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Highlights

Ugandan Cultural Values

Global Leadership Challenge

Iron and Steel Sector

Cause of Political Risk

Discovering Thoughts, Inventing Future

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An Investigation of Ugandan Cultural Values and Implications for Managerial Behavior

By Charles Rarick, Gregory Winter, Inge Nickerson, Gideon Falk, Casimir Barczyk & Patrick K. Asea
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Abstract - This paper represents an investigation into the classification of Ugandan culture using the five dimensional model of Geert Hofstede. Uganda was not one of the countries included in Hofstede's original studies, and no evidence of a subsequent study of Uganda has been found in the literature. While Hofstede and others did study some countries in Africa, there is a lack of empirically-based research on the cultural classification of Uganda. The results of this study indicate that Uganda is a low power distance, masculine, collectivist culture that is relatively high in uncertainty avoidance, whose people have a short-term orientation towards time. The paper compares Ugandan culture with those of other countries in Africa, as well as with select cultures from other regions. It also explains how these cultural differences impact the practice of management in Uganda.

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ANINVESTIGATIONOFUGANDANCULTURALVALUESANDIMPLICATIONSFORMANAGERIALBEHAVIOR

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An Investigation of Ugandan Cultural Values and Implications for Managerial Behavior

Charles Rarick [α], Gregory Winter [σ], Inge Nickerson [ρ], Gideon Falk [ω], Casimir Barczyk [¥] & Patrick K. Asea [§]

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I. Introduction

As international business looks towards the future it has become clear that a very important part of the world for further development is Africa. The African continent has experienced increased growth in recent years and the prospects for further growth look promising. In order to do business in a country it is essential to understand its culture, which implies understanding its peoples' values and beliefs. A theoretical framework is helpful to facilitate such an understanding.

It can be argued that the most popular and far-reaching cross-cultural research work is that of Geert Hofstede and his associates. Hofstede, who was employed as an industrial psychologist by IBM during the late 1960s and early 1970s administered a "values" survey to employees in the subsidiaries of the company. Based on the data, Hofstede concluded that management theories were bound by culture. Management behavior appropriate in one culture may be inappropriate in another (Hofstede, 1980a; Hofstede, 1980b; Hofstede, 1983; Hofstede, 1993; Hofstede, 1994; Hofstede, 2001). Hofstede's work has been widely cited in various academic studies (Kirkman, Lowe & Gibson, 2006) and typically forms the basis for cross-cultural analysis in university-level management courses. Using data from the original 72 countries surveyed, Hofstede was able to profile 40 countries. Later research provided for the classification of 10 more countries and three regions – East Africa, West Africa, and the Arab world (www.geert-hofstede.com, 2013).

Hofstede identified four dimensions of culture: power distance, individualism, masculinity, and uncertainty avoidance. Power distance (PDI) is the degree to which members of a society expect power to be unequally shared. Individualism (IND) is the extent to which people look after their own interests. This is contrasted with collectivism, which is the extent to which people identify more closely to a group and expect group membership to protect them. Masculinity (MAS) is the extent to which people value assertiveness, competition, and the acquisition of material goods. This is contrasted with femininity, which values nurturing, relationships, and a concern for others. Uncertainty avoidance (UAI) is essentially a society's reliance on social norms and structures to alleviate the unpredictability of future events (Robbins & Coulter, 2012). In essence, it is a measure of society's collective tolerance for ambiguity.

Later research (Hofstede & Bond, 1988) added a fifth dimension now called long-term orientation (LTO). That dimension reflects the extent to which a society encourages and rewards future-oriented behavior such as planning, delaying gratification, and investing in the future. LTO refers to a preference for thrift, perseverance, tradition, and a long term view of time (Robbins & Coulter, 2012). The original term, Confucian Dynamism, grew out of a view that "Asian values" were unique to a specific region of the world.

Hofstede's popular work has attracted a number of critics. Some have expressed concerns about the generalizability of his findings, the level of analysis, the equation of political boundaries of countries to culture, and the validity of his survey instrument (Mc Sweeney, 2002; Smith, 2002). Others have challenged the assumption of the homogeneity of each culture studied (Sivakumar & Nakata, 2001). Directly related to this article, Jackson (2011) expresses some concern about the theoretical validity of Hofstede's work when assessing African countries. The fifth dimension – long-term orientation (LTO) – has been challenged on the

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grounds of conceptual validity (Fang, 2003). Grenness (2012) points out the inherent problem of the ecological fallacy in Hofstede's work in which the predominant traits of a culture are generalized to individuals within that cultural group. In 2010, the *Journal of International Business Studies* (JIBS) published a special edition issue devoted to cross-cultural research. While there is some validity to many of the concerns raised by Hofstede's critics, his research represents the most comprehensive analysis of cultural values to date, reflecting the fact that no method of cultural assessment is flawless. In the opening article of the JIBS series, Tung and Verbeke (2010) point out the "undeniable" impact of Hofstede's research on the theories and practice of management and international business. His theory of cultural dimensions has evolved (Minkov & Hofstede, 2011) and remains the most important and comprehensive work in the area of cross-cultural classification and understanding. While Hofstede's approach may be "blunt" (Jackson, 2011), it nevertheless provides useful insight into an initial understanding of important cultural values.

This paper provides a preliminary look into the cultural assessment of a country not included in Hofstede's data set. Since Uganda gained its independence from Great Britain in 1962 it has, at times, experienced major social instability. During the regime of Idi Amin, it suffered major atrocities and the struggle for power after his failed rule resulted in a six year civil war (McDonough 2008). At one time Uganda had a more heterogeneous population as a result of colonization and the importation of Indians to facilitate British rule. But in 1972 all "Asians" were expelled from the country (Asiime 2012) and the population became more homogeneous.

II. Method

The assessment of cultural values was made using a sample of 67 students at a midsize university in Uganda. The sample was almost perfectly balanced between male and female respondents. The respondents were mixed in terms of their living in urban and rural areas. The survey respondents were all young adults who volunteered for participation in the study.

This study used Hofstede's Values Survey Module 1994 (VSM 94). The items measured Ugandan culture on the five value dimensions: power distance (PDI), masculinity (MAS), individualism (IDV), uncertainty avoidance (UAI), and long-term orientation (LTO). The results were determined by using the index method developed by Hofstede. The scores for the value dimensions obtained in this study were compared to the scores obtained by Hofstede (www.geert-hofstede.com, 2013). Comparisons were made to five select countries: China, Brazil, Germany, Japan, and the USA. Scores for each value dimension from the current study were also compared to those from respondents living in countries within the region for a more in-depth comparison. The countries included in this comparative analysis included Hofstede's West and East Africa country groupings. West African countries include Ghana, Nigeria, and Sierra Leone. East African countries include Ethiopia, Kenya, Tanzania, and Zambia.

III. Results

The results of the survey indicate that, in general, Ugandan culture can be characterized as being low in power distance, masculine, collectivist, and high in uncertainty avoidance. Uganda is also short-term in its orientation toward time. These results indicate some differences in the value dimension scores for Uganda as opposed to other countries in the region. Power distance scores, for example, are considerably lower for Uganda. Long-term orientation offers fewer opportunities for comparison since this dimension was studied in only 23 countries (Hofstede & Bond, 1988). In this study Uganda was compared to the select countries for a comparative assessment of long-term orientation. Greater analysis can be conducted on the original four dimensions. Figure 1 shows the scores for Uganda on all five cultural dimensions using the Hofstede-Bond model.

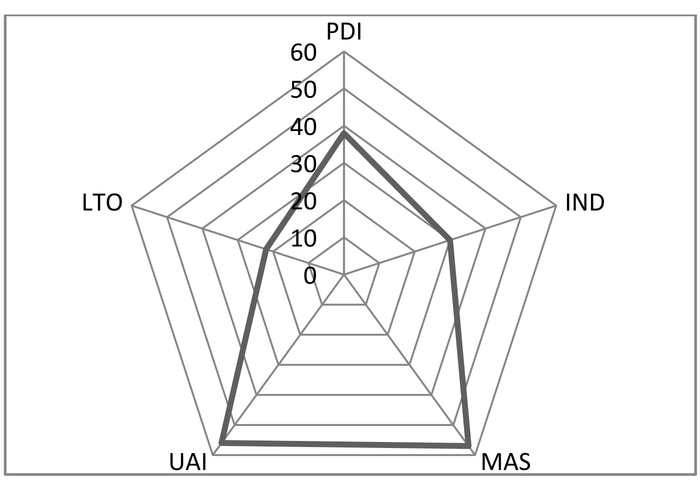

Figure 1 : Plot of the five cultural value dimensions in Uganda

a) Power Distance

The data indicate that Uganda has a PDI score of 38. This score suggests that Ugandans have a low level of acceptance of inequality among societal members. Figure 2 shows the PDI scores for Uganda and select other countries. The data reveal that with respect to power distance, Uganda's culture is similar to Germany and the United States.

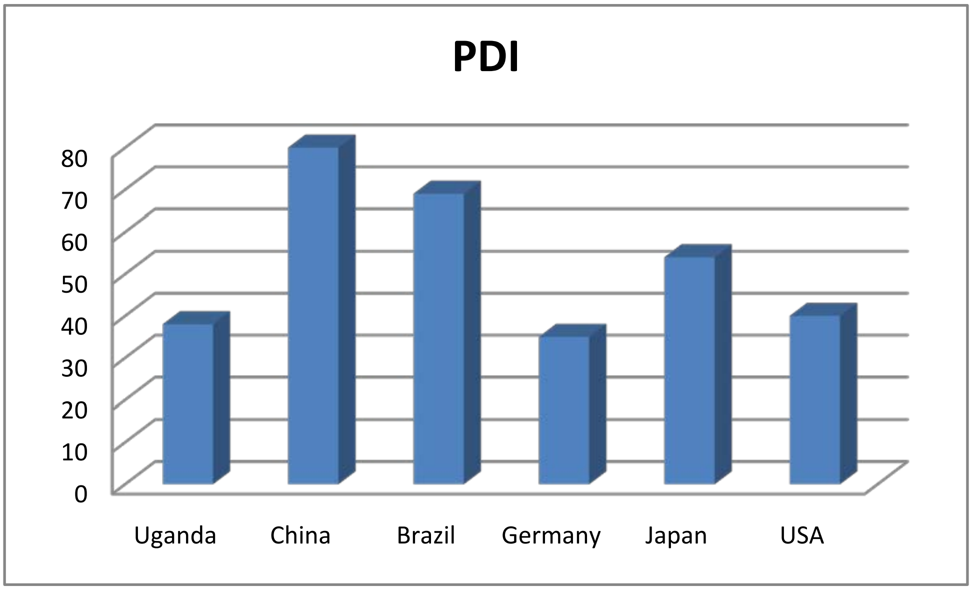

Figure 2 : Scores for power distance in Uganda and select countries

Figure 3 shows that within Africa, Uganda's PDI is quite low compared to countries such as Nigeria, Sierra Leone, Tanzania, and West and East African country groups. The average PDI score for the region is much higher than that found in Uganda.

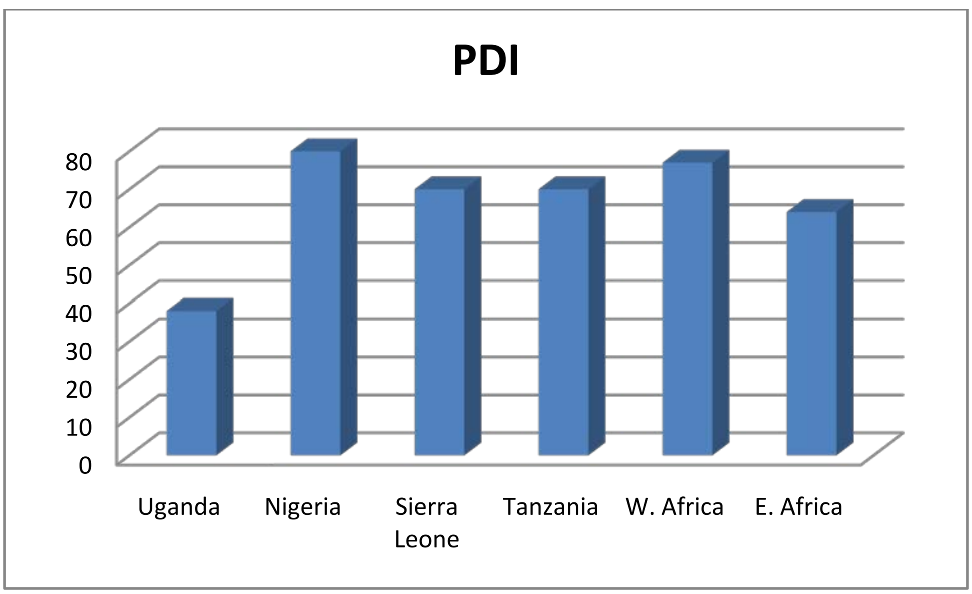

Figure 3 : Scores for power distance in Uganda and select countries in Africa

b) Masculinity

The data indicate that Uganda has a MAS score of 57. This score suggests that Ugandan culture is masculine as opposed to feminine. Figure 4 shows the MAS scores for Uganda and select countries. The data reveal that Uganda's culture is less masculine than Japan and Germany and somewhat similar to that of the United States.

