervade throughout the organisation and be stabilised. Refreezing involves implementing control systems that support the change, applying corrective action (when necessary) as well as reinforcing behaviours and performance that support the agenda. The ideal new culture to be instituted through change is one of continuous change. The behaviours that should be refrozen are those that promote continued adaptability, flexibility, experimentation, assessment of results and continuous improvement.

### Specific approaches to enlisting cooperation

As you would have understood by now, changes can only be brought about with the cooperation of the people involved. Their support has to be enlisted to implement change. According to Bateman and Snell, most managers underestimate the variety of ways they can influence people during a period of change. Let us look at several effective approaches to managing resistance and enlisting cooperation.

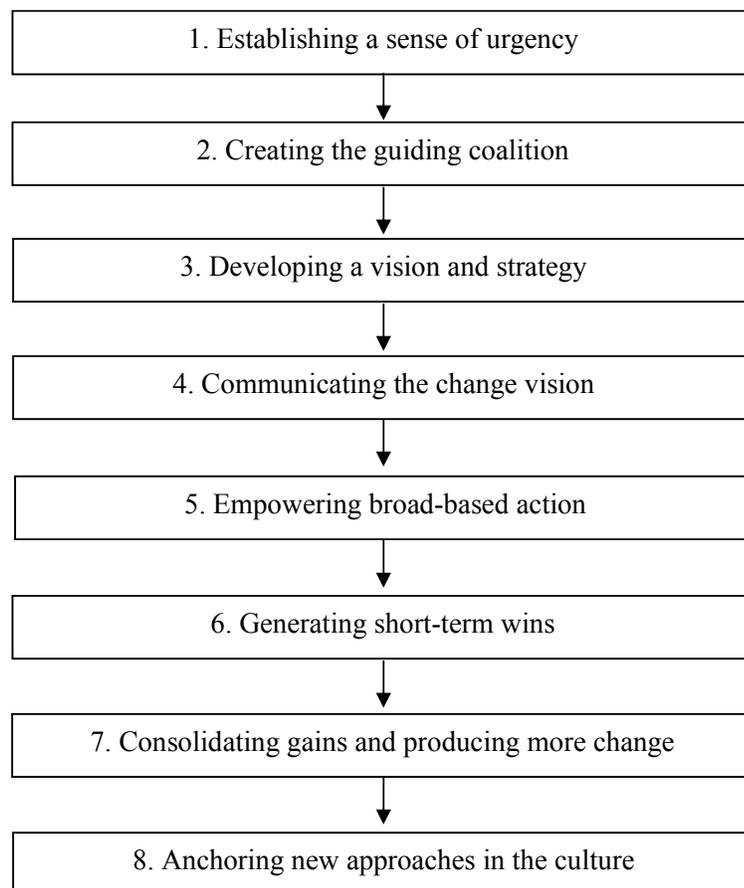
1. **Education and communication:** Management should educate people about upcoming changes before they occur. It should communicate not only the nature of the change but its logic. This process can include one-on-one discussions, presentations to groups, or reports and memos.
2. **Participation and involvement:** It is important to listen to the people who are affected by the change. They should be involved in the design and implementation of the change. Management should use their advice when it is feasible to do so. Often, it will be useful and it may lead to the consideration of important issues previously overlooked.
3. **Facilitation and support:** Management should make the change as easy as possible for employees and be supportive of their efforts. Facilitation involves providing the training and other resources that people need to carry out the change and perform their jobs under the new circumstances. In other words, authority should be decentralised and people empowered. Offering support involves listening patiently to problems and being understanding through the period during which changes take place so that the employees are guided through a difficult period.
4. **Negotiation and rewards:** When it is necessary, management can offer concrete incentives for cooperation with the change. Perhaps, job enrichment is acceptable only with a higher wage

rate or a work rule change is resisted until management agrees to a concession on some other rule. Rewards such as bonuses, wages and salaries, recognition, etc. can be examined and perhaps restructured to reinforce the direction of the change.

5. **Manipulation and co-optation:** Sometimes, managers use more subtle, covert tactics to implement change. One form of manipulation is cooptation which involves giving a resisting individual a desirable role in the change process. Often, the leader of a resisting group is co-opted.
6. **Coercion:** Some managers apply punishment or the threat of punishment to those who resist change. With this approach, managers use force to make people comply with their wishes.

### Leading change

Bateman and Snell (1999) argue that successful change requires managers to lead it. You would see the essential activities summarised in a graphical presentation as follows:



**Figure 10.4 Activities leading to successful change**

Source: (Bateman & Snell, 1999, p. 616)



Here, we briefly look at each of the steps presented in the figure above.

Every change leader has a crucial responsibility to **establish a sense of urgency**. This can be achieved by examining current realities, pressures and the competitive arena, identifying both crises and opportunities, and being frank and honest about them. A change leader must not allow his/her organisation to become complacent. You may sometimes recall instances of complacency in your organisation and also identify reasons for it.

To **create a guiding coalition** means putting together a group with enough power to lead the change. You may also have experienced change efforts failing and that may have been due to a powerful coalition not being formed. It is imperative that the top management starts the change process and enlists the support of others as well. Groups at all levels are the glue that can hold change efforts together.

