



# A STUDY ON HRM PRACTICES IN EMPLOYEE OWNED COMPANIES

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## ABSTRACT

This study intends to offer useful insights for practitioners, policymakers, and academics interested in comprehending the complexities of managing human resources in a globalized world characterized by employee ownership and participative management structures by clarifying the particular challenges and opportunities associated with HRM in employee-owned MNCs. This study attempts to expand our understanding of how employee ownership impacts HRM practices and contributes to organizational performance in the setting of multinational organizations by a thorough investigation of empirical evidence, theoretical frameworks, and real-world case studies.

## INTRODUCTION

The ownership structure of multinational corporations (MNCs) is a crucial factor in determining the organizational culture, strategic direction, and management practices of the company. Employee ownership is a unique framework that combines the interests of the personnel with the performance of the firm, setting it apart from other ownership models. The usual division between labor and ownership is blurred in an employee-owned multinational corporation (EMC), creating a special dynamic in which workers are not only stakeholders but also shareholders in the business. Because of its unique ownership structure, HRM techniques must change to accommodate a more comprehensive approach to corporate governance, employee involvement, and strategic decision-making.

Thus, it becomes essential to comprehend the subtle HRM practices of employee-owned MNCs in order to fully appreciate the complexities of managing human capital in a global setting. The purpose of this article is to examine the unique HRM techniques used by employee-owned multinational corporations (MNCs) and explain how these practices support organizational success, encourage a collaborative culture, and enable workers to become global leaders in innovation and competitiveness. This study aims to shed light on the distinctive characteristics of human resource management in the context of employee ownership within multinational corporations through a thorough examination of participative management, ownership culture, training and development initiatives, and other important HRM dimensions.

## REVIEW OF LITERATURE

### **Joseph R. Blasi, Douglas L. Kruse, and Richard B. Freeman:**

Blasi, Kruse, and Freeman are famous researchers inside the employee ownership and corporate governance areas. Much of their research has examined how employee ownership affects organizational performance, employee engagement, and participatory management practices. This includes major works such as “In the Company of Owners: The Truth about Stock Options” (Blasi, Kruse, & Freeman, 2007) and “The Citizen's Share: Reducing Inequality in the 21st Century”.

### **Joseph R. Blasi, Richard B. Freeman, and Christopher Mackin:**

Blasi, Freeman, and Mackin have written a lot about how employees own, who controls the business, and how it does. They have many famous books including "Creating a Bigger Pie? The Effects of Employee Ownership, Profit Sharing, and Stock Options on Workplace Performance" (Blasi, Freeman, & Mackin, 2010) and “Ownership, Incentives, and the Incentive Problem in Public vs. Private Firms: Evidence from the United States” (Blasi, Freeman, & Mackin, 2016)

### **Takao Kato:**

Takao Kato is a renowned academician who concentrates on the significance of employee involvement practices on company performance and workers' comfort. His investigations are primarily concerned with efficacy assessment of HRM strategies implemented in multinational corporations such as profit-sharing, employees' participation in decision making processes or team based incentives. The major research of Kato is entitled “On Productivity Consequences Of Profit Sharing, Employee Ownership, Stock Option, Team Incentive Plans.”

### **Frederik M. Scherer:**

Frederik M. Scherer is a renowned economist who explores the confluence of corporate governance, organizational behavior, and industrial organization in his research. In his scholarly articles, Scherer often looks at how multinational companies might utilize employee ownership and participative management techniques to influence corporate performance positively. Some of his most famous pieces include ‘Employee Ownership and Productivity: An Empirical Test’ (Scherer, 2012) and ‘Employee Ownership and Corporate Performance’.

**Corey S. Rosen and John D. Menke:** Corey S. Rosen and John D. Menke are well-versed professionals within the sphere of employee ownership as well as entrepreneurship. They devoted much of their research to issues like creating an employee ownership plan, property culture's effect on the performance of some organization or HR practice which can help encourage workers' participation and loyalty. Core works among those which these two scholars have produced are famous for instance Equity: Why Employee Ownership is good for business (Rosen & Menke, 2017) as well as The Great Game".