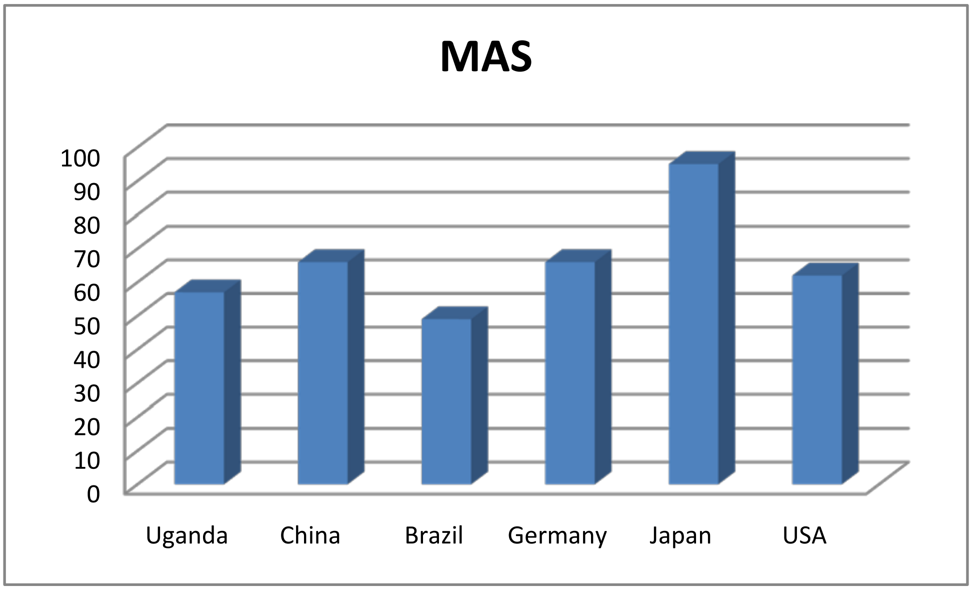

Figure 4 : Scores for masculinity in Uganda and select countries

Figure 5 shows that Uganda's MAS score is similar to most other countries in the region with little inter-country variation.

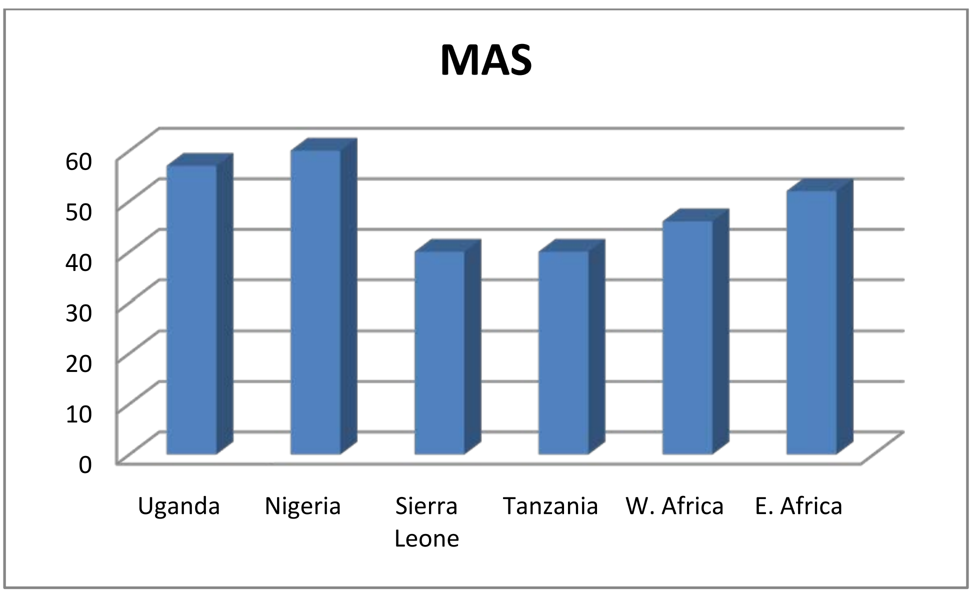

Figure 5 : Scores for masculinity in Uganda and select countries in Africa

c) *Individualism*

The data indicate that Uganda has an IDV score of 30. This score suggests that Ugandans are collectivist in nature. Figure 6 shows the IDV score for Uganda and select countries. With respect to individualism, Ugandan culture is very collectivist compared to select countries, with the exception of China, which has the lowest IDV score of the countries included in this analysis.

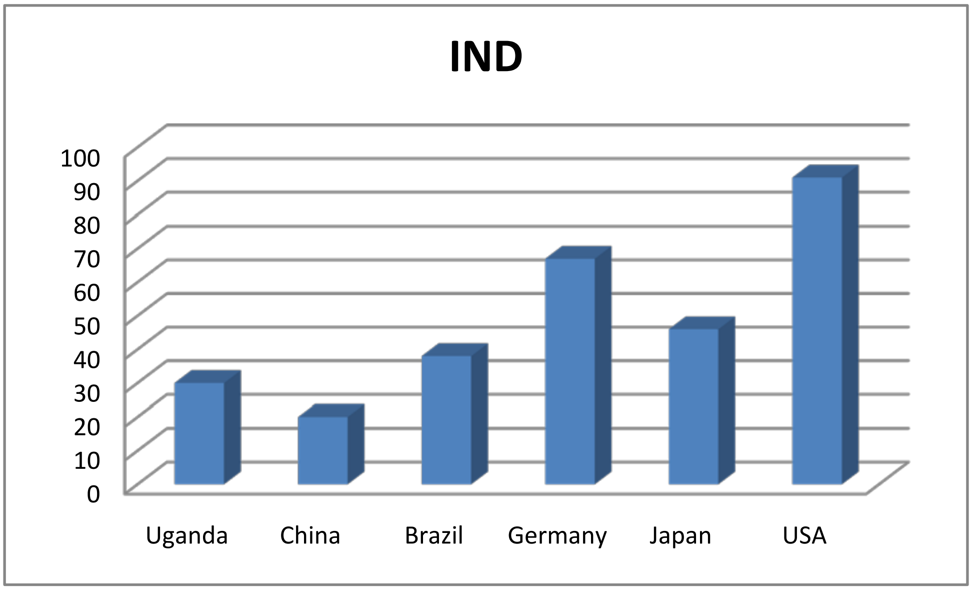

Figure 6 : Scores for individualism in Uganda and select countries

Figure 7 shows that within the region, Uganda's IDV score is high, but not significantly so, with other countries essentially being collectivist in nature.

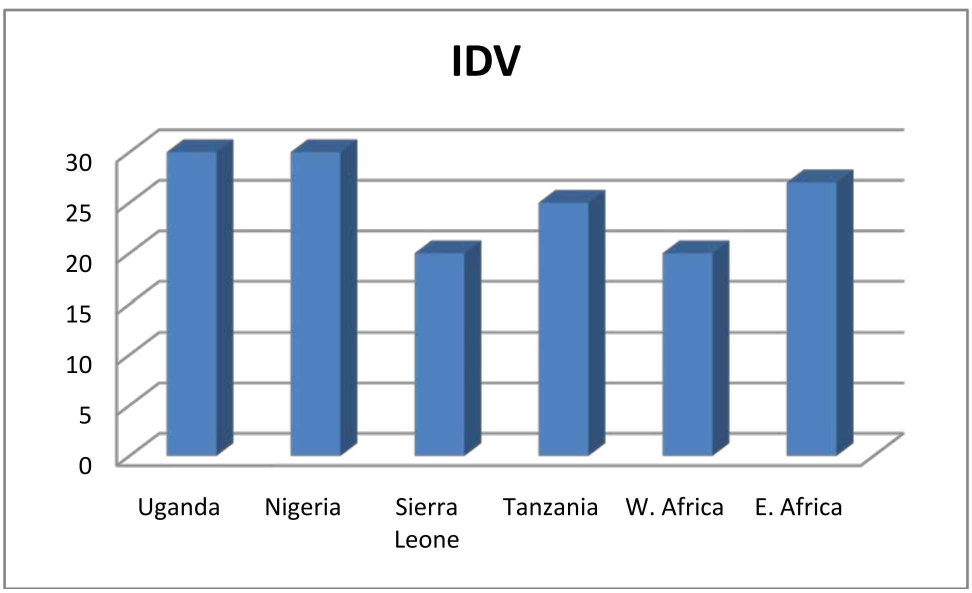

Figure 7 : Scores for individualism in Uganda and select countries in Africa

d) Uncertainty Avoidance

The data indicate that Uganda has a UAI score of 56. This score suggests that Ugandan culture has a relatively low tolerance for uncertainty, but not to an extreme extent. While technically classified as a high uncertainty avoidance culture, Uganda's UAI score is not too far above that of the United States. Figure 8 shows the UAI scores for Uganda and select other countries.

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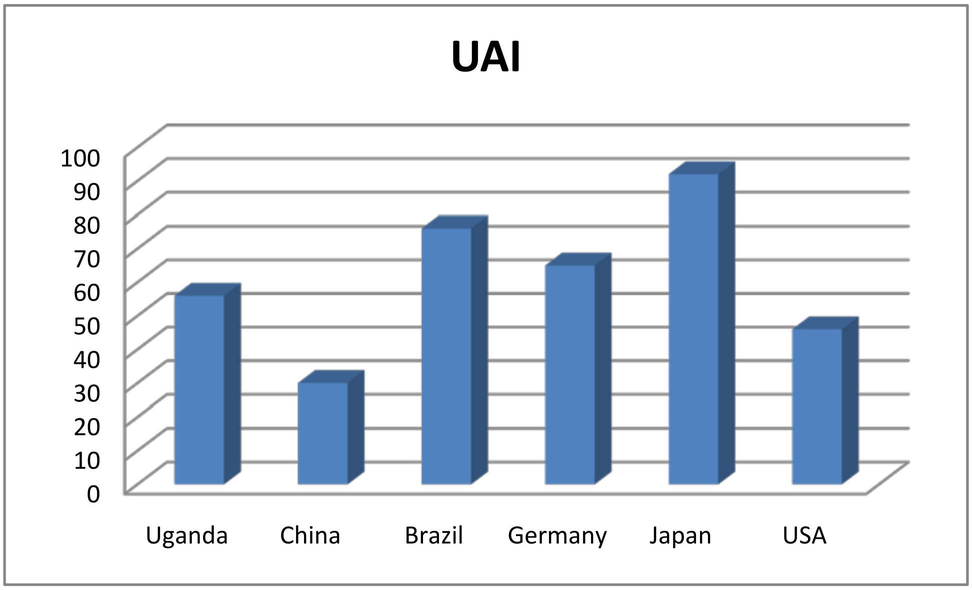

Figure 8 : Scores for uncertainty avoidance in Uganda and select countries

Figure 9 shows that within the region, Uganda's UAI score is higher than all other countries included in this analysis. However, the actual scores vary little from Uganda's high score of 56 to Sierra Leone and Tanzania's low scores of 50. All countries in Figure 9 show relatively high uncertainty avoidance.

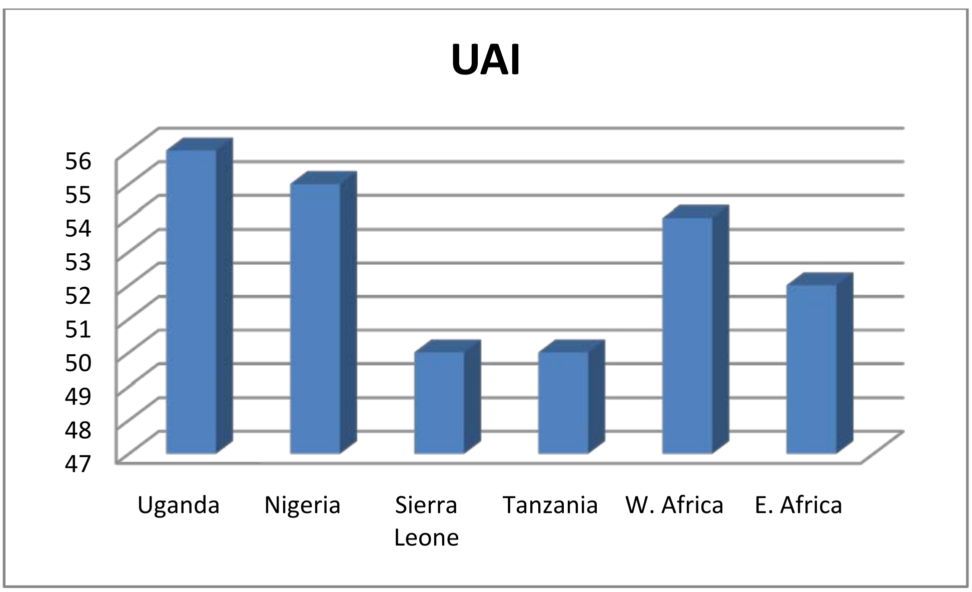

Figure 9 : Scores for uncertainty avoidance in Uganda and select countries in Africa

e) Long-Term Orientation

The data indicate that Uganda has an LTO score of 20. This score suggests that Ugandans have a culture that is very short-term oriented. As stated earlier in this paper, since this dimension was added nearly a decade after Hofstede's original study, we have comparative LTO data for relatively few countries. As such, comparisons with the Ugandan data are more difficult. Figure 10 shows the LTO scores for Uganda and the five select countries from which those data were collected. The data reveal that Uganda's long-term orientation is quite low, perhaps not surprising given the uncertainty found in the country's recent past.