What will direct the change process is the **development of a vision and strategy**. What would be in store after the change has to be made clear to everyone. This will help to dispel rumours, clarify expectations and mobilise people's energies. If you are the change leader in your organisation, never underestimate the power of a compelling vision. The clearer you are about it, the more able you will be to convince others. Half the change process is then accomplished.

One of the key failures in a change process is the inability of the change leader to **communicate the change vision**. Every possible channel and opportunity to talk to your employees must be thoroughly explored so that there is reinforcement.

**Empowering broad-based action** means getting rid of obstacles to success. You should not hesitate to replace anything that stands in the way of the change process. It may be systems and structures; it is necessary that those be replaced to facilitate the change process. If you are in the role of the change leader, encourage others to take risks, experiment and empower people by providing information, knowledge, authority and rewards.

Every change leader must **aim for small wins** geared towards the grand success he/she is looking for. When there are small victories, followers will have faith in the change leader and they will strive for further victories as success begets success. It also shows everyone that progress is being made.

With the well-earned **credibility of earlier successes**, you can bring about more change that supports your vision.

Finally, **anchor new approaches in the culture**. Bateman and Snell (1999, p. 618) advocate highlighting positive results, communicating the connection between the new behaviours and improved results, and continuing to develop new change agents and leaders. Continually

increase the number of people joining you in taking responsibility for change.

## Managing workforce diversity

One of the major challenges in HRM is to manage employees who are different. The term “workforce diversity” refers to this challenge. Workforce diversity means that organisations are becoming more heterogeneous in terms of gender, race, age, background, religions, ethnicity, disability, work values, life styles, family needs, personality and anyone who varies from the so-called norm. These include women, senior citizens, physically disabled, gays and lesbians.

The need to manage diversity arises due to the following factors:

1. Changing demographics of the workforce
2. Changing social values
3. Globalisation of economies and markets.

Managing diversity is a concept of particular interest to immigrant societies such as the United States, Canada, Britain, Australia, Singapore and Malaysia, which have an influx of foreign immigrants with multicultural workforce. In the United States, there are African Americans, Latino Americans, and Asian Americans. In Canada, Britain and Australia, there is a large influx of Asian workers. In Singapore and Malaysia, in addition to hard-labour workers from under-developed countries such as Indonesia, Vietnam, Nepal and Cambodia, there are expatriates (managers and executives) from all over the world. Managing diversity is also of particular interest to those societies where women have been long confined to low-paying temporary jobs, are moving into managerial positions as in Japan and Malaysia. In Malaysia, women have become long-term participants in the workforce due to their increased qualifications in education and training as well as financial necessity.

Workforce diversity has important implications for HRM practices:

- **Anti-discrimination.** Elimination of any practices that make distinctions between different groups of employees and that result in one group being disadvantaged and the other group advantaged.
- **Equal employment opportunities (EEO).** EEO policies should be in place to provide all employees a fair chance to be promoted or to succeed without discriminating against age, sex, race, or nationality.
- **Affirmative action.** Affirmative actions include initiatives on the management side to make special efforts to recruit women and minorities.
- **Strategic approach to managing diversity.** Diversity management activities should address the differences in the workforce to ensure fair and effective utilisation of employees.



They should also capitalise on the diversity to enhance the organisation's competitive advantage.

- **Diversity training.** Managers need to be trained to communicate and to motivate employees with different cultural background and needs.
- **Benefits programmes.** Rewards systems should be revamped to accommodate the different needs and requirements of different groups of employees.

## The benefits of managing diversity

Managing diversity may bring business benefits to the organisation in the following ways:

- Diverse talents and skills can be utilised to enhance business performance.
- Diverse work groups are more productive and effective when innovation and creativity are required.
- It helps to make organisations more attractive and responsive to diverse customer markets, both locally and globally.
- Research studies have shown that excellent diversity practices are linked to better financial performance.
- Diversity management strategies reduce voluntary turnover and reduce HR costs through employee retention.
- Diversity management practices that address the different needs of employees will increase job satisfaction and achieve greater productivity.
- Decision-making process can be improved by providing different perspectives on problem solving.

When diversity is not being managed effectively, there is a potential for higher employee turnover, communication breakdowns and interpersonal conflicts.

## Talent management

In today's complex and dynamic business world, the changes in the marketplace and competitive landscape are prompting business organisations to achieve superior performance to survive in the market. In their quest for achieving excellence, businesses have considered "people" as a weapon for competition. The collective talent of an organisation has become the prime source of competition. In today's economy characterised by globalisation, abundant capital, technology changes, rapid products development and duplication, organisations must treat talented employees as the critical resource and manage the best talent to succeed in this environment.