## RESEARCH METHODOLOGY

### RESEARCH GAP

The impact of cultural differences on the efficacy of standardized HR processes across varied locations is still poorly understood, despite the wealth of research on HRM practices in multinational corporations (MNCs). While a large body of study has been done on the advantages of global HRM techniques, less has been done to explore how these practices might be modified to match local cultural contexts without losing their essential efficacy. Furthermore, there is a growing body of research to be done on the impact of technology innovations like artificial intelligence (AI) and data analytics on the personalization of HRM in multinational corporations. Deeper insights into developing more flexible, inclusive, and effective HRM

procedures suited to the particular requirements of a global workforce can be gained by looking at these areas.

## NEED OF THE STUDY

It is crucial to research HRM practices in multinational corporations in order to comprehend how these businesses may successfully manage a globally distributed and diversified staff. It is critical to investigate how standardized HR procedures can be modified to local contexts while preserving global consistency, as multinational corporations (MNCs) operate in a variety of cultural and regulatory situations. The integration of cutting-edge technologies in HRM, cultural misunderstandings, and local legal compliance are just a few of the obstacles that our research helps to develop solutions for. By tackling these problems, multinational corporations (MNCs) may improve their capacity to draw in, hold on to, and nurture talent—which will eventually spur innovation and lead to long-term, sustainable growth in the global economy.

## PROBLEM STATEMENT:

Effective Human Resource Management (HRM) techniques are difficult for multinational corporations (MNCs) to execute in a variety of cultural, legal, and economic contexts. The main issue is finding a way to reconcile the requirement for local personalization with globally standardized HRM practices. This frequently results in miscommunications between cultures, irregularities in performance management, and problems with legal compliance. Furthermore, little is known about how cutting-edge technology like artificial intelligence (AI) and data analytics might be incorporated into HRM procedures to tailor employee experiences while upholding justice and fairness. For multinational corporations (MNCs) to maintain their competitive edge and efficiently manage their worldwide workforce, they must address these issues.

## OBJECTIVES OF THE STUDY:

1. Recognize how cultural variations affect how well standardized HRM strategies work in global corporations.
2. Examine how HRM procedures incorporate cutting-edge technologies like artificial intelligence (AI) and data analytics to enhance employee experiences.

## RESEARCH DESIGN:

The study of "HRM Practices in Multinational Companies" is being conducted using a mixed-method approach that incorporates both qualitative and quantitative techniques. Qualitative techniques like focus groups, case studies, and interviews aid in the understanding of cultural impacts and HRM adaption tactics. Quantitative surveys gather statistical information on personnel management, technological integration, legal compliance, and standardized HR procedures. Trends and best practices can be identified by comparing HRM practices across industries, firm sizes, and geographical locations. This method provides multinational corporations with a thorough grasp of managing a diversified worldwide workforce.

## RESEARCH TYPE:

With the use of both qualitative and quantitative methodologies, this study design is mixed-methods.

## DATA COLLECTION METHODS:

In order to comprehend "HRM Practices in Multinational Companies," we employ a variety of data collection techniques. In order to gather information for our interviews, we first speak with HR managers, staff members, and other relevant parties. After that, we gather people for focus groups where they exchange ideas and opinions while discussing particular HR-related subjects. To understand how HR practices actually function in the real world, we also examine actual company cases. We survey a large number of firms to collect broad data, such as the variations in HR practices between industries and

countries. Together, these steps provide us with a comprehensive understanding of how human resources function in global corporations.

**Population:** 100

**Sample:** 51

**Sample size:** Attapur

**TOOLS USED FOR ANALYSIS:** Surveys, focus groups, Excel sheets, Questionnaires

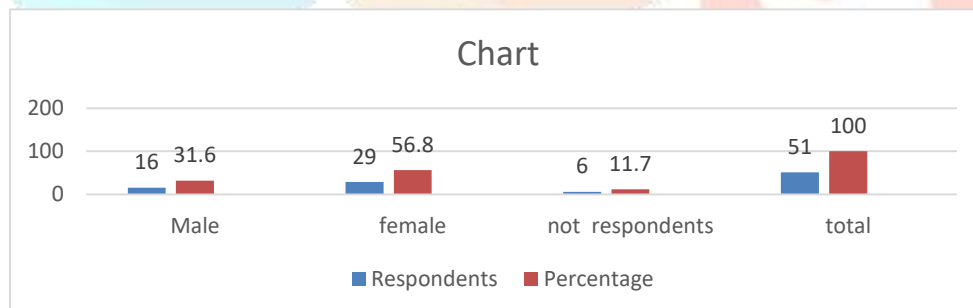
### **HYPOTHESIS:**

H0: The efficacy of conventional HRM methods across international corporations functioning in diverse cultural contexts is not significantly different.