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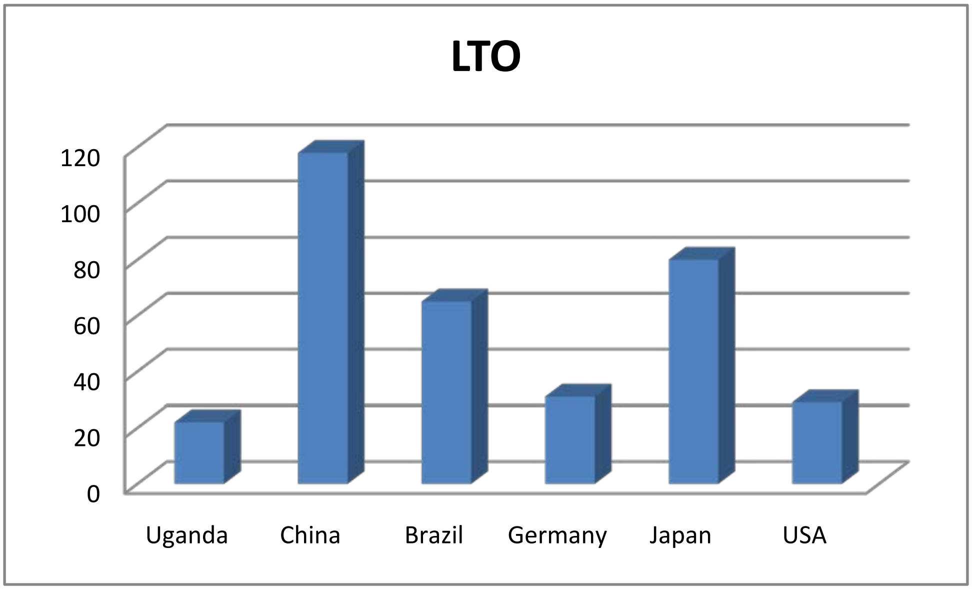

Figure 10 : Scores for long term orientation in Uganda and select countries

Uganda was under the control of the British for over 60 years before gaining its independence in the early 1960s. It seems likely that aspects of British culture could have become immersed into Ugandan culture. A comparison of the cultural values from Uganda and the United Kingdom is shown in Figure 11, which suggests that there are significant cultural differences between the two countries. However, the two countries have similar values with respect to power distance and long-term orientation, a cultural configuration that may have been influenced by Uganda's colonial history. Nevertheless, it seems clear that Ugandan culture, when viewed holistically, is unique and not simply a copy of British culture.

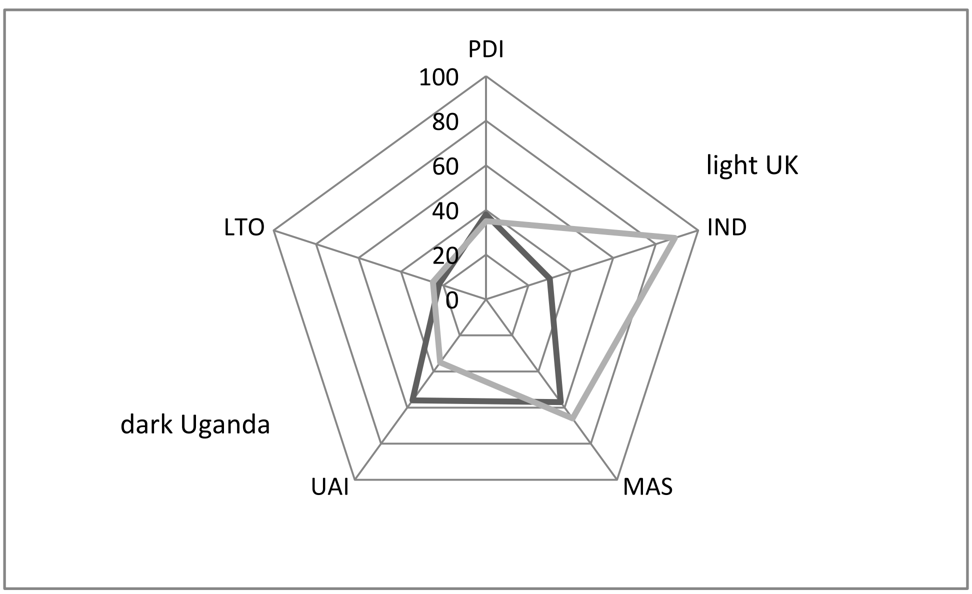

Figure 11 : Plot of the five cultural value dimensions in Uganda and the UK

IV. Discussion

While this study is not unlike the original Hofstede work in terms of its sample heterogeneity, it is reasonable to conclude that the somewhat unique characteristics of the sample are not fully representative of the greater Ugandan population. The sample was balanced in terms of gender and represented a mix of individuals from urban and rural population. However, the educational achievement of the sample was above the national average. As with many investigations into cultural values, significant underreporting of less educated and more isolated members of the culture can occur. In a recent article in the Academy of International Business's *Insights* (2013), Professor Hofstede challenged the validity of a study by Fischer and Al-Issa

(2012) using the values survey with unmatched samples. The current study suffers from the same shortcoming because it does not use matched samples for comparison. While we agree that using matched samples with the original data set would be ideal for comparison, without some degree of generalizability of the original data set, the work of Professor Hofstede has very limited application. The Values Survey Module (VSM) used by Hofstede and others can only act as a "blunt instrument" in assessing national culture. Despite this limitation, it provides insights and understandings of culture that would otherwise have been unavailable.

Based upon our assessment, Ugandan culture can be characterized as being low in power distance, masculine, collectivist, moderately high in uncertainty avoidance, and short-term orientated. These cultural values would dictate a certain style of management. People from cultures low in power distance prefer some form of power sharing and participation in the workplace. The masculine nature of Ugandan culture would indicate that aggression and competition would be valued in organizations. The collectivist nature of Ugandan culture indicates that groups would serve a useful role in the organization of people and achievement of goals. High uncertainty avoidance requires more direction and clear policies and procedures. The short term orientation would suggest that a focus on the present and more immediately realizable results would be considered more appropriate than organizational policies and procedures that emphasize the future and delayed gratification.

Olusoji, Oluwakemi and Uchechi (2012) point out in a qualitative study that African culture is enduring and somewhat difficult to change. In a study of Nigeria, Namibia, Zimbabwe, and South Africa, researchers found that a common cultural characteristic called "ubuntu" was common with leadership behavior (Wanasika, Howell, Littrell, & Dorfman, 2011). Paternalistic leadership, group solidarity, and a humane orientation were found in the region. The appropriate management style in Uganda would follow a more power-sharing, paternalistic, and group oriented approach. International managers seeking to do business in Uganda must be sensitive to these cultural values.

Frontier markets are becoming increasingly interesting to companies engaged in international business and countries in Africa are seen as leaders in that market. In the McKinsey & Company report by Leke and Lund (2010), the African continent was cited as a region of particular importance to the future of international business. This claim was reinforced and expanded in an article published in the *Harvard Business Review* (Chironga, Leke, Lund, & van Wamelen, 2012). Africa offers not only a desirable place to acquire abundant natural resources, but structural changes and globalization make the continent an increasingly important market for exports and a potential area for manufacturing operations. Having a greater understanding of the diverse cultures in Africa and managing in a way that capitalizes on this knowledge are important factors for successful business engagement on the continent.

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Building Sustainable Organizational Social Capital: The Global Leadership Challenge

By Khadija Al Arkoubi & Elizabeth Davis
University of New Haven, United States

Abstract - Building social capital (SC) is increasingly reco-gnized as essential for organizational and social growth. However, there is a scant amount of literature on how leaders are expected to develop SC as an individual and orga-nizational competence. While this article develops new frameworks for both SC and global leadership (GL), it offers practical suggestions to practitioners in human resource development and management on how they can set up strategies for developing both GL and SC.

Keywords : *global leadership, social capital, human resource management and development.*

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BUILDINGSUSTAINABLEORGANIZATIONALSOCIALCAPITALTHEGLOBALLEADERSHIPCHALLENGE

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Keywords : global leadership, social capital, human resource management and development.

I. Introduction

There has been a growing body of literature on social capital (SC) and its importance in organizational and social development (Prusak & Cohen, 2001). Building and sustaining organizational social capital (OSC) is a necessity today and failing to recognize it may negatively impact organizations (Burt, 1992; Leana & Van Buren, 1999; Nahapiet & Ghoshal, 1998). Leaders are expected to promote SC in their organizations at the same time they are expected to develop their own SC. The dynamics occurring between leadership and SC are perhaps among the most under-researched aspects of leadership (Brass & Krackhardt, 1999). Despite the recognition of the importance of SC in generating learning, collaboration, innovation, creating value for the organization (Fukuyama, 1995; Putnam, 1993), and mobilizing HR around collective actions, the extant literature is still silent about the process of creating and sustaining SC. Further, little attention has been devoted to the role of leaders in developing and leveraging SC. Today, global leaders (GLs), who are acting across borders, zone times, cultures, and languages, appear to have the most complex tasks to accomplish and the hardest roles to play. Although the concept of global leadership (GL) is still in its conceptual stage, exploring the dialectic relationship between developing and strategizing SC at organizational and global leadership levels seems of paramount importance.

In this article, we first define the constructs of SC and GL. Second, we explore how GLs can build their personal SC as a global competence, and sustain the OSC. Third, we present six propositions aiming at contributing to the extant literature and advancing the theory and the practice of GL. Finally, we identify some implications for the field of HRD and provide directions for future research.

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a) Social Capital

The concept of SC did not spring from organizational studies but from research in sociology conducted first by Bourdieu back in the 1960s. Bourdieu (1997) defined SC as the sum of "actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition….which provides each of its members with the backing of collectively-owned capital" (p. 57). This definition was supported by Coleman (1990) and Putnam (1993) who both considered SC as social resources composed of relationships, trust, norms, and values. SC is also defined as "social networks, reciprocities that arise from them and the value of these for achieving mutual goals" (Schuller, Baron, & Field, 2000, p. 1).

SC is a multi-dimensional (Putnam, 1995) and multidirectional concept and has been invoked across-disciplines to explore a variety of questions pertaining to different fields (politics, social development, education and schooling, economic development, etc.,) (Adler & Kwon, 2002). Some authors complain about the usage of the word capital because it was borrowed by social researchers from a economics (Baron & Hannon, 1994), and has led to a "plethora of capitals" in the field. Opponents of this concept (e.g. Solow, 1997) perceive SC as different from other assets because it is very hard to be quantified although measures of its benefits are possible. Opponents seem to be more interested in its metaphorical use, while proponents argue for the correctness of the concept (Robison et al., 2002). Others posit that it is an "umbrella concept" (Adler & Kwon, 2002) or "a wonderfully elastic term" (Lappe & Du Bois, 1997, p.119) in the sense that it is used across disciplines and levels (individual, group or team, community or society, organization, inter-organization), and is inclusive of heterogeneous theoretical perspectives. While these statements may reflect the richness of this concept and its openness to several interpretations and usages, they also show that it is an elusive term.

Recently, SC has gained currency in organization science, but it is still defined differently. Instead of problematizing the definition of SC, we prefer to focus on its dimensions following the advice of Putnam (1995) who considered the identification and

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clarification of SC components as a research priority. We view OSC as a construct composed of four dimensions: (1) Structural (networks); (2) relational (trust, collaboration, inspiration, synergy and sympathy, etc.); (3) cultural (values, norms, identity); and (4) discursive (narratives, storytelling).

b) The Structural Dimension of SC

It consists of the structure and the content of ties. The structure of ties refers to the network configuration that provides channels for communication and information transfer. Nahapiet and Ghoshal (1998) identified three characteristics of the network structure that were found to offer enough flexibility and facilitate the information exchange. These are: density, connectivity and hierarchy. Burt (1992) and Coleman (1998) emphasized the structural holes and the closure of networks. While Burt contended that a sparse network with fewer ties provides more benefits (cost effective resources), Coleman regarded closure as a way to strengthen SC because it sustains trust in others and leads to the development of norms, solidarity, and cohesiveness in the organization. Nevertheless, there are contingencies to take into account in both cases and the empirical research is still ongoing to uncover these. For example, Hansen et al. (1999) found that closure is appreciated when the tasks are uncertain as it helps creating an atmosphere conducive to sharing tacit knowledge. The structural holes are more desirable though when tasks enjoy a relative level of certainty, because they help exploring a wider range of information sources. Besides, density (closure), and structural holes, Rohe (2004) specified other viable factors that impact on the network configuration. These factors contain the size (number of people), diversity (race, ethnicity, social and cultural background, etc.) and location (geographically close or far). People engage in relationships and use their contacts to get the needed information or have access to particular resources. These may include job opportunities, new skills and knowledge, status and reputation, etc.

c) The Relational Dimension of SC

The majority of the literature on SC emphasizes trust as a key element in building relationships. Light (2004, p.5) defines SC as "relationships of trust embedded in social networks". Besides trust, trustworthiness is essential to instigate others' support and initiate actions that induce cooperation and collaboration. While trust is a characteristic of the relationship, trustworthiness is an attribute of individuals engaged in this relationship (Nahapiet & Ghoshal, 1998). There are, however, some prerequisites for trust to flourish and contribute to SC development. It should start with a willingness to cooperate with the other party (Leana & Van Buren, 1999; Putnam, 1993). This willingness includes a belief in others' good intentions and motives, their ability and competence in the field, their reliability and their perceived openness/collegiality and fairness (Ferguson & Stoutland, 1999). All these are attributes that global leaders should have to be able to develop strong networks and create value for themselves and their organizations. There is a need though to account for the level of trust that characterizes the relationship. Fukuyama (1995) argues that high level of trust in an organization will bring about cooperation and effectiveness while low level will generate costs. A neglected factor in the relational dimension of SC is ethics. In this paper, ethics is considered as the basis of trust building. Lack of integrity may destroy trust and hence relationships formed with the aim of networking and cooperating. It may ruin the reputation of an organization and its leaders as well as affect the inter-organizational relations.