D'Annunzio-Green (2008, p. 807) defined talent management as "a holistic approach to human resource planning aimed at strengthening

organisational capability and driving business priorities using a range of HR interventions”. The author further defined “talent” and “talent management” as follows:

*Talent consists of those individuals who can make a difference to organisational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential.*

*Talent management is the systematic attraction, identification, development, engagement, retention and development of those individuals with high potential who are of particular value to an organisation. (p. 808)*

Hence, talent management encompasses a set of HR activities concerned with identifying, attracting, integrating, developing, motivating, and retaining people. Processes associated with talent management include recruiting, selection, orientation and socialisation, mentoring, performance management, career planning and development, leadership development, succession planning, recognition and rewards. As stated in Bezborah and Mahanta (2011), talent management is a continuous, integrated process that helps employers to:

- Plan talent needs
- Attract the very best talent
- Motivate the right behaviour
- Develop targeted capabilities and knowledge
- Retain the high performers
- Enable talent mobility across the organisation.

The table below presents the key issues and implications of talent management strategies:

Area of Talent Management Strategy	Key Issues	Implications for Organisations	Implications for Managers	Implications for Employees
1. Defining Talent	<ul style="list-style-type: none"> <li>• Low awareness of talent management terminology</li> <li>• Need for more specific definition of talent and more discussion of what constitutes talent in organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborate with educators and allocate a member of the management team to keep up to date with current thinking in talent management</li> <li>• Consider ways to encourage managers to take responsibility for talent management</li> </ul>	<ul style="list-style-type: none"> <li>• Take responsibility for talent management</li> <li>• Include talent management as an item on the agenda for management meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Get to know the language of talent in the organisation</li> <li>• Look for role models and learn from them and their behaviour</li> </ul>



Area of Talent Management Strategy	Key Issues	Implications for Organisations	Implications for Managers	Implications for Employees
2. Attraction	<ul style="list-style-type: none"> <li>Acute awareness of the benefits of selling their employer brand to future talent and each organisation clearly understood their unique selling points but often this was not validated from the employee perspective</li> <li>General agreement that a more formal attraction plan was needed at local level</li> <li>More understanding and discussion required of common problems and possible solutions to problems of attracting talent</li> </ul>	<ul style="list-style-type: none"> <li>Continue to define employer brand, communicate widely through recruitment channels</li> <li>Develop strategy to encourage current employees as ambassadors</li> </ul>	<ul style="list-style-type: none"> <li>Differentiate brand from competition – consider unique selling points</li> <li>Survey employees to develop better understanding of their views on employer brand</li> <li>Develop recruitment plan for each job family</li> </ul>	<ul style="list-style-type: none"> <li>Offer feedback to managers as to whether the suggested unique selling points are the reality of working life in the organisation</li> <li>Ask to meet members of the team as part of the recruitment process to help set your expectations</li> <li>Act as ambassadors for new talent into your organisation</li> </ul>
3. Retention	<ul style="list-style-type: none"> <li>Need to develop better understanding of motivations behind employee's decisions to stay or go</li> <li>Need to keep up to date with emerging social trends influencing different staff motivations</li> <li>Need to develop structured retention plan</li> <li>Loss of talent due to poor communication between managers and staff</li> </ul>	<ul style="list-style-type: none"> <li>Develop managers communication skills and measure the results</li> <li>Define good and poor communication and measure as part of the appraisal system</li> </ul>	<ul style="list-style-type: none"> <li>Use hard data to gain management commitment towards developing retention plan</li> <li>Develop coaching skills for all managers</li> <li>Understand the hard and soft costs of employee turnover for your business and communicate this to all involved</li> <li>Consider whether talented employees know they are valued</li> </ul>	<ul style="list-style-type: none"> <li>Communicate your concerns to managers – as often problems and concerns can be solved</li> </ul>
4. Development	<ul style="list-style-type: none"> <li>Role of line managers as critical to development</li> </ul>	<ul style="list-style-type: none"> <li>Free up time in management role for talent</li> </ul>	<ul style="list-style-type: none"> <li>Encourage talented employees to discuss their development needs</li> </ul>	<ul style="list-style-type: none"> <li>Take responsibility for your own development</li> </ul>

Area of Talent Management Strategy	Key Issues	Implications for Organisations	Implications for Managers	Implications for Employees
	<p>process</p> <ul style="list-style-type: none"> <li>• A trend towards encouraging employees to take more responsibility for their own development</li> <li>• Other pressures, priorities and resource constraints provide barriers to more sophisticated approaches to talent development</li> </ul>	<p>development</p> <ul style="list-style-type: none"> <li>• Allocate resource to identifying internal talent and increase awareness of the skills profile of your employees</li> <li>• Consider development of all levels of talent including executive or director level</li> </ul>	<p>and aspirations with you</p> <ul style="list-style-type: none"> <li>• Try to look for potential in your employee pool on a continual basis</li> </ul>	<ul style="list-style-type: none"> <li>• Communicate your aspirations to your line manager</li> </ul>
5. Transitioning	<ul style="list-style-type: none"> <li>• Reactive approach driven by pressure to fill vacancies</li> <li>• Fast internal promotion process can pose problems if talent has not yet acquired all the necessary skills</li> <li>• At senior levels a more bespoke and individualised approach to transitioning talent was adopted</li> <li>• Transition from middle to senior managers deemed problematic</li> </ul>	<ul style="list-style-type: none"> <li>• Need to develop structured transition paths and communicate these clearly to future talent</li> <li>• Fast internal promotion system, while advantageous, requires coaching and mentoring support system</li> </ul>	<ul style="list-style-type: none"> <li>• Coaching and mentoring training for managers and talent</li> <li>• Need to develop skills in identifying potential talent</li> </ul>	<ul style="list-style-type: none"> <li>• Have realistic expectations</li> <li>• Learn the skills and experience necessary to move from one level to another</li> <li>• Be proactive about seeking out these training opportunities</li> <li>• Listen to feedback</li> </ul>