H1: The efficacy of conventional HRM methods varies significantly amongst multinational corporations that operate in diverse cultural environments.

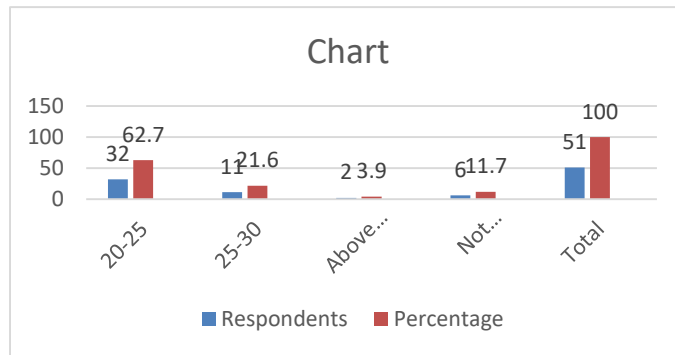
### **DATA ANALYSIS**

what is your gender?	Male	Female	Not Respondents	Total
Respondents	16	29	6	51
Percentage	31.6	56.8	11.7	100



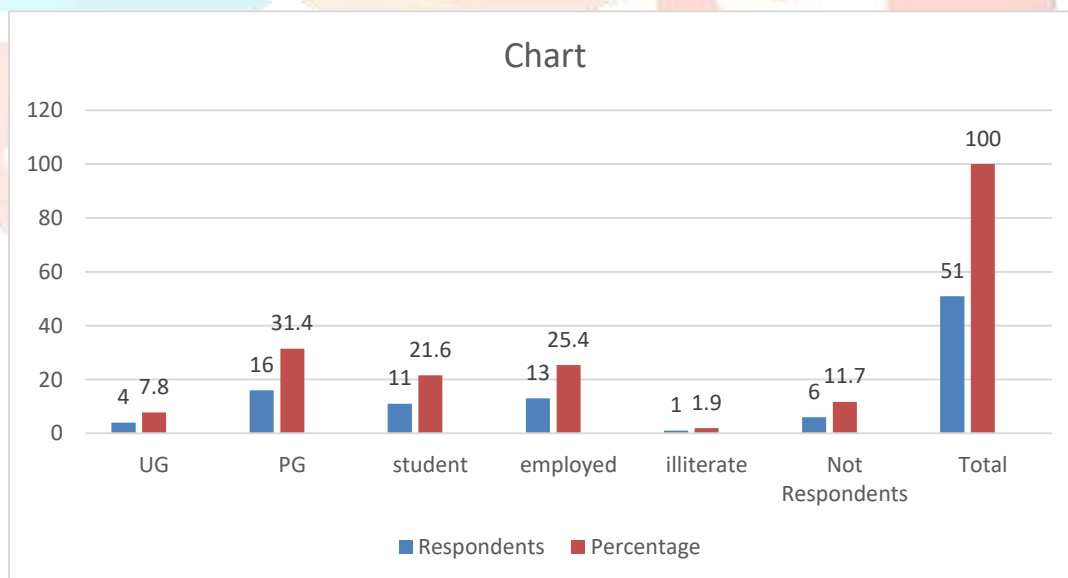
Interpretation:-51 people responded; 31.6% of them were men, 56.8% were women, and 11.7% did not answer.

What is your age?	20-25	25-30	Above 30	Not respondents	Total
Respondents	32	11	2	6	51
Percentage	62.7	21.6	3.9	11.7	100



Interpretation:-51 respondents: 62.7% are between the ages of 20 and 25, 21.6% are between the ages of 25 and 30, 3.9% are older than 30, and 11.7% did not reply.