Nahapiet and Ghoshal (1998) stressed the role of identification in the reinforcement of relationships. They considered it as the process by which individuals identify themselves with other people or group of people. Similarly, Leana and Van Buren (1999) defined identification as "the willingness and ability of participants in an organization to subordinate individual goals and associated actions to collective goals and actions" (p. 541). It involved according to them an affective component and skill-based component. The affective component is based on the engagement in collectivist goals that will necessarily benefit the individual while the skill-based component refers to the competencies one should have to be able to collaborate with others in the process of achieving the desired goals. In this case, no individual can claim the exclusive ownership of social capital, but the latter characterizes the relationship between all the players (Burt, 1992).

d) The Cultural Dimension of SC

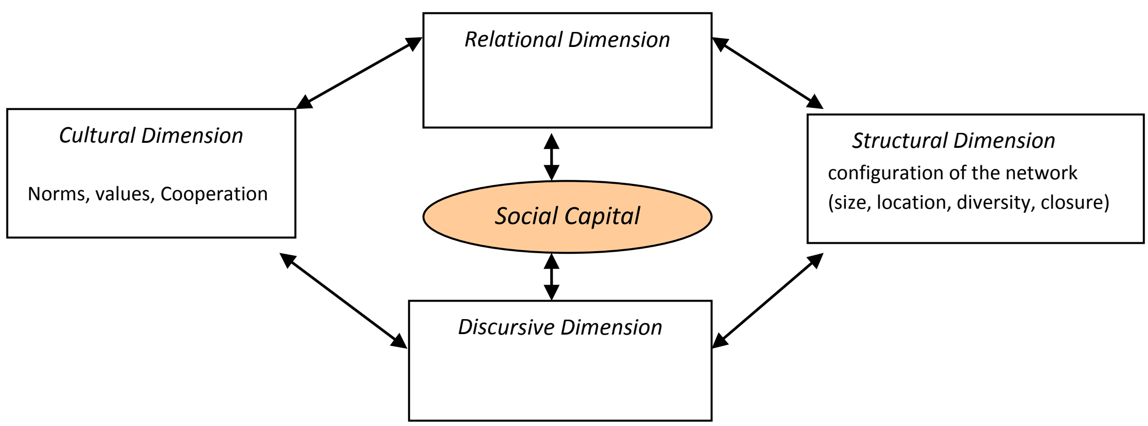
The cultural dimension is not discussed in the mainstream literature on SC, but it appears to have considerable importance. Culture is the set of beliefs, values, and norms that acts upon people's behaviors and directs their actions. Leaders with a collectivistic background and working for an organization that promotes collectivism will find it easy to associate themselves with the group and initiate actions toward the achievement of collective goals (Markus & Kitayama, 1991). They will foster cooperation among individuals and groups and will tend to encourage people to subordinate their personal objectives to those of the group. Conversely, in an individualistic culture leaders will stress self-sufficiency and individual achievements (Leana & Van Buren, 1999). Studies conducted on cultural differences have already emphasized these features and their impact on work (e.g., Ouchi, 1980). An interesting study by Chatman et al. (1998) has shown that a collectivistic organizational culture will highlight shared objectives, interchangeable interests, and commonalities among members. By contrast, individualistic organizational cultures will stress individuals' unique attributes and will promote differences among employees. Another concept with paramount importance in building OSC is institutional collectivism. It implies "the degree to which institutional practices at the societal level encourage and reward collective action" (Gelfand et al., 2004, p. 463). Therefore, global leaders working in societies with high institutional collectivism will find it easier to network than in societies that are low in this dimension. Further, established norms as suggested by Coleman (1988) can be either a powerful or fragile form of SC. Norms motivate, guide actions and promote exchanges when they are strongly embedded in the cultural system of the organization and/or society. They bring about high levels of commitment in building and sustaining SC, especially, if they are reinforced by other organizational practices (Leana & Van Buren, 1999).

e) The Discursive Dimension of SC

Although there is no reference in the literature to this dimension, it is in our sense, one of the strongest components to build and sustain SC. It is reflected in language, strategic narratives, individual and organizational discourse and storytelling. The language is a key tool to construct and exchange meaning. When it is shared, it has a powerful role to play in affecting perceptions (Pondy & Mitroff, 1979), and advancing knowledge (Nahapiet & Ghoshal, l998). Both academic research and practice (Armstrong, 1992) have demonstrated the benefits of using narratives and storytelling in creating strong organizational culture, improving organizational practices, training, developing leadership, organization change, etc. to the extent that Boje (2006) has been theorizing for the storytelling organization. Barry and Elmes (1997) perceive strategy itself as a form of narratives that has to be polyphonic, polyvocal and pluralous. Therefore, leaders will use stories to create and sustain values that consolidate SC and encourage organizational members to engage in building networks. Also, leaders' discursive system, including discourse, metaphors, myths, speeches, and all kinds of narratives will strongly act on organizational members' reinforcement of SC in their organization or their willingness to involve themselves in networking with other organizations.

The dimensions of SC outlined above interact with each other to form the organizational SC. (See figure 1).

Figure 1 : A model of organizational social capital



Global Leadership

Global leadership (GL) is an emerging concept that has attracted the attention of many academics and has given rise to several definitions that reflect the intricacy of the global leader work (McCall & Hollenbeck, 2002). Definitions provided up to now stress different perspectives and issues. Some of them are focused on the tasks and functions to be conducted by GLs (e.g. Barlette & Ghoshal, 1992), others are concerned with the cognitive and behavioral skills that GLs should possess (e.g. Tichy, 1992), while few emphasized the difference between GLs and expatriates or international managers (Pucik & Sabat, 2002).

In this paper, all these views are reconciled in an integrative model that recognizes the interplay between what GLs do and who they are. GLs are builders and architects who are supposed to craft innovative global/local strategies, and create and sustain a strategic intelligence in their transnational corporations. They are also responsible for developing successful leaders, promoting capabilities, creating and enhancing the organization's social capital, building cross-cultural teams and contributing effectively to the adaptation of their organization to the requirements of the global and the local needs. The construct of GL proposed in this paper is composed of three major components: personality attributes, global mindset/ global identity, and cultural intelligence. These are meant to describe effective global leaders (Al Arkoubi, 2005).

II. Personality Attributes

The big five personality model provides a good taxonomy for classifying personality traits and it enjoys relatively strong construct validity (Goldberg, 1993). Therefore, it will be used to emphasize personality traits needed by GLs. The dimensions of the big five are: (a) Extraversion, (b) Agreeableness, (c) Conscientiousness, (d) Emotional Stability, and (e) Openness to experience (McCrae & Costa, 1997). Each dimension has been proved as being crucial for GLs. In consistence with the research conducted by Barrick and Mount (1991), other empirical studies on GLs have shown that conscientiousness (thoroughness, responsibility, achievement, credibility, organization, planning and hard work) is positively related to boss performance rating for managers in the high global complexity conditions (Dalton, et al. 2002).

Emotional stability refers to the ability to cope with stress, tensions, and challenging situations. Findings are though anecdotal concerning the impact of this dimension on GLs' effectiveness (Holopainen & Bjorkma, 2005). An essential characteristic pertaining to GLs emotional stability is the ability to balance tensions in the global arena between global integration and local responsiveness (Gregersen, Morrison, & Black, 1998). Second, extraversion refers to traits such as sociability, openness to others, and the willingness to engage in new relationships. It was found to be a valid predictor of expatriates' success (Mendenhall & Oddou, 2001). It is required for GLs (Black et al., 1999) as they are supposed to work and communicate effectively across several cultures, languages and mindsets (Kohonen, 2005). Third, agreeableness is mentioned in the literature under several names, such as sympathy, kindness, sensitivity to others' needs, courtesy, and emotional connection. This dimension has been found as a key factor in helping GLs integrate culturally in diverse environments (Arthure & Bennett, 1995). Finally, openness to experience implies the will to take risks, make discoveries about cultures, businesses, employees, etc. It is analogous to inquisitiveness that "is the fuel for increasing GLs global savvy, enhancing their ability to understand people and maintain integrity, and augmenting their capacity for dealing with uncertainty and managing tensions" (Gregersen, Morrison, & Black, 1998: 23-24).

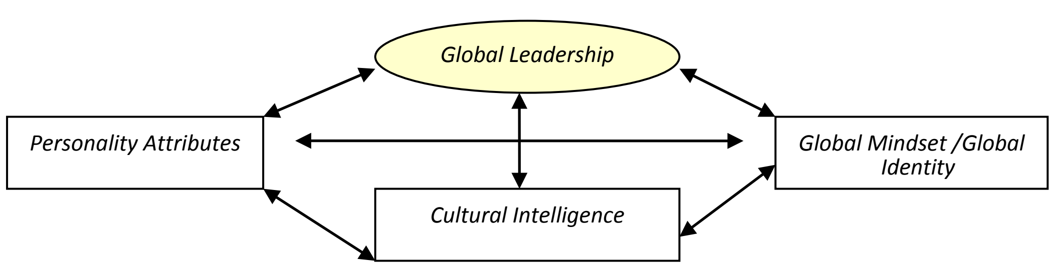
III. Global Mindset and Global Identity

A global mindset is "a predisposition to see the world in a particular way that sets boundaries and provides explanations for why things are the way they are, while at the same time establishing guidance for ways in which we should behave..." (Rhinesmith, 1992: 63). GLs need a global mindset to ensure survival, expansion and good performance for their organizations (Crowne, 2008; Lovvorn & Chen, 2011). Another component interacting with the global mindset is "global identity" (Kohonen, 2005). It is defined as the strong will to integrate other cultures' values, beliefs and behaviors. It entails an exposure of self to an ongoing process of identity reconstruction in a multicultural/global context. Global mindset and global identity interact with and affect each other and they involve cognitive, attitudinal and behavioral capabilities for better understanding of other mindsets and identities.

f) Cultural Intelligence (CQ)

Cultural intelligence is an emergent concept that is in the state of developing. It is "a person's capability to adapt effectively to new cultural contexts" (Earley & Ang, 2003, p. 59). It consists of three interrelated components: cognitive/metacognitive, motivational and behavioral capabilities. The cognitive/metacognitive facet implies a dynamic reshaping of self-concept based on the ability of reasoning within social information processing perspective. The motivational facet includes three major elements: self-enhancement, self-efficacy, and self-consistency. If this facet is weak, adaptation does not occur. The behavioral facet of CQ "reflects a person's capability to acquire new behaviors appropriate for a new culture" (Earley & Ang, 2003: 83). New behaviors may be languages, rituals, habits, etc. A high CQ leader has the ability to identify which new behaviors are required, how to apply them. Finally, this proposed integrative model of GL is dynamic and based on a continuous interaction between its components.

Figure 2 : An integrative model of global leadership



How Should GLs Create and Sustain SC?

There is rising evidence that SC has several benefits for both leaders and their organizations. SC facilitates access to sources of information and fosters its exchange between corporations (Adler & Kwon, 2002). More sensitive and richer information is transferred when networks are characterized by trust and solidarity (Krackhardt & Hanson, 1993). It helps acquire knowledge and skills especially through interior-ganizational networking (Inkpen & Tsang, 2005) and is a key factor in developing intellectual capital (Nahapier & Ghoshal, 1998). It also promotes solidarity and commitment and reduces control and monitoring (Ouchi, 1980). SC can also be a good source of influence and power (Coleman, 1988). Moreover, SC can enhance the general performance of the company (e.g. Collins & Clark, 2001), and reduce turnover (Dess & Shaw, 2001) especially when networks are large and internal. Besides improving effectiveness, SC may boost efficiency through reducing transactions costs and decreasing the possibility for opportunism (Putnam, 1993). Finally, SC plays a significant role in enhancing social status of members of specific networks (Burt, 1992), and it leads to career success (Podolny & Baron, 1997). If SC enjoys all these benefits how should it be developed?

a) Developing SC as a Global Competence: The Individual Level

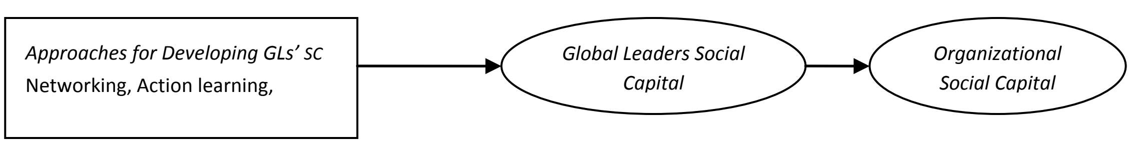
There is a dearth of literature on how GLs can develop their SC and therefore enrich their organization's repository of SC (Cohen & Prusak, 2001). Day (2001) suggests that networking is a key factor in producing SC. It "is about investing in and developing social capital with a primary developmental emphasis on building support" (p. 16). He mentioned that creating opportunities to meet and exchange with partners from several practice areas all over the world is a key factor in creating and consolidating leaders' networks. Further, networking helps in extending relationships, diversifying them and crystallizing leadership competencies through coaching and mentoring, leading to new SC (Lin, Fu, & Hsung, 2001). In addition to networking, other practices, such as action learning and job assignments can be developmental for leaders (Day, 2001). Action learning helps explore opportunities for growth and encourage creativity, innovation and a successful implementation of new ideas. Job assignments aim to foster the leaders' global awareness. They could open horizons for GLs to enlarge and diversify their networks.

Inpatriation of leaders from host countries and third country nationals into the headquarters on a permanent or semi-permanent basis is another way of developing GLs' SC along with other types of capitals, including cultural, political and human capitals (Harvey & Novicevic, 2004). Nevertheless, leaders will differ in their capacity of developing SC depending on the KSAs they possess. Any investment in developing SC at the individual level will be reflected at the organizational level and will be considered as an investment in the OSC (Day, 2001). This will be translated also in a development and enlargement of SC to include subsidiaries all over the world. In fact, GLs who engage in developing their SC through all the practices aforementioned at the corporation and global levels are likely to replicate in their organizations what they benefit from as individuals. This could happen when GLs develop a full awareness and appreciation for social networks, and engage in trustworthy relationships with different groups (Brass & Krackhardt, 1999).

Propostion 1 : Leadership Development approaches that include networking, action learning, job assignments, inpatriation, coaching and mentoring will enable global leaders to build and enhance SC as a global competence at the individual level.

Proposition 2 : GLs who develop SC in themselves as a global leadership competence will be more likely to successfully enact all the practices that will foster OSC.