**Table 10.1 Key issues and implications of talent management strategies**

Source: (D’Annunzio-Green, 2008)

### Aligning talent management and business strategy

Talent management strategies should be aligned with an organisation’s business strategy and human capital context. Talent management strategies are firm-specific and should be adapted to respond to an organisation’s unique business environment. When organisations change their business models to adapt to the external environment, talent management strategies should be realigned and refocused. Heinen and



O'Neill (2004) have discussed the impacts of alignment and misalignment of talent management practices:

Misaligned Talent Management Practices	Talent Management Aligned with Strategy
<ul style="list-style-type: none"> <li>• Lagging or mismatched employee capabilities with market demands</li> <li>• Limited accountability or clear line of sight to business plan</li> <li>• Lack of career road maps or limited and rigid career paths, undermining retention of top talent</li> <li>• Disparate pay and career programs that fail to address retention issues</li> <li>• Conflicting processes and tools: mismatched messages regarding identification, assessment, development and retention of talent</li> </ul>	<ul style="list-style-type: none"> <li>• Right workforce skills and behaviours in place to implement and sustain business strategy</li> <li>• Individual and team performance expectations aligned with organisational values and priorities</li> <li>• Business success and diverse workforce supported by functional career-path architecture</li> <li>• Integrated pay, performance, career-development programmes that improve on retention challenge and garner commitment</li> <li>• Talent-management programmes that work in unison to drive company results</li> </ul>

**Table 10.2 Aligned and misaligned talent management practices**

### Key factors in successful talent management

Heinen and O'Neill (2004) also pointed out what questions to be addressed in evaluating an organisation's talent management strategies:

- Are we attracting the top talent in our industry?
- Are we recruiting and selecting "A" job applicants?
- Can we identify our current and future top contributors?
- Are we developing the skills we need to succeed?
- What capabilities do we need to successfully implement our business model?
- Do our pay, performance and career development programmes work together to increase talent retention and employee commitment?
- Are we retaining top performers at a greater rate than low performers?
- Are our talent planning and development aligned with our business strategies?

In addition, Heinen and O'Neill (2004) identified 10 key success factors in crafting and implementing a talent management system:

1. **Commitment and support from top management.** Top leaders should personally drive the planning and development of the

organisation's talent, and should also be held accountable for the overall results of the talent-development effort.

2. **Talent management is a business activity.** Organisations need to view talent management as an on-going strategic activity. It is a critical business activity, not an administrative HR task.
3. **Talent development must be forward-looking.** A talent-development plan must be responsive to the changing business environment. Skills and abilities for future business needs must be identified and developed.
4. **Rigorous candidate assessment.** Talent planning is based on a strong and rigorous assessment of candidates' competencies. It involved the assessment of capabilities that a person will need in future leadership or in other targeted position.
5. **A balance between organisational and individual needs.** Determining the growth needs of individual employees is a critical factor in attracting and retaining key talents. Individual needs for advancement must be aligned with the strategic goals of the organisation.
6. **Staff and process support.** Corporate staff members are needed to facilitate and support the talent-management process. They may manage the talent-review process, assess and coach leadership talent, accumulate organisational learning regarding talent development and share it with various functional managers.
7. **Multiple talent pools and career paths.** The emphasis is on developing talent pools rather than a specific individual, in order to ensure that there is an adequate supply of talent. The organisation will minimise the risk of being unprepared to fill a key vacancy.
8. **Focusing on on-the-job learning.** Management should identify the positions that offer rich learning opportunities for high-potential employees. Job assignments and experiences are the best development opportunities.
9. **Talent reviews.** Periodic talent reviews are needed to plan and coordinate development activities and to monitor progress. These reviews provide an assessment of how well employees are developing, as well as an assessment of organisation's aggregate talent.
10. **Leveraging technology and measuring success.** Organisations should leverage new technologies to automate the talent-management process. An HRIS can provide a wealth of easily accessible data for managing talent to maximise performance. The success of the talent-management system can be assessed by such measures as voluntary turnover rate of high-performers, promotion rate and development costs.

Once the right talent-management practices are in place, they operate as a cohesive system and create positive financial returns to the organisation. Organisations doing a better job of managing their talents deliver better



results for stakeholders. Heinen and O'Neill (2004) reported that the use of talent-management practices was associated with the following economic benefits:

- A 7 per cent decrease in turnover
- An increase of \$3,800 in profits per year
- \$27,000 in sales per employee
- An increase of \$18,600 in market value per employee
- Increase in employee productivity, ranging from 19 per cent to 120 per cent

## Downsizing

Attempting to become leaner and more competitive, business organisations have adopted downsizing as the prevalent strategy during the late 1980s and the early 1990s. Downsizing, which implies reducing the workforce through forced measures, was once considered a last-breath effort of a failing organisation (especially a company). Currently, it seems to be the fashion among American business concerns, regardless of their financial performance. According to some estimates, 85 per cent of the Fortune 1000 firms have either eliminated workers or are planning to do so in the foreseeable future. Even IBM, which championed its lifelong employment policy as a competitive advantage until not very long ago, is reducing its payrolls at a rapid rate in an effort to reduce overheads and overcome the poor financial performance of the past several years.