Figure 3 : Developing SC as a global leadership competence



Developing SC as an Organizational Competence: The Organizational Level

GLs with SC as a competence and with characteristics defining a successful GL, will engage in developing and sustaining SC at organizational and global levels. They have to align SC development with the strategic goals of the organization (Krackhardt & Hanson, 1993). When an organization is acting at a global level, this fit becomes more critical as the global environment is more complex and requires a variety of relationships, business contacts, political, economic, social, cultural and legal awareness that pertains to multiple settings. There are preponderant decisions to be made concerning the nature, the types, and the goals of the networks to be created. A *strategic OSC* requires planning and involvement of all organizational members to be sustained. Concerning the choice of networks, adopting a stakeholders approach will help

GLs decide about the networks to build. Stakeholders include shareholders, employees, customers, buyers, suppliers, competitors, government and non government agencies, professional associations, subsidiaries, unions when they exist, and any other body that has a stake in the organization or could create new opportunities for it. Building networks with stakeholders will provide the organization with incredible resources (knowledge, power, status, opportunities, information, etc.) that will enhance the value creation and delivery to build dynamic capabilities and improve the performance of the organization at global level (Griffith & Harvey, 2004). The stakeholder model of organizational leadership supports the idea of taking into account stakeholders when building and/or enhancing SC (Schneider, 2002). GLs will have to play a powerful role in initiating networks within their organizations and encouraging inter-organizational networks and fitting them to the organizational strategy.

Proposition 3 : Adopting the stakeholder approach in developing organizational networks that are aligned with the organizational strategy, will be positively related to strategic OSC development.

Another way to foster OSC is through creating a strong culture characterized by trust, cooperation, initiative, open mindedness, and teamwork. This objective can be achieved through using a significantly influential discursive system that includes storytelling, myths, symbols, artefacts, metaphors and all kinds of narratives. However, this wouldn't be enough and would require that GLs act as role models to their followers. GLs have to cultivate trust by being trustworthy and open and by fostering openness in others (Cohen & Prusak, 2001). They have also to show the highest level of cooperation and collaboration with the organization members by adopting empowering styles of decision making and taking into account people's ideas and suggestions. De-layered organizational forms at local and global levels are more conducive to teamwork and exchange of resources (Harvey & Novicevic, 2002). "In many ways social capital at its core is about the value created by fostering connections between organizational members" (Hoffman et al. (2005, p.94). These connections have no chance to be sustained without strong communication channels. The latter enables employees to establish deep ties and experience closure (Coleman, 1988). It also facilitates the process of creating strong social norms that are in line with the formal or informal organization system of ethics. Using IT to develop networks that bridge geographical gaps promotes SC that reflects commitment to information and knowledge exchange as a value at global level.

Proposition 4 : creating a strong culture characterized by trust, cooperation, initiative, open mindedness, and teamwork, will facilitate exchange in the organization and help building OSC.

Proposition 5 : GLs' discursive system, including discourse, metaphors, myths, speeches, and all kinds of narratives will strongly act on organizational members' reinforcement of SC in their organization and their willingness to involve themselves in networking with other organizations.

Promoting values and norms that facilitate the creation of SC is not enough. Culture needs to be reinforced and maintained using other practices. HRD and HRM functions have been proved to be effective in sustaining actions in organizations, including the enhancement of social capital (Harvey & Novicevic, 2004). Nevertheless, GLs are expected to adopt a strategic approach to HRD. In fact a strong social capital model will entail a high performance and a lot of investments in training and development, selection of the most suitable employees, job security, performance management and compensation. These practices will act positively on the psychological contract that ties individuals to their organization, and on the relational contracts among employees (Rousseau, 1995). Compensation, if it is team based will strengthen the team ties and sustain SC among the teams and the organization. There are though some risks to it such as groupthink and social loafing (Campbell, Campbell & Chia, 1998). Rewards remain though one of the strongest ways to reinforce behavior. In addition, selection needs to be based on methods helping to select managers with high potential to build OSC; otherwise, selection itself will be an impediment to OSC (Harvey & Novicevic, 2004).

Another HR practice that may consolidate OSC at global level is inpatriation. Inpatriates have great knowledge of the host country environment that can be analysed and used to avoid the threats and seize opportunities for the organization (Harvey & Novicevic, 2004). Inpatriates can play a great role as mediators between the headquarters and the emerging markets. They are also supposed to offer mentoring to high potential leaders from the host country to ensure a smooth succession. Mentoring managers in foreign countries on how to create and maintain OSC will result in positive outcomes for the organization at local and global levels.

Proposition 6 : HRD practices that are aligned with the strategy of the organization and consistent with each other will lead to strategic OSC.

b) How This Research Contributes New Knowledge to the Field of HRD

This paper contributes to the existent literature in many ways. First, it explores an emergent topic that hasn't been researched before and opens horizons for other researchers in HRD to investigate the dynamics between GLs and SC. Second, it develops new frameworks for both GL and SC. Third, it proposes several ways on how GLs should develop SC in themselves and in their organizations in order to have access to a global network that would enhance the organization's global integration and performance. Finally, it offers some practical suggestions to practitioners in HRD on how they can set up strategies for developing both GL and OSC. The paper recognizes however the complexity of this topic. The latter, akin to an octopus, relates to a myriad of disciplines (sociology, psychology, economics, management, anthropology, etc.) that need to be put together to be able to capture the diverse variables/ dimensions inherent in both SC at all levels and GL. Moreover, this paper sets the ground for a beginning in theory building. Therefore, testing all the proposed frameworks will be desirable although it will be faced by measurement problems. In fact, both constructs (GL and SC) have concepts (trust, culture intelligence, global mindset) that researchers are still trying to measure. Future research in HRD can also focus on the impediments and the risks of SC either those related to GLs or organizations. While a great amount of literature is focused on its benefits for individuals, organizations and communities, studying SC risks seems relevant to design viable strategies to prevent or reduce its drawbacks. Further, it would be very useful that both HRD academics and practitioners explore the complex interactions between GL and SC and determine viable ways of fortifying them. The challenge is also to design strategic policies that holistically and coherently integrate all the practices in an attempt to sustain individual and OSC.

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Analyzing the Cause of Political Risk Facing Multinational Corporations in Underdeveloped Nations

By Dr. Orok B. Arrey
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Abstract - The most important consideration for Western firms doing business in underdeveloped nations is political risk. Experts argue that political risk is any threat to the long run profitability of the company's operations which grows not from the normal economic functioning of a society, but rather from nationalistic discriminatory actions of host countries. The pressure which might cause government to act in a manner adverse to the interest foreign investors in Africa may be viewed as falling into three categories namely; arising from system instability, those arising from resentment of foreign investment, those arising form conflict with perceptions of host country's national interests. Interference is not necessarily always the result of antagonism to foreign investment. Balance of payment, monetary and fiscal problems can at time bring about restrictive actions that affect foreign and domestic businesses alike. This paper is focused on analyzing the cause of political risks facing multinational corporations in under-developed nations.

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Strictly as per the compliance and regulations of:

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I. Introduction

The most important considerations for foreign firms doing business in under developed nation are political risks. Some experts in business argue that political risk is any threat to the long run profitability of the company's operations which grows not from the normal economic functioning of a society, but rather from nationalistic or discriminatory actions of host governments.

A study by Business International based upon foreign data offers the following list of government actions (reactions in most cases) which can affect the foreign investors:

- Important control
- Investment barriers
- Local equity requirements
- Local content requirements
- Borrowing restrictions
- Profit and royalty remittance
- Tax discriminations
- Incentives discrimination
- Demand for export
- Prevention of acquisitions
- Expropriation and nationalization

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The pressures which might cause governments to act in a manner in Africa in particular may be viewed as falling into three principals categories:

- Those arising from system instability.
- Those arising from resentment of foreign inve-stment.
- Those arising from conflict with perceptions of host country's national interests.

Balance of payments, monetary and fiscal problems can at times, bring about restrictive action that affect foreign and domestics business links.

In some parts of the world where the United State of America has been the primary investor, anti-U. S. sentiments are often prevalent. Kindleberger cautions that "foreign investors in the past have often acted in underdeveloped nations as if they enjoy extra-territories rights, and this history of their considering themselves above the law corrupts and more nearly balances negotiations today source". (Vernon 1971). Fayer Weather observed that animosity toward foreign Investment is part of nationalistic traditional, which binds these people together.

a) *Reasons for Conflicts Between Multinational Firms and Underdeveloped Nations: Paramount Causes of Political Risk*

i. *The Nigerian Experience*

Many theories have been propounded about the dangers of multinational corporations and the dangers they pose to the continent of Africa and the third world in general terms. Most of these arguments can be summarized as follows:

First that they create economic problems and disadvantages for the development of the African economy, because, these foreign firms are subsidiaries or holdings of parent companies an corporations abroad, and as such, their basic interests cannot be readily identified with African's development.

Secondly, that they have, in Africa created a neocolonial economy. By so doing, many Africa countries have remained export-oriented economy whose industrial units are vertically integrated with the parent industries or sectors of the neo-colony itself.

Third, that their existence make it impossible to develop indigenous enterprises. By nature monopolistic,

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these multinational corporations swallow indigenous firms in the name of improving the efficiency production. The indigenization Decree is aimed at breaking part of this monopoly.

Fourth, that because of their advantageous position in the economy, they are capable of pushing the relatively helpless governments of the African nations to grant them such concession that lead to huge profits which are repatriated back to the metropolis. These concessions are embodied in five acts- the industrial development (income tax Relief) Act, 1958, the industrial Development (Import Duties Relief) Act 1957, the customs duties (Dumped and subsidized goods) Act 1958, the customs (Draw back) regulations 1959, and the income tax amendment Act, 1959.

Fifth, that they can shift quickly to mining, when it becomes more prosperous and by so doing can regulate industries and agriculture, thus distorting the patterns of economic development the giving country.

Sixth, that having held the neo-colonial economic to ransom, having fooled the politicians and the bureaucratic bourgeoies predisposed to the capitalist doctrines of multinational corporations, they may raise the false alarm that investment can be damaged if the current government pursues a progressive policy of re-examining its industrial and agricultural potentialities, and try to limit the power of the multinational corporations by nationalization. This sort of white mail is calculated to scare the progressive section of the masses into silence while the corporations will continue to rape the economy to their own advantage.

Seventh, that the multinational corporations help to create a parasitic class within the society, a class that is essentially committed to the doctrines of capitalism. Through the several ways listed above, they can use these means to ensure the preservation of such parasitism. The case against the ruling class, as presented above is a pointer to the danger facing Nigeria and the rest of Africa as a whole.

Eighth, that the multinational corporations, by so doing, create a class that is corrupt, and by so doing the multinational corporations export the sort of political corruption which we find in Britain, the United States, and other capitalist countries. That is how the indigenous politicians were corrupted during the first republic.

Ninth, that such a situation defames the democratic process. To allow such private power to rule in the name of individual liberty, national security is to thwart political democracy (Neghand 1975).

Tenth, that multinational corporations, because they desire to maximize their profits, do everything in their power to give false information to any government about their real income and economic activities, turnovers, profits and so on. They do this by taking into account that the countries concerned do not have the men trained in the most sophisticated manner who might successfully probe the intricacies of the economic maneuvers of the long-standing organizations.

Eleventh, that once the multinational corporations get a grip on the nationals of the country, they induce them through social interactions to legislate against trade unions, on the argument that their industrial productivity would decline and that this decline would harm the national economy, as if these metropolitan capitalists were indeed interested in the affairs of the country.

In fact, a neo-colonial economy is prone to induce false patriotism because the rulers who are capitalist in their thinking and action, and having been corrupted by those monstrous unethical foreign institutions might mistake foreign interest for the interest of their own country. The Federal Government of Nigeria and its agencies would be wise to review all labour edicts in the spirit of the loftiest patriotism for the country.

Twelfth, that once this sort of false patriotism holds among the ruling class of a country, the multinational corporations can then manipulate the ruling class. They do this in many ways:

- By goading one ethnic nationality against the other. The internal, regional and ethnic conflicts in the first republic is noteworthy.
- By inducing witch-hunts against the true patriots of the country, stigmatizing them as communists, so as to stop any agitation by the exploited masses. In 1953, Nnamdi Azikiwe's Eastern Nigerian Government passed a law prohibiting "communists" from teaching in secondary schools in the East.
- By making use of the university dons in the various disciplines especially the social sciences to spread false theories aimed at defending the stance of multinationals and capitalism. Such theories are labelled "Scientific; objective, detached and empirical". Some dons in the university are agents of foreign international agencies linked with high espionage bodies, which may be unknown to these dons.
- They use other institutions through which they manipulate the indigenes such as the professional associations, news media, television, cultural attaches and so forth, to "sell" to the populace the idea that multinationalism is good for the society, and that capitalist democracy is synonymous with progress and civilization. Secretly, they arm the political parties of the bourgeoisie with money and trained secret and espionage agencies in order to clamp down on the progressive forces of those that create the wealth of the nation, the working class and the peasantry.

The dangers of multinationals in Africa and the third world are endless. The way a country has felt them depends on the degree of involvement of these octopuses in the county. As a result of these practices by the multinationals, host governments tend to insulate themselves against further interference in their national affairs by the foreign firms.

Lee Nehrt had carefully studied the ways the multinationals operate in LDC's before he stated that "the threat of a revolutions, coup d'etat, or election that would result in a government with much more…….. nationalistic tendencies is an element of political risk".

II. Background Literature

Political risk relates to the problems of war or revolution, confiscation, expropriation, domestication and controls. Import restrictions, price controls and labour policy are other areas of deadly political risk. Confiscation, expropriation, domestication and nationalization of foreign investments are terms frequently used and incorrectly defined in the literature on political vulnerability.

Confiscation occurs when a foreign investment is taken over by a government without any reimbursement. Expropriation occurs when a foreign investment is taken over by a government with some form of reimbursement made. The reimbursement may not be the full value of the investment from the view point of the company being expropriated, but nonetheless some attempt to reimburse foreign investment is made.

While confiscation and expropriation deal with the taking of property, nationalization technically refers to ownership by the government. Confiscation or expropriation of foreign business are probably the most frequently used and most critical politically induced risks of foreign business.

III. Political Payoffs

One approach taken in dealing with political vulnerability the political pay-off. This involves attempting to lessen political risks by paying those in power to intervene on behalf of the multination company.

Political payoff or bribery has been used to lessen the negative effects of a variety of problems. Paying heads of state avoid confiscatory taxes or expulsions, paying fees to agents insure the acceptance of sales contract, and providing monetary encouragement to an assortment of people whose action can affect the effectiveness of a company's programmes are decisions which frequently confront multinational managers and raise ethic questions.