This section attempts to integrate the current knowledge of downsizing to analyse the reasons why organisations pursue downsizing in favour of other labour cost-reduction strategies and to identify different types of downsizing implementations.

### Definition

What qualifies as downsizing? Ferris and Buckley (1996) define downsizing as a set of activities designed to make an organisation more efficient, productive and/or competitive through the planned elimination of positions or jobs. Dessler (2001) defines downsizing as reducing, usually dramatically, the number of people employed by the firm. Ferris and Buckley (1996) state that several elements of the former definition deserve special attention. First, underlying the downsizing decision is the distinct intention to improve the organisation's position in the market. Secondly, implementing a downsizing strategy requires eliminating a portion of the workforce. This elimination can occur through voluntary means such as enhanced retirement plans and employee buy-outs or through involuntary means such as terminations or permanent layoffs. Either approach suggests a planned effort to eliminate workers. Finally, implementing a downsizing strategy requires more than reducing the number of workers; it demands organisational adaptation to a smaller workforce.

## Approaches to downsizing

As you see, downsizing commonly takes a number of different forms. According to Ferris and Buckley (1996), the organisation can rid itself of excess employees through a variety of methods, some of which allow employees to leave voluntarily or through systematic elimination. Because eliminating workers through involuntary means is painful for everyone involved and can be detrimental to the organisation's reputation as an employer, encouraging workers to leave voluntarily is an attractive alternative.

Voluntary eliminations are typically efforts on the part of a company to make resignation or retirement desirable for existing workers through financial incentives. Such incentives, known as buyouts, are compensation packages awarded to workers for resigning or retiring. Depending on the magnitude of the packages, they can provide an effective means for eliminating workers without having to fire them. This strategy conceals a double-edged sword: its effectiveness is dependent upon the generosity of the packages which is directly related to its costliness (Ferris & Buckley, 1996, p. 101).

According to Ferris and Buckley, voluntary downsizing efforts often precede involuntary efforts in the hope of minimising the unpleasant task of eliminating workers involuntarily. If you have been involved in any downsizing process, you would realise how painful it can be for both the employer and the employee. The decisions concerning which employees to dismiss must be fair, transparent and according to the law of the country concerned. Because employees' livelihoods are at stake, the determination of who will stay and who will leave is a painful exercise for the decision makers as well as the workers affected. This section will not extensively deal with the criteria but will mention some commonly utilised criteria for such decisions (Ferris & Buckley, 1996).

- **Divestiture of product or function:** Occasionally, the restructuring associated with downsizing involves the organisation's eliminating a product, a service or a departmental function. The majority of those to be terminated are generally affiliated with the divested properties.
- **Reduction of organisational or hierarchical layers:** Attempting to become leaner and less bureaucratic, some organisations have eliminated entire layers of their organisational hierarchies. The most recent downsizing trend is unique because many of its downsizing efforts are aimed at middle management which is a sector of the workforce that has largely been spared from previous reductions. Eliminating entire organisational levels allows a firm to reduce its workforce in a relatively quick process. One potential drawback to elimination of layers is that it redefines traditional career paths to allow fewer opportunities for promotion.
- **Elimination of specific jobs in the organisation:** If organisational changes cause certain jobs to become obsolete, one approach to downsizing is eliminating the incumbents in those



jobs. The drawback to this approach is that the organisation may lose good people simply because they have held the less essential jobs. To counteract this negative effect, companies try to keep the best people by transferring them to other jobs that will survive the downsizing.

- **Recognition of seniority.** Retaining the most senior workers and eliminating those with the shortest tenure makes for a relatively easy decision. However, the resulting workforce may not be ideal. In making such a decision, the organisation risks losing its best younger workers while retaining some less able workers with seniority.
- **Recognition of merit:** If the company's goal during downsizing is to retain only the best workers, basing the decisions on merit is the most logical approach. This is also described as "high-grading" or the "best players play" strategy where management compares the workers against one another to determine who stays. If job performance is easily and accurately measurable (as in the case of sales records), this is a highly appropriate means for decision making. Unfortunately, evaluating performance is more subjective for many jobs. So, determining the best and worst workers can be difficult. Using past performance reviews as criteria is acceptable but the organisation must have confidence in the reliability of those reviews in distinguishing levels of performance. Interestingly, this approach raises some questions regarding the validity of using past performance to predict future performance in a post-downsizing organisation. If the restructuring involved in downsizing is significant, it is conceivable that the skills that were necessary in the old organisation will be obsolete in the new one. In this case, past performance reviews might not be very helpful in determining the best employees to retain.

The rapid development of technology in the last few decades has also contributed to downsizing in many organisations. Jobs that were once done manually have given way to automation that includes the use of robots in many industries. Many jobs have now become redundant and can be done more effectively and efficiently by using the available technology.