The decision to pay a bribe creates a major conflict between what is ethical and proper and what is profitable and sometime necessary for business. International payoffs are perceived by those involved as a means of accomplishing business goals.

Let us consider U. S. businesses at this juncture. Bribery became a national issue during the mid 70s with public disclosure of political payoffs to foreign recipients by U. S. firms. Amounts pay were as high as $70 million and included such companies as Lockheed Aircraft.

A definition of bribery can range from the relatively innocuous payment of a few cents to a minor official or business manager so that it will not take four hours to get papers processed or product loaded abroad trucks, to the extreme of paying millions of dollars to head of state to insure your company preferential treatment.

IV. Presentation

Stated most succinctly, the control theory of political risk states that political risk is the result of the conflict between the foreign firm and the government regarding control of the economic decision making of the subsidiary.

The following matrix depicts the levels of political risk resulting from the control conflict.

V. Political Risk Source Matrix

Host Government Desire for Control of Economic Decision-Making

Low	Low	Medium	High
Firm Desire *for* control of Economic	11 Very Low Political Risk	12 Low political Risks	13 Medium Political Risk
Decision-making Medium	21 Low Political Risk	22 Medium Political Risk	23 High Political Risk
High	31 Medium Political Risk	32 High Political Risk	33 Very High Political Risk

This matrix can best be understood by considering several examples. First, in the case of a vertically integrated firm whose raw materials is extracted in foreign country, the firm must view the extract industry's subsidiary operation with a desire for a high level control. So long as the nations' desire for control of economic decision-making is low the political risk of the investment is relatively low, (the oil firms in Saudi Arabia prior to the last decade). When the country's desire for economic control shifts upwards (as with the formation of OPEC) the political risk of the subsidiary increases as well. The model even accommodates the differences among OPEC nations. Saudi Arabia has gone along with the OPEC nations regarding ownership but has been considerably more willing to allow a large amount of economic decision-making to remain in the hands of the firms via management contracts.

This explains the differences in executive beliefs regarding the political risk of Saudi Arabia vis-á-vis Libya or Venezuela. Saudi Arabia would have shifted from 31 to 32 while the aforementioned two nations would have shifted from 31 to 32 to 33. It is important to reiterate that this model deals with control of economic decision-making not equity position, although in some cases they may be the same. This can be used to explain off high political risk, while co-production agreements in Yugoslavia are viewed as being of relatively lower risk. It is not the politics of the nation nor the governmental position regarding foreign ownership of equity which results in political risk but in fact the government policies regarded control of economic decision-making.

Another point worth noting regarding the model is that it pertains to a particular investment. The host government may desire to control an extractive operation but not an assembly plant whose product is intended for export. They may desire control of investments which compete with the local industries but not other. They may desire control of capital intensive operations but not labour intensive, so forth. Further, this model also handles those situations in which the firm's desire for control is low. A low level of desire for control by the firm could result from either the investment being of minimal importance, currently and in the future, or because the operation would be relatively useless to the host government without the corporate expertise or the global corporate system. In essence, a firm can reduce the political risk of an investment, design and implementation of "built-in" control mechanisms.

This conceptualization has been supported by Ray Vernon;

This extraordinary spread of U.S enterprises into foreign countries in the last decades has produced its inevitable aftermath. So long as the political clash of interest remains unsolved, the constructive economic role of the enterprise will be accompanied by destructive tension" (Vernon 1971).

a) *Some Marginal Solutions to the Industrialization Impasse*

On the question of the ownership structure of the multinationals there are four basic alternate strategies which have been pursued in Africa and in most LDC's.

Most fallen short of nationalization, indeed because of this factor, it is often argued that these strategies adopted by the development countries still maximize the harmful consequences of this. In other words, the strategies are supposedly "pragmatic" and are designed to increase the long-run capacity of the country to sustain its own development, by first building up an infrastructure of material production and the requisite skills.

These strategies are namely; localization of senior management administrative staff (e.g. Africanization), requiring foreign firm to raise a substantial part of their capital requirements from the domestic capital market through the establishment of a national institution and also through the issuance of local equities and state participation at all levels of the economy.

Also favoured is the state participation in the ownership structure of foreign capitalistic firms through a majority-shared ownership.

Much state activities in all these countries have been directed towards publicizing and pressurizing multinational companies in to allowing nationals participate in the higher level of management.

Often, progress is measured simply in terms of the number of foreigners whose jobs have been taken over by local personnel. There are two weakness of this strategy.

The first weakness of the strategy is that it underestimates the social powers of these institutions and the degree of their "totality" in the control of the individuals. Local persons move into a particular institutional structure with their own ethos, values, life styles and ways of doing things — all of which are derived from the imperative of exploiting local resources for the benefit of the metropolitan capital.

These nationals, therefore, work in a situation where there are strong built-in pressure to conform to the values and the bahavioural patterns of the enterprise.

The second weakness in this strategy is the phenomenon of organizational substitution which has been made easy through the possibility of virtually instant communications. This process permits the companies to let nationals fill managerial positions nominally, and at the same time, empty these managerial positions of any decision-making significance, by simply referring back to the head.

VI. Recommendation

No amount of political payoffs can avert the attendant revolution and the instability, whose probabilities are so high under such conflicting situations. The state has the basic responsibility to control the behaviour of the national or multinational enterprises. Anything short of this I regarded as a potent source of political risk.

Many scholars and observers of the international business scene will recollect episodes like the assassination of president Allende of Chile when I. T. T. had its foot hold in the country, the kidnap in Venezuela of William Nei House and so many others.

The decision to pay bribe creates a major conflict between what is ethical and proper and what is profitable and sometimes necessary to "business".

VII. Conclusion

Multinationals operating in foreign countries are more politically vulnerable especially if their desire to control the economy of the host countries' conflict with the host countries desire to control their economy.

This is an area where all multinationals must watch very carefully right from the onset of their investment proposals. Such strategic interests as politics and economy are their inalienable rights which they cannot afford to lose to any foreign based multinational or its home government.

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Employee Commitment – Investor in People Model

By Kazi Afaq Ahmed & Prof. (Meritorious) Dr. Abuzar Wajidi
University of Karachi, Pakistan

Abstract - The performance of the organization is directly impacted by level of Employees Commitment". The "Emplo-yee Commitment" – Investors in People (IIP) Model was selected as the reference sample for this study. The IIP model emerged in UK and is being successfully implemented in the western countries. Lot of prior research has been carried out across the world on IIP however no research work is done to test the validity of this model in developing countries like Pakistan. As per IIP, the employee commitment is dependent variable of four independent variables i.e employee con-tribution recognition, support people development, equality of opportunities and encourages performance improvement. This study was based on the hypothesis that" IIP said employee commitment variables are secondary and tertiary motivators and are not workable in Pakistan unless primary needs of the employees are fulfilled". The research study conducted in group of sample organizations comprising of multinational and local private organizations has confirmed the above hypo-thesis. The research findings concludes that "Fair and Equitable Compensation & Benefits", Decent Work Environ-ment, and People Development are key elements for firing up Employee Commitment", in developing countries like Pakistan. The research findings and recommendations will help local entrepreneurs to improve productivity; quality of output and retaining highly motivated and charged workforce committed to improve organizational performance.

Keywords : employee commitment, investors in people (IIP), compensation & benefit, decent work environment, people development, organizational performance.

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Keywords : employee commitment, investors in people (IIP), compensation & benefit, decent work environment, people development, organizational performance.

I. Introduction

a) Problem Statement

The emerging challenges on the local entrepreneurs due to fast pace of globalization are demanding the delivery of high quality goods at most competitive rates. The rate of employee productivity in Pakistan is relatively lower than other developed countries. The quality of services rendered by the employees is also not up to mark and satisfactory. The low paid labor is the competitive advantage for the Pakistani organizations over other global competitors however its benefits could not be fully materialized due to low employee commitment and moral and their lack of focus on productivity and quality of output.

The HR Management systems are present to some extent in multinational and large private sector strategic organizations. The private sector local organizations those constitute the major part of the economy do not have the formal and structured HR system to work on employee productivity improvement programs and constantly monitor the employee commitment that is one of the critical factor in organizational productivity.

The employees' right of association and labor unions are taken as threat and accordingly has became the source of conflict and divide between the employees and the management. These strain relations have negatively impacted on the "Employee Commitment" leading to low productivity. It has become very important to focus on creating the awareness among the employers and developing the tools for enhancing the Employee Commitment", if want to address the problem of productivity in the organization.

b) Background of the Study

Pakistan is a country of 187 million population representing the population growth rate of 2.03%. The labor force constitutes 57 million and 3.4 million people are without jobs. The unemployment rate is increasing in the country and in 2011-12 the unemployment has increased to 8.8%. The employment in formal sector constitutes 26%. The state bank of Pakistan has reported high inflationary trend that is constantly pushing the people below the poverty line. The employees live with scarcity of resources to fulfill their primary needs as per their social class. The employee commitment for their job and the organization is very low because they have the feeling that their rightful benefits are not provided and are being exploited. The low employee commitment and moral adversely affects the productivity and quality of output as a result the entire organizational performance is compromised. There was a need to conduct the research study of the primary motivators in the organization that can increase the "Employee Commitment" being the starting point for success of any HR system in Pakistan.

c) Significance of the Study

In 1991 ministry of education in UK has undertaken a research study that has concluded that the organizations where Human Resources HR best practices were implemented, the productivity had increased upto 40%.Currently the Investor in People is the UK's leading business improvement tool for people management. 30 percent of the workforce is employed either by organizations that are recognized as Investors in People employers or organizations working towards achieving recognition status.

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This study results and recommendations will provide a roadmap to the entrepreneurs operating in developing countries like Pakistan, to improve the productivity and quality of output in the organization by firing up employee commitment. The study results will help the HR professionals to challenge the Paradigm that the money spent on employee compensation and benefit is an expense, to the new paradigm that each penny spent on employees in terms of better compensation and benefits, providing them decent work environment and people development is an investment. The pay back of all such investments is fast and multiple.

d) Scope of Study

The research study will primarily focus on the organizations operating in Pakistan that will include Multinational private, large size top of the line Public sector organizations, government and private sector organizations. The study will be limited to; Employee Commitment" – IIP Model, research studies conducted to date relevant to the topic and HR practices prevalent in Pakistan with particular reference to Pakistan.

The scope of the research study for the purpose of developing the Human Resources Model for Pakistan includes but not limited to the study of the sample organizations as case study, study of the western model of HR, literature review, comparative analysis and cross matching of the results to conclude the research findings using various research techniques.

e) Objective of the Study

The underlining objective of this research study was to develop a strong "Case for Action" to convince the local entrepreneurs that the investment on enhancing employee commitment is not an Expense", rather an investment.

The said HR frame work will be a breakthrough in Pakistan Human Resources management discipline and will be a competitive advantage for the entrepreneurs and professional adopting this model to improve the productivity of their employees and improve the organizational performance and facilitate as follows:

- Facilitate the local entrepreneurs and the professional Managers to understand the correct definition of "Employee Commitment".
- Help the Pakistani entrepreneurs to understand the link between Employee Commitment and organizational productivity.

i. *Hypothesis*

IIP Model - The commitment of the employees will improve if the organization is following four key motivators are present in the organization

The organization is committed to supporting the development of its people.

People are encouraged to improve their own and other people's performance.

People believe their contribution to the organization is recognized.

The organization is committed to ensuring equality of opportunity in the development of its People.

"Said secondary and tertiary motivators are no more valid and workable without unless the primary needs are fulfilled", in Pakistan".

ii. *Research Question*

Q. 1 What are socio-economic conditions of Pakistan and how these are different then the developed countries like U. K.

Q. 2. What is prevalent compensation and benefits practices in Pakistan? And what is its impact on employee commitment?

Q. 3. What are employees preferences and perception about factors impacting employee commitment?

Q. 4. How the enhanced employee commitment can increase the productivity and quality of the organization?

II. Methodology

Research work involves in-depth study of employee commitment - IIP Model, to fully understand the theoretical framework, previous research work done to evaluate the merit and critics of the model and its success and failure in the native country and at global level. The study further involves in-depth investigation into the Employee Commitment influencing indicators workable/prevalent in the group of organizations operating in Pakistan.

In view of the practical nature of the study involving people interaction, study of live work examples the most appropriate method of the research chosen, to answer the research questions and testing of the hypothesis, the case study method as described by Yin. (1993) was used. The case study method has been demonstrated as appropriate in testing the western Employee Commitment –IIP Model because researchers must enter into the domain of the firm and study it in depth in order to understand the complexities of the situation (Taylor & Olsen, 2006).

The use of face-to-face interviews has been proved effective in studying the Model, interviewing allows researchers to probe and use questions to get a valid response. Other researchers (mostly unpublished dissertations) have used the case study method in investigating the HR best practices.

Yen in (1993) suggested the use of multiple cases be viewed as multiple experiments and not multiple respondents to a survey. The consensus for numbers of cases falls between two and four as the minimum and ten and fifteen as the maximum (Perry, 1998).

Besides said case study method the exploratory/explanatory/descriptive/applied research techniques were used in the case study of sample organizations. Like many other research studies it is also a combination of various type of researches, in the beginning it starts as an exploratory and then transforms into descriptive also having some characteristics of explanatory research. The utility and the application make it an applied research as well.

Data Collection tools used in this method were following structured questionnaire made for getting the standardized information by survey method i. e. the questionnaire were sent to the 25 companies for their responses and 15 responded. The other questionnaires were developed to conduct face to face interviews. The third technique used was observation and experiencing the actual work examples.