Whichever form of decision making the organisation uses in determining who will stay and who will leave, the process is agonising because careers and livelihoods are at stake.

### Alternatives to downsizing

Bearing in mind that the costs of eliminating employees are so significant in terms of financial expenditure, morale, productivity, reputation and adaptability, companies may pursue other methods of reducing expenses while they retain existing employees. The following paragraphs describe these alternative means and discuss their effectiveness (Ferris & Buckley, 1996, pp. 106-108).

### Pay cuts

Pay cuts are most frequently associated with organised labour. Union members agree to sacrifice a portion of their pay in return for a promise that no layoffs will occur. Theoretically, pay cuts allow the company to maintain consistent levels of productivity because the amount of labour does not change.

### Pay freezes

Pay freezes are less dramatic than pay cuts but they have the same intent. Because workers expect to receive occasional increases in their earnings through cost-of-living adjustments or merit increases, pay freezes save money in payrolls for subsequent years. For this reason, pay freezes are a relatively slow way to accumulate payroll savings. Also, issues of equity and worth may cause employees to seek employment elsewhere.

### Reduced hours

As with pay cuts and freezes, the employees bear the sacrifice of lower income. However, a reduced-hour strategy allows employees to keep their same total wages although they work fewer hours. This approach means that total productivity for the organisation will decrease because it is utilising fewer labour hours. So, companies may prefer reduced-hour strategies over pay cuts when they face declining product demand.

### Job sharing

Similar to reduced hours, job sharing entails fewer hours but it also necessitates the coordination of multiple workers. Imagine that a company hires two accountants but then needs only one of them because of restructuring. Rather than eliminate one of the individuals, job sharing allows the both of them to work by sharing the responsibilities of the single job. Each worker would work fewer hours than he/she did previously and the both of them would still be employed. Job sharing also allows for flexibility in coverage. For example, if one sharer is ill or on vacation, the other can cover for him/her during the former's absence.

### Talent pools

Talent pools are frequently used for clerical workers who are habitually assigned to a specific function or individual. In a talent pool, the workers are not assigned to anyone or any place in particular; they are used on an as-needed basis throughout the organisation. The argument for talent pools is that they distribute work more evenly and eliminate the need for temporary workers.

### Hiring freezes

Hiring freezes are a way to reduce the number of employees without resorting to eliminating workers. Using ordinary attrition (the exit rate of workers who quit, retire or are terminated for cause under normal circumstances), the organisation decreases its labour force by not filling the vacancies caused by the departures. Although a hiring freeze



eliminates the need to fire workers, it is comparatively a very slow means of reducing a workforce.

### Outplacement services

Outplacement services are normally associated with workers who have been dismissed in downsizing efforts but they can be used as a means to push employees out of the organisation. Such services commonly include job and skills training that equip displaced workers to find jobs outside the organisation after they have been dismissed. However, when the services are offered to incumbent employees, the newly acquired skills could encourage them to seek employment elsewhere.

### Employment contracts

For jobs that will be necessary for a finite period after the downsizing is implemented, employment contracts are a good way of ensuring that the work gets done without committing the organisation to an unnecessarily long employment relationship. At the time of downsizing, the employee agrees to continue via a contract with the organisation for a designated period or until the work is completed. As an incentive for such employees to completely fulfil their agreements, firms often provide a bonus upon the completion of a contract.

### Leaves of absence

Another strategy is to offer leaves of absence at reduced pay or no pay with the understanding that the employee will still have a job at the end of the absence. The purpose is to encourage workers to leave the organisation (at least temporarily). The time could be spent in education, travel or pursuit of personal interests. Not surprisingly, companies that encourage educational leaves of absence may do so in the expectation that the employee may seek other employment after the additional schooling. In such cases, employees resign voluntarily, thereby saving the company the unpleasant task of dismissing them.

### Transfers

Transferring workers to other parts of the company that are not experiencing downsizing is a way to reduce payroll without losing workers completely. Unfortunately, this strategy can normally accommodate only a small proportion of the displaced workers and is dependent on the staffing requirements of other business units.

### Unpaid time off

The last category of alternatives is unpaid time off where firms do not pay for vacation, sick leave or personal time. It is interesting to note that reducing headcount is still the pre-eminent strategy despite the many alternatives to downsizing.

## Ethics and professionalism

Ethics has to do with morality and standards of employee behaviours. It concerns with moral duty and obligations of employees towards the

organisation. Ethics can be defined as the principles, values and beliefs that define what is good or bad, and what is right or wrong.