III. Data Processing and Analysis

The data collected in the form of various questionnaires was transferred on various templates prepared on excel for tabulation purposes and to calculate and workout the findings as per defined framework. Besides excel other graphic programs were used to present the form in simple and understandable form.

a) Previous Work

Lyndsay Swinton in her article "How to Increase Your Work and Life Satisfaction: Put Abraham Maslow Theory into Practice" described a relationship between Maslow's hierarchy of needs with Herbergz theory. Maslow's theory state a persons needs hierarchy with basic needs at base followed by security needs, social needs, esteem needs and self actualization needs. She is of the opinion that up to esteem needs level employee motivation or satisfaction can be maintained by factors which Herbergz called hygiene factors. This includes salary, benefits, job security, company policy etc while to deal with people at self actualization level factors known as motivators would be needed. This includes employee achievement, employee recognition, and employee growth. By keeping in mind this relationship among two basic theories of management organization may find it easy to establish that unless the baseline needs are fulfilled the other needs will no more work and have any impact on employee commitment.

Thomas E. Catanzaro (2001) in his article Compensation & Motivation described the effects of compensation over employee motivation. He stated that compensation has a profound effect over employee motivation. He also discussed several factors of compensation which include both intrinsic and extrinsic factors and their possible effects over motivation in detail. In Hong Kong, base salary, merit pay, year-end bonus, annual leave, mortgage loan, and profit sharing were the most important factors to retain and motivate employees. In China, base salary, merit pay, year-end bonus, housing provision, cash allowance, overtime allowance, and individual bonus were the most important factors to retain and motivate employees.

(Chiu, 2002; Luk, 2002; Tang, 2002) Reward and recognition programs can positively affect motivation, performance and interest within an organization. While a little more problematic, team-based incentives, if designed appropriately, can also encourage and support a range of positive outcomes.

(Milne, 2007) Promotion and wages positively influence employees' work motivation. A comparison of the relative strengths of the effects reveals that fair promotion was a more powerful motivator than wage level and wage increase.

(Takahashi, 2006) Explores past and present attitudes of employees concerning work-related motivational factors. Understanding the factors that employees consider motivating lends insight to the rewards to which they more positively respond. It compares the results of four motivation surveys conducted in 1946, 1980, 1986 and 1992. The comparisons revealed that employees' motivational preferences vary over time. In addition, the results of the 1992 survey indicate that the factors that motivate today's workers are more extrinsic than they used to be. Although employees differ on how they rank these factors, they overwhelmingly selected "good wages" as the top motivator. A good wage is an extrinsic reward with intrinsic potency.

On the surface "good wages" seem to be purely extrinsic. Yet, at a deeper level, monetary rewards communicate what the company values and affect employees' emotional and familial wellbeing. (Wiley, 1997).

Ahmed Jamal Tahir in his research work done on national Bank of Pakistan has concluded that Compensation management has a direct relationship with employee motivation and performance. Extrinsic benefit plans plays a delight role in perception of an employee towards its organization and its work. And these factors play the role of satisfiers. Instruments of intrinsic factors have a profound impact upon an employee's loyalty and an organization's turn over. Intrinsic factors play the role of motivators. They feel important and consider their performance as organization performance and image of organization's as their own image.

Hillage and Moralee (1996) suggested early within the lifespan of IIP that the standard can lead to benefits of increased employee commitment, increased productivity, and a better quality of service. The factors that can increase the employee commitment as per IIP philosophy are the contribution recognition, supporting the people development, encouraging the employee performance improvement and providing equal opportunities for development. The IIP model describes the secondary motivators ignoring the primary motivators presuming that these are all already fulfilled that is one of the most critical shortcoming of the IIP model that make this model non workable in developing countries like Pakistan where the primary needs of the employees are not fulfilled.

The said previous research work, Maslow's Need Hierarchy theory and the factors that Herbergz called hygiene factors have validated the hypothesis that the secondary and tertiary motivators will not work unless primary needs are fulfilled that incase of Pakistan is fair and equitable compensation and benefits, decent work environment and people development in order of hierarchy, that provide the employees basic support to make them survive and feed their family.

IV. Findings

a) Economic Conditions

i. Un-Employment & Poverty

Pakistan Economic Survey 2011-12, study reveals that the economic conditions of Pakistan are entirely different than the western developed countries. Pakistan is a country of 187 million populations representing the population growth rate of 2.03%. The labor force constitutes 57 million and 3.4 million people are without jobs. The unemployment rate is increasing in the country and in 2011-12 the unemployment has increased to 8.8%. The employment in formal sector constitutes 26%. The state bank of Pakistan has reported high inflationary trend that is constantly pushing the people below the poverty line. The minimum wage per month is not more than 90 US$.

ii. Un-Met Primary Needs

Poverty and high rate of un-employment has zeroed the bargaining power of the employees and the wages paid to the employees are not sufficient to cater their primary needs and people live on or below the poverty line. The social welfare and state services for education, housing, medical etc are not sufficient and do not meet the minimum acceptable standards and people have to spent on these essential services from their wages that further worsen the situation and push a wide range of people below the poverty line.

iii. Widening gap between the rich and poor

An inappropriate and inequitable taxation system, week state controls on prices etc, and dominance of the feudal and capitalist class, the rich is becoming richer and poor become poorer specially the employees (salaried class) working with various organization who have limited resources. Highest rate of tax collection is by the salaried class and the political/feudal elites and associates are exempted.

iv. Merit of the Social system

The rate of charity in Islamic society is relatively very high as compared to other developing countries. The joint family system and sharing of resources by the family are the strength of the local society that compensates the unmet needs of the employees and poverty indicators are relatively not visible.

The above mentioned economic indicators support the hypothesis that the secondary and tertiary motivators will not work in Pakistan unless primary needs of the employees are fulfilled. The employee commitment is derived by the satisfaction of the inner self of the person, the fulfillment of primary needs of the employees is the starting point towards satisfaction of the inner self leading towards employee commitment; unless basic needs are met, the employees will not value and respond to secondary and tertiary motivators.

Pakistan-Economic Indicators

Pakistan-Economic Indicators	
Population Size	187 million
Per capital Income	1372 US$
Growth Rate 2010-11	2.03%
Per Capital income Growth rate 2011-12	2.30%
Labor force-2011-12	57 millions
Employed	53 million
Employed in Formal Sector	74%
Employed in Informal Sector	26%
Unemployed	3.4 millions
Unemployment rate	8.80%

Table No-1

b) Prevalent Compensation & Benefits Practices

Overall low rate of compliance of standard Compensation and Benefit practices:

The research study results conducted to test the validity of the said hypothesis reveals that the overall compensation management score of 15 organizations including multinationals, local and public sector companies is at 54% that is significantly low. However the multinational companies are at 64% as compared to local private organizations that stand at only 33%.

Comparative analysis between Multinational and Local Private Organizations:

i. *Compensation and Benefits*

a. Multinationals

A comparative analysis of the multinational companies and local private sector organizations shows that the multinationals are relatively far better in their compensation management practices as compared with local private organizations. MNCs have relatively better employee salaries and benefits structure that includes, provident fund, gratuity, annual performance bonus, medical, leave encashment and transport etc. To maintain the internal and external equity in the salary and compensation practices and scale, the salary surveys are regularly conducted and the group of benchmark companies is selected based on the similar category and the industry. The uniform and structured system of annual increments, upgrade and promotion is followed and employees are rewarded based on performance.

b. Local Private

The compensation management practices and scale of payment is below the standards and stands at 33% against 64% in multinationals. The most of the private organization compensation and benefit structure is close to the essential mandatory requirement only such as by law the organizations can have either provident fund or gratuity, private organizations stick to one only while in MNCs both gratuity and provident fund are being maintained. Salaries are normally set as per demand and supply forces and organizational priorities; no structured approach in setting the compensation and benefit system is followed. Neither salary matrixes are made, nor salary limits are defined, internal and external equity in salary and compensations is not given due importance the salary survey of benchmark companies are not carried out to rationalize the salary structure. The salaries are increased where there is retention issues while for other categories where surplus manpower is available the salaries and compensation are kept at bear minimum. The increments, upgrade and promotions are not generalized and followed as mandatory annual practice rather people who are needed are rewarded with better increments while others are ignored. There is no appropriate grading system and employee benefit plan that includes company medical coverage, retirement benefits, annual bonuses etc. These results validate our above mentioned findings that most of the people are not adequately compensated for their services and are compelled to accept the wage structure that is significantly low, and their primary needs are not fulfilled.

Multinational private Vs local private

Multinational private Vs local private			
	MNC	Private	overall
Compensation Management	67.50	36	58
timely salary disbursement	62	40	57
Employee welfare	52.5	22	48
sub total	61	33	54

c) Variables impacting employee commitment

To verify the finding during the study process a sample of 50, 25 and 10 respondent from staff, middle management and senior management respectively in each multinational, private and government group of organizations and the close ended question was asked that "what are their preferences in the job in order of priority on the following variables impacting on Employee Commitment.

i. Fair and equitable compensation & Benefits
ii. Decent working conditions
iii. Development of people
iv. IIP employee commitment indicators

- Encourage performance improvement
- Contribution recognition
- Equal opportunities for development
- Support people development

The respondents feedback recorded in the below table "C" depicts that; at staff level the respondents in the multinational and private have rated the compensation and benefit as their top priority. Another interesting findings shows that the intensity level of favorable responses for compensation has shown an incremental trend moving from multination to private that shows that in multinational organizations the primary needs of the employees are relatively met (better compensation) so the employees give more importance to the people development and the working conditions as compared to the private and government organizations. The same trend is noticed at the middle management level and all middle management employees has rated the compensation as their preference in all three categories of organization however the intensity of preference was relatively less. At senior management level also the same trend was noticed that confirms the hypothesis that in Pakistan the top priority of the employees remains the better compensation and benefits.

The 2nd important preference at staff level was the working conditions, however its level of preference in multinational organizations was relatively less as compared to private sector organizations because in multinationals the working conditions are good and that remain no more motivating factor as compared to the private organizations where the working conditions are questionable. The middle and senior level managers also value the decent working condition as their 2nd preferred preference. In multinational the responses are lesser as compared to private sector organizations because the respondent working in the multinational organizations already enjoy and are used to the good working conditions so the working conditions no more remain as the preferred preference however in privates sector the employee value too much to the decent and professional working conditions because the private sector organization are not compliant with the professional standards at work place and employee are frustrated on this when they compare these kind of organizations with the multinationals.

The third preference noticed in order of priority was people development at staff level and also at middle and senior level was the people development. The people working in multinationals and also in private organizations were keen towards people development as their preferred choice. As compared to staff the middle and senior level employees were keener towards their development needs and rated this as their 2nd preference.

The other indicators as mentioned in the IIP model could not get any significant importance by the respondents and have proved that these indicators are no more applicable in our society as independent motivating factors however these could work as accelerating agent if the other basic motivators like compensation and decent working environment is present.

The results can also be validated with the fact that the western model is successfully adopted in the western and economically strong and developed countries. In Pakistan and other SARC countries including India, Bangladesh, and other countries this model has no presence.

Multinational Vs Private and government

Multinational Vs Private and government									
Indicators	MNC			Private			Government		
	Staff	Middle	senior	staff	Middle	senior	staff	middle	senior
Fair and equitable compensation & benefits	30	13	5	38	16	6	43	21	7
	60	52	50	76	64	60	86	76	70
Decent working conditions	10	3	2	8	4	1	3	3	2
	20	12	20	16	16	10	6	12	20
Development of its people	5	4	2	2	5	2	2	2	1
	10	16	20	4	20	20	4	8	10
Encouraged to improve their own and other people's performance Contribution to the organization is recognized Ensuring equality of opportunity in the development of its People	5	5	1	2		1	2	1	
	10	20	10	4	0	10	4	4	0
	100	100	100	100	100	100	100	100	100

Table No. C

V. Co-Relations

Compensation & Benefits and Employee Commitment.

There is a co-relation in "Compensation & Benefits" and "Employee Commitment". Private local organizations have relatively low level of employee commitment and multinational organizations have the high employee commitment because their compensation and benefits are higher than local private organizations. This co-relation is also tested during the study by asking specific questions from the employees at various levels both in multinational and local organizations.

When the employees in the multinational organizations at staff and junior management level were asked why they value this organization 90% of the employees rated the good compensation and benefit structure as the primary cause, professional working environment and equal opportunities for growth/-contribution recognitions/encourage performance improvement, support people development etc. respectively at 2^{nd} and 3^{rd} preference.

At management level on relatively senior positions 80% of the respondent followed the same pattern of preferences that is, good compensation & benefit structure, professional work environment and career growth opportunities and other motivators.

The specific question was asked at staff level that why they prefer joining (if opportunities are) multinational organizations the 95% of the employees given their preferences as good compensation and benefit structure, good working conditions and equal opportunities etc. on the same pattern.

The similar question was responded by the employees at management level, 50% of the employees rated the career growth and development as their first preference to join the multinational organization, good compensation and benefit second preference and good working conditions as third preference.

The employee satisfaction will improve with betterment of the compensation and benefit to absorb and adjust increase in their cost of living. The employees who are reasonably paid to cover their cost of living cost as per their respective organizational level and social group category they are satisfied and can focus of their jobs. The employees where their cost of living cost is not reasonably met and they remain engaged with their financial and consequent social issues, they were found booked down with their financial problems and find ways and mean to resolve these issues and their focus on the job is greatly compromised. The employees who are not sufficiently paid by the employers normally found double jobs and/or engaged in some other business activity to compensate their financial needs. It is also evident that people who are financially not satisfied are not happy and engaged into their ME ISSUEs, and bring the stress form home that constantly effect their happiness and motivation.

These results also validate our hypothesis that the primary motivator to enhance employee commitment is the fair and equitable compensation and benefit structure at all levels however at staff and lower middle level that constitute 80% of the organizational population they keep it at the top while the staff at middle and top level rate it as second preference and keep their 1st preference growth and development because their primary needs are relatively fulfilled.

a) Compensation and benefits and productivity

- In Multinational organizations the compensation and benefits are better leading to better quality of Human Resources, more satisfied workforce, higher qualitative and quantitative output.
- In Local private organizations compensation and benefits are relatively lower, leading to low quality of human resources, low job satisfaction and low qualitative and quantitative output.

In Multinational organizations there are moderate job pressure (consistent and system driven), moderate performance expectations leading to moderate job security and low turnover.

In Local private organizations there is higher job pressure for results (due week systems), high performance expectations leading to low job security and high turnover.

In depth comparative studies and analysis in the Multinationals, Private and Government organizations reveals very interesting finding confirming the said hypothesis that the Fair and equitable compensation structure is primary motivator that increases the performance of the employee and the organization.

Please refer the below that depicts that in Multinational organizations the employees compensation and benefits are relatively higher and the annual increments are regularly done to compensate the adjustment of inflation in the country so that the employees purchasing powers is not compromised due high inflation. The employees get their profit share in the form of bonuses to fulfill their other financial needs and to give them the sense of participation in the fortune of the company with the view to motivate them for the future performance. The employee's satisfaction level with their job is high and they value their job and the organization and focus on their work as a result their output is relatively higher both in quantitative and qualitative term over other organization. Their job pressure is moderate as they work in the culture where work efficiency is part of the culture and the processes are systematic and well defined with best technological support. They want to join the job for the entire work life and are not inclined to change the job accordingly their commitment, loyalty and association with the organization is higher.

The comparative analysis of the Multinational organizations with private sector local organizations depicts that the local private organization's salaries are relatively lower than multinational companies their other benefits are also lower. The annual increments are not regularly paid to the employees to adequately compensate the employees as a result each year their purchasing power is reduced and their stress level to manage the family is increased. The privates sector companies are not very regular in sharing their profits with the employees and in the industry the annual performance bonuses are not sufficiently and regularly paid that further aggravate their hardships. The face to face interviews with the employees about their job commitment and job satisfaction reveals poor results and the satisfaction level of the privates sector commitment and job satisfaction reveals poor results and the satisfaction level of the privates sector employees is very low as compared to multinational organization. The lower job satisfaction is also reflected on their output and productivity and quality of output. The employees has shown their displeasure on the scenario where they are relatively paid less and the management expects more results and they have high job pressure for want of more and more productivity. The employees turnover in the private sector local organization is relatively higher and the talent drain towards the multinational organizations is higher. The fast turnover of the trained people affects the productivity and growth of the organization in long run.

The organization that pays to their employees well with good benefits they attract and retain the best talent and their staff commitment level is too high leading to higher productivity and quality of output. The organization who are not paying well those organizations like private and government sector organizations lose their best talent and accordingly their level of productivity and effectiveness of the people in their jobs is relatively less. The people with low motivation and commitment prefer government organizations due job security however the energetic and dynamic people avoid government organizations due low salaries and non productive organization.

Multinational Vs Private and Government

Multinational Vs Private and Government									
HR Indicators	MNC			Private			Government		
	Staff	Middle	senior	staff	Middle	senior	staff	Middle	senior
Cash compensation	M	H	H	L	M	H	L	L	L
Quality of Human Resources	H	H	H	L	L	M	L	L	L
Job security	M	M	L	L	L	L	H	H	H
Employee satisfaction	H	H	H	L	L	L	M	M	H
Quantitative output	H	H	H	H	H	H	L	L	L
Qualitative out put	H	H	H	L	M	M	L	L	L
Creativity and innovation	H	H	H	L	L	M	L	L	L
Job Pressures	M	M	M	H	H	H	L	L	L
Performance Expectations	M	M	M	H	H	H	L	L	L
Employee turnover	L	L	L	H	H	H	L	L	L

VI. Conclusion

a) *The Employee Commitment*

Investors In People Model was developed in the west in peculiar socio economic conditions of UK/ European Union and other developed nations. Developing countries like Pakistan has different socio-economic indicators and people are engaged with critical issues such as Un-employment & poverty, Un-met Primary needs, Wide gap between the rich and poor with entirely different social system. As described by Maslow's theory a person needs hierarchy with basic needs at base followed by secondary needs. Basic needs include salary, benefits, job security etc. The employee commitment IIP model completely ignores the basic needs and describes the secondary and tertiary needs (motivators) as the bases for firing up employee commitment that is not workable in developing countries like Pakistan.

Overall the compensation and benefits practices in Pakistan are below the standards. However the multinationals are relatively better in their salaries and benefits as compared with local private organizations. Multinationals maintain the internal and external equity in the salary and compensation practices and the salary surveys are regularly conducted. The local private organizations are neither have professionally organized HR function nor their compensation and benefit practices meet the minimum standards. As a result the employees' level of job satisfaction is very low leading to high turnover, low commitment and low productivity.

The staff feedback survey conducted to explore the staff preferences on four important points i. e. compensation and benefits, decent work environment, development of people, and IIP-employee commitment indicators (encourage performance improvement, contribution recognition, equal opportunities, and support people development results shows that the staff have the 1st preference for fair and equitable compensation and benefits, 2nd preference for decent work environment, 3rd people development and 4th for IIP indicators that validates the hypothesis that primary and secondary motivators will only work when the financial needs(basic needs) of the employees are fulfilled.

The following co-relations have been explored, tested and verified during the study:

- In Multinational organizations the compensation and benefits are better leading to better quality of Human Resources, more satisfied workforce, higher qualitative and quantitative output.

- In Local private organizations compensation and benefits are relatively lower, leading to lower quality of human resources, lower job satisfaction and low qualitative and quantitative output.
- In Multinational organizations there are moderate job pressure (consistent and system driven), moderate performance expectations leading to moderate job security and low turnover.

Private local organizations have relatively low level of employee commitment and multinational organizations have the high employee commitment because their compensation and benefits are higher than local private organizations. This co-relation is also tested during the study by asking specific questions from the employees at various levels both in multinational and local organizations.

The literature review and previous studies have also validated the hypothesis that the secondary and tertiary motivators-IIP Model will not work unless the primary needs i.e fair and equitable compensation and benefits are fulfilled. This hypothesis has also being validated and endorsed by the Abraham Maslow's Need hierarchy theory and Husberg Hygiene factors that shows need fulfillment moves from primary to secondary and tertiary. The IIP model emerged and has been successful in UK/European countries because their basic needs of the employees are fulfilled and taken care of by the state. In Pakistan most of the people are living below the poverty line and their financial needs are not fulfilled so the IIP-Model on employee commitment becomes invalid. However in multinational organizations where the employees are paid relatively better salaries these indicators may be partly valid but at relatively senior staff level.

VII. Recommendations

- The fair and equitable compensation and benefits for the employees is essential and need to be rationalized in local private organizations to enhance employee commitment leading to enhanced organizational performance. The employees' salaries should gradually be raised to the level where their basic needs are fulfilled and they can sustain. Their benefits structure should provide them sense of security in case of illness, personal contingencies etc and also there should be an appropriate retirement benefits in place to acknowledge their contribution for the organization and to support them in their post retirement adjustment.
- The expenses to rationalize the employees' compensation and benefit structure should not be taken as an expense rather an investment. Hiring and retaining an employee at a compensation level which cannot fulfill their primary basic needs to sustain, is not recommended and if in place need to be rectified. Hiring the employees at the compensation scale that is not sufficient to meet their basic needs is hiring and retaining the frustration and grievances, rather than a job focused and output driven head so not recommended.
- The organizational compensation structure should be productivity and quality driven, the employees' delivering better quality and high productivity should be adequately compensated to sustain their commitment to quality and productivity. A fair, transparent, reasonable and significant incentive plan should be in place to pass on the benefit of the enhanced productivity to the real producer. It is guaranteed that whatever incentive is paid to the employee as productivity incentive the organizational gain is increased many fold.
- The organizational administrative and monitoring systems can control the hands but not the heads. The quality and productivity beyond certain point comes from the heads (technical insight, involvement, innovation, job focus and commitment). The good compensation and incentive scheme can fulfill the primary needs of the employees and they will be more focused and committed to their job and engaged into thinking process to improve their quality and output.
- The decent work environment is essential to create an environment where the employees can mobilize their all mental and physical faculties to continuously improve the quality and output. The physical comfort and favorable congenial work environment keep people away from the non issues and, focused, involved and engaged with the job using their head (insight & innovation) to improve as a process. The work areas should be nice, clean, ventilated and professionally managed with all amenities and support services to make it live. The conscious efforts to be made to create a family culture at work place, keep employees emotionally connected and involved with their colleagues/work group, eventually with the organization.
- The third employee preference after compensation and decent work environment is people development. Organization should inculcate the culture of learning and development to keep employees engaged with using their head, insight and innovation skills. The support mechanism and exposure of the employees to new work methods, techniques, innovative ideas, mentoring and other work place activates be provided to improve their technical/management competencies, to excel in the current role and opt for the higher ranks as a process. The expenses on employee development are a best investment that is paid with many fold profits in term of employee enhanced productivity, quality of output. The continuous employee development increases the competencies of the employees in particular and the organization in

general and it keep on improving with the passage of time as a result, these competencies becomes biggest competitive advantage and help organization continuously grow and sustain.

- Pakistan has inherent problems of Un-employment & poverty, Un-met Primary needs, Wide gap between the rich, and poor with entirely different social system. The employers exploit the availability of surplus manpower and high unemployment rate by offering them least at which even the employees can not fulfill their basic needs. This is not in the interest of the organization and by saving little money they are compromising the employee commitment that could do miracles for them and increase their productivity many folds. The employers should not hire a particular employee below the standard package however make no compromise on quality. The employees should be paid above the market to attract the best talent and give decent and congenial work environment to excel. Maintain the family culture of learning and continuous development, give employees the ownership, and make systems institutionalize the changes.

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3. Submission of Manuscripts,

4. Manuscript’s Category,

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Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Yet, use comprehensive sentences and do not let go readability for briefness. You can maintain it succinct by phrasing sentences so that they provide more than lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study, with the subsequent elements in any summary. Try to maintain the initial two items to no more than one ruling each.

- Reason of the study - theory, overall issue, purpose
- Fundamental goal
- To the point depiction of the research
- Consequences, including definite statistics - if the consequences are quantitative in nature, account quantitative data; results of any numerical analysis should be reported
- Significant conclusions or questions that track from the research(es)

Approach:

- Single section, and succinct
- As a outline of job done, it is always written in past tense
- A conceptual should situate on its own, and not submit to any other part of the paper such as a form or table
- Center on shortening results - bound background information to a verdict or two, if completely necessary
- What you account in an conceptual must be regular with what you reported in the manuscript
- Exact spelling, clearness of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else

Introduction:

The **Introduction** should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable to comprehend and calculate the purpose of your study without having to submit to other works. The basis for the study should be offered. Give most important references but shun difficult to make a comprehensive appraisal of the topic. In the introduction, describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will have no attention in your result. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here. Following approach can create a valuable beginning:

- Explain the value (significance) of the study
- Shield the model - why did you employ this particular system or method? What is its compensation? You strength remark on its appropriateness from a abstract point of vision as well as point out sensible reasons for using it.
- Present a justification. Status your particular theory (es) or aim(s), and describe the logic that led you to choose them.
- Very for a short time explain the tentative propose and how it skilled the declared objectives.

Approach:

- Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done.
- Sort out your thoughts; manufacture one key point with every section. If you make the four points listed above, you will need a least of four paragraphs.

- Present surroundings information only as desirable in order hold up a situation. The reviewer does not desire to read the whole thing you know about a topic.
- Shape the theory/purpose specifically - do not take a broad view.
- As always, give awareness to spelling, simplicity and correctness of sentences and phrases.

Procedures (Methods and Materials):

This part is supposed to be the easiest to carve if you have good skills. A sound written Procedures segment allows a capable scientist to replacement your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt for the least amount of information that would permit another capable scientist to spare your outcome but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section. When a technique is used that has been well described in another object, mention the specific item describing a way but draw the basic principle while stating the situation. The purpose is to text all particular resources and broad procedures, so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step by step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

- Explain materials individually only if the study is so complex that it saves liberty this way.
- Embrace particular materials, and any tools or provisions that are not frequently found in laboratories.
- Do not take in frequently found.
- If use of a definite type of tools.
- Materials may be reported in a part section or else they may be recognized along with your measures.

Methods:

- Report the method (not particulars of each process that engaged the same methodology)
- Describe the method entirely
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures
- Simplify - details how procedures were completed not how they were exclusively performed on a particular day.
- If well known procedures were used, account the procedure by name, possibly with reference, and that's all.

Approach:

- It is embarrassed or not possible to use vigorous voice when documenting methods with no using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result when script up the methods most authors use third person passive voice.
- Use standard style in this and in every other part of the paper - avoid familiar lists, and use full sentences.

What to keep away from

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings - save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part a entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Carry on to be to the point, by means of statistics and tables, if suitable, to present consequences most efficiently.You must obviously differentiate material that would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matter should not be submitted at all except requested by the instructor.

Content

- Sum up your conclusion in text and demonstrate them, if suitable, with figures and tables.
- In manuscript, explain each of your consequences, point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation an exacting study.
- Explain results of control experiments and comprise remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or in manuscript form.

What to stay away from

- Do not discuss or infer your outcome, report surroundings information, or try to explain anything.
- Not at all, take in raw data or intermediate calculations in a research manuscript.
- Do not present the similar data more than once.
- Manuscript should complement any figures or tables, not duplicate the identical information.
- Never confuse figures with tables - there is a difference.

Approach

- As forever, use past tense when you submit to your results, and put the whole thing in a reasonable order.
- Put figures and tables, appropriately numbered, in order at the end of the report
- If you desire, you may place your figures and tables properly within the text of your results part.

Figures and tables

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- Make a decision if each premise is supported, discarded, or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."
- Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work
- You may propose future guidelines, such as how the experiment might be personalized to accomplish a new idea.
- Give details all of your remarks as much as possible, focus on mechanisms.
- Make a decision if the tentative design sufficiently addressed the theory, and whether or not it was correctly restricted.
- Try to present substitute explanations if sensible alternatives be present.
- One research will not counter an overall question, so maintain the large picture in mind, where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

- When you refer to information, differentiate data generated by your own studies from available information
- Submit to work done by specific persons (including you) in past tense.
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Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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