Due to tough competition in the market and higher expectations of achieving financial performance targets, many managers and employees feel pressured to cut corners, break rules, and engage in various forms of questionable practices. HR managers need to be concerned with the ethics of personnel policies and practices. They need to create a healthy climate in which employees can perform with a minimal degree of ambiguity regarding what constitutes right and wrong behaviours. HR managers can promote ethical behaviours through the following mechanisms:

1. **Employee Selection.** The selection process should be conducted to learn about an applicant's personal characteristics, values, beliefs and the level of moral development. Personal interviews, background checks and employment tests should be carefully carried out to ensure that the job candidate has a high standard of morality.
2. **Codes of Ethics.** A code of ethics is a formal statement describing the values of the organisation and the ethical rules for organisational members to follow. It is used as a decision rule to judge what is acceptable and what is not within the organisation. The content of a code of ethics generally includes three categories, as shown in Table 10.3.
3. **Job Goals and Performance Appraisal.** Job goals and performance targets must be realistic and attainable within a specified time period. Unrealistic goals will open up opportunities for unethical behaviours. Under the stress of unattainable goals, employees may do whatever is necessary to achieve the goals.
4. **Ethics Training.** Employees should be taught in ethics. Ethics training programs such as seminars, workshops, and case studies should be offered to improve ethical behaviours. The benefits of ethics training are as follows:
  - Teaching ethical problem solving can make a difference in ethical behaviours.
  - Ethics training can increase an employee's level of moral development.
  - Ethics training increases awareness of ethical issues in businesses.
5. **In-house Advisors.** Organisations may provide in-house counselling to help employees facing ethical dilemmas. In-house advisors should be contacted anonymously for assistance in dealing with ethical issues. Employees, who face ethical dilemmas need protective mechanisms so that they can reveal internal unethical practices, do what is right without fear of reprimand.



Cluster 1	<b>Be a Dependable Organisational Citizen</b>
	<ul style="list-style-type: none"> <li>• Comply with safety, health, and security regulations.</li> <li>• Demonstrate courtesy, respect, honesty, and fairness.</li> <li>• Illegal drugs at work are prohibited.</li> <li>• Manage personal finances well.</li> <li>• Exhibit good attendance and punctuality.</li> <li>• Follow directives of supervisors.</li> <li>• Do not use abusive language</li> <li>• Dress in business attire.</li> <li>• Firearms at work are prohibited</li> </ul>
Cluster 2	<b>Do Not Do Anything Unlawful or Improper That Will Harm the Organisation</b>
	<ul style="list-style-type: none"> <li>• Conduct business in compliance all laws.</li> <li>• Payments for unlawful purposes are prohibited.</li> <li>• Bribes are prohibited.</li> <li>• Avoid outside activities that impair duties.</li> <li>• Maintain confidentiality of records.</li> <li>• Comply with all antitrust and trade regulations.</li> <li>• Comply with all accounting rules and controls.</li> <li>• Do not use company property for personal benefit.</li> <li>• Employees are personally accountable for company funds.</li> <li>• Do not propagate false or misleading information.</li> <li>• Make decisions without regard for personal gain.</li> </ul>
Cluster 3	<b>Be Good to Customers</b>
	<ul style="list-style-type: none"> <li>• Convey true claims in product advertisements.</li> <li>• Perform assigned duties to the best of your ability.</li> <li>• Provide products and services of the highest quality.</li> </ul>

**Table 10.3 The three categories of the Code of Ethics**

Source: (Robbins & Coulter, 2009)

Winstanley, Woodall and Heery (1996) provided the following ethical framework to allow HR managers to develop and implement sound personnel policies and practices:

Basic Rights	Employees have the right to be consulted on matters affecting them at work. They also have the right to see and understand how employment decisions are made.
Organisational Justice	Employees should be treated fairly with equality of opportunity in career advancement. There should also be equity in rewards and performance decisions.
Universalism	Individual employees should be given due respects and dignity.
Community of Purpose	The interests of different groups of stakeholders should be protected and no group is overly favoured by organisational decisions and actions.

**Table 10.4 Ethical framework for personnel policies and practices**

### Ethics in an international context

Are ethical standards universal? The answer is no. Different countries are different in their societal norms and values, and these differences determine ethical and unethical behaviours. It is important for international HR managers to recognise the social, cultural and political influences on what is appropriate and acceptable behaviour. International HR managers must clarify their ethical guidelines so that employees know what is expected of them while working in a foreign country. Employees should also be trained to familiarise the norms and normal practices of the foreign location.

To guide international businesses in ethics, the United Nations (UN) created a document called Global Compact, which outlines the principles for doing business globally in the areas of human rights, labour standards, the environment and anti-corruption. Table 10.5 below shows the 10 Principles of the UN.



Human Rights	
Principle 1	Support and respect the protection of international human rights within their sphere of influence.
Principle 2	Make sure business corporations are not complicit in human rights abuses.
Labour Standards	
Principle 3	Freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	The elimination of all forms of forced and compulsory labour.
Principle 5	The effective abolition of child labour.
Principle 6	The elimination of discrimination in respect of employment and occupation.
Environment	
Principle 7	Support a precautionary approach to environmental challenges.
Principle 8	Undertake initiatives to promote greater environmental responsibility.
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

**Table 10.5 United Nations Global Compact**

Source: (Robbins & Coulter, 2009)

## Module Summary



### Summary

For many reasons, different countries approach HRM in different ways. Today, unlike in the past, the economy is much more global in scope and orientation. Organisations operate in different cultural contexts. This naturally gives rise to the study of HRM being focused on different contexts and cultural settings as well. Differences in culture, economic systems, labour costs as well as legal and industrial relations systems all have an impact on how people are managed. Therefore, there arises the need to enhance the quality of IHRM. Specific practices have emerged with regard to the traditional functions of HRM in the international context such as in selection, training and maintenance, compensation, internal performance appraisals as well as international labour relations. There are various methods used by both researchers and students to examine the ways in which human resources are managed in different countries. Finally, you should also be aware that there is growing interest in globalisation, European unification and the adoption of Japanese management practices. These developments have led to a major debate.

The problem of sexual harassment in the workplace is one that requires an active response on the part of organisational managers. Legal interventions have cautioned organisations to define and communicate policies on sexual harassment. Sexual harassment is defined as harassment on the basis of sex that has the purpose or effect of substantially interfering with a person's work performance or creating an intimidating, hostile or offensive work environment. There are three forms of sexual harassment: (1) quid pro quo – the exchange of sexual favours for job benefits (2) a hostile and potentially offensive working environment created by the supervisor, and (3) a hostile environment created by co-workers and/or non-employees.

An employer has to fulfil his/her duty to prevent or remedy sexual harassment. Further, all written sexual harassment policies need to contain certain information. Employers can take steps to minimise liability if a sexual harassment claim is filed against the organisation. The individual who believes he/she has been sexually harassed can also take several steps to eliminate the problem. Many governments do provide laws that eliminate discrimination despite courts having had to define what that means when they have interpreted the laws.

There are two ways in which equal opportunity issues are located within the HRM debate. The first relates to concerns about human capital while the second link between HRM and equal opportunities, in contrast, emphasises the importance of social justice. Promoting equal opportunities is first and foremost a social duty for an employer although economic benefits may subsequently flow from this.

Organisational development (OD) is a method that is aimed at changing the attitudes, values and beliefs of employees so that the employees themselves can identify and implement the technical changes such as reorganisations, re-



designed facilities and the like that are required usually with the aid of an outside change agent or consultant.

OD efforts include survey feedback, sensitivity training and team building. All OD activities share a focus on improving the effectiveness of an organisation's self-diagnosis and problem-solving abilities rather than solving any particular organisational problem. They include diagnostic activities, team-building activities, inter-group activities, survey feedback activities, education and training activities, techno structural or structural activities, process consultation activities, grid organisation development activities, third-party peace-making activities, coaching and counselling activities, life-planning and career-planning activities, planning and goal-setting activities as well as strategic management activities.

As change is inevitable, every manager needs a clear understanding of how to manage change effectively. People are the key to successful change. It is the people that will finally determine the fate of any organisation. It is the entire organisation that should be involved in a change. People usually resist change. If management is to overcome any reactions due to change being resisted by the employees, the management must understand why people often resist change. Some reasons are general and arise in most change efforts while others are related to the specific nature of a particular change. General reasons are: inertia, timing, surprise and peer pressure. Change-specific reasons for resistance include: self-interest, lack of understanding and different assessments.

Motivating people to change often requires three basic stages: (1) unfreezing (2) moving to institute the change, and (3) refreezing.

Downsizing is a set of activities designed to make an organisation more efficient, productive and/or competitive through the planned elimination of positions or jobs. An organisation can rid itself of excess employees through a variety of methods – some of which allow employees to leave voluntarily or through systematic elimination. Voluntary eliminations are typically efforts on the part of a company to make resignation or retirement desirable for existing workers through financial incentives.

Because the costs of eliminating employees are so significant in terms of financial expenditure, morale, productivity, reputation and adaptability, companies may pursue other methods of reducing expenses while they retain existing employees. These methods are: pay cuts, pay freezes, reduced hours, job sharing, talent pools, hiring freezes, outplacement services, employment contracts, leaves of absence, transfers and unpaid time off.

The basic assumptions you make about people comprise your philosophy of HR. Every personnel decision you make affects your employees' quality of work life and commitment in some way. Many employers translate a HRM philosophy (such as the above) into practices that win their employees' commitment. Some of the commitment-building HRM practices are: establishing people-first values, guaranteeing fair treatment using value-based hiring, providing for employee security, assessing the rewards package, and actualising employees.

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## Assignment



### Assignment

1. Conduct a survey of public and private sector organisations in your country and find out whether sexual harassment policies exist in those organisations.
2. Taking your organisation as an example, what OD interventions have been undertaken? Do such interventions exhibit the elements discussed here? In addition to what has been presented above, what specific examples can you give of OD interventions you have come across?
3. Find out in depth about an organisation in your country that has gone through a major structural change (for example, a privatised state enterprise, a restructured public or private sector institution, a company that has implemented downsizing) and list what that organisation has done to bring about the change. Has there been resistance? If so, how did the management cope with it?

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## Assessment



### Assessment

1. What is an MNC? Give three specific examples of such corporations in Malaysia. Check with the companies and find out in what other countries they have operations. Explain the nature of their operations.
2. How does appraising an expatriate's performance differ from appraising a home-office manager? How would you avoid some of the unique problems of appraising the expatriate's performance?
3. As a HR manager, what programmes would you establish to reduce repatriation problems of returning expatriates?
4. What alternative strategies to downsizing are used in your country? Write short notes on each of them.

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