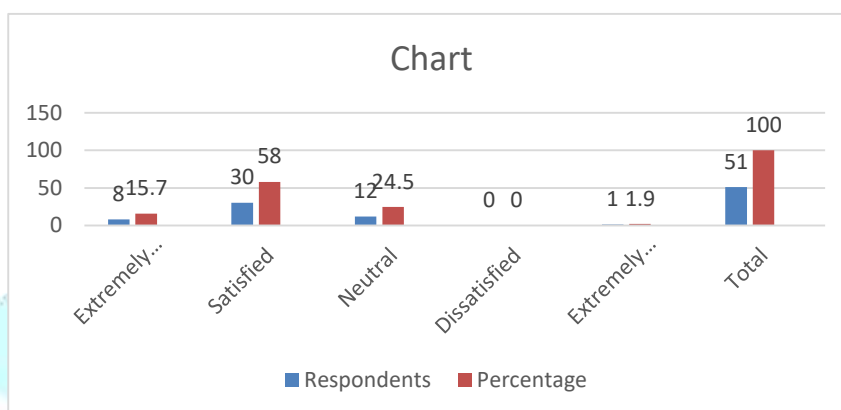
what is your employment?	UG	PG	Student	Employed	Illiterate	Not Respondents	Total
Respondents	4	16	11	13	1	6	51
Percentage	7.8	31.4	21.6	25.4	1.9	11.7	100



Interpretation:-Of the 51 participants, 21.6% are students, 7.8% are undergraduates, 1.9% are illiterate, 25.4% are working, and 11.7% did not reply.

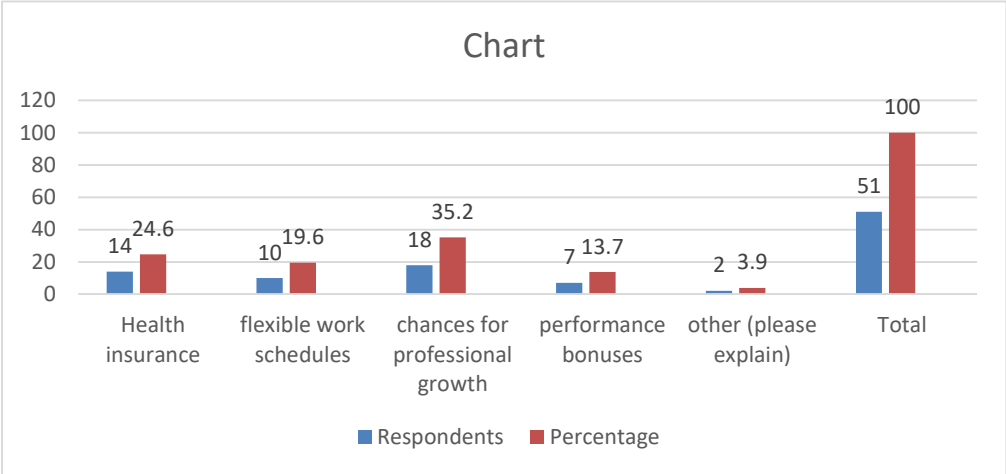


To what extent do you find the organization's HR policies and practices satisfactory?	Extremely contented	Satisfied	Neutral	Dissatisfied	Extremely discontented	Total
Respondents	8	30	12	0	1	51
Percentage	15.7	58	24.5	0	1.9	100



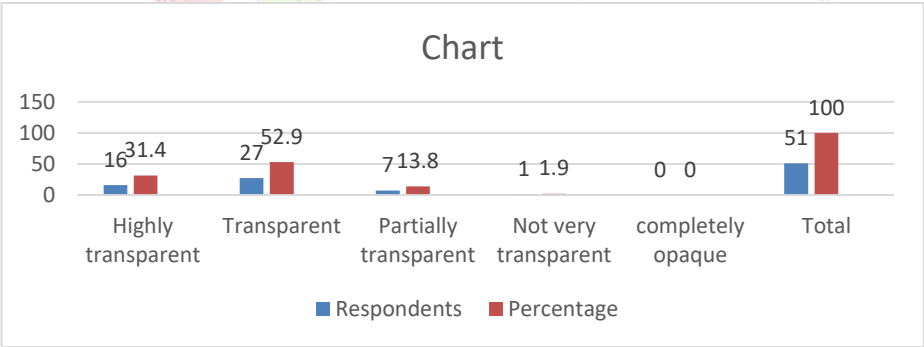
Interpretation:- Out of the 51 participants, 58% expressed satisfaction, 24.5% neutrality, 15.7% extreme contentment, and 1.9% severe discontentment with the HR policies and procedures of the firm.

Which of the following advantages for employees does our company offer that you think is most valuable?	Health insurance	flexible work schedules	chances for professional growth	performance bonuses	other (please explain)	Total
Respondents	14	10	18	7	2	51
Percentage	24.6	19.6	35.2	13.7	3.9	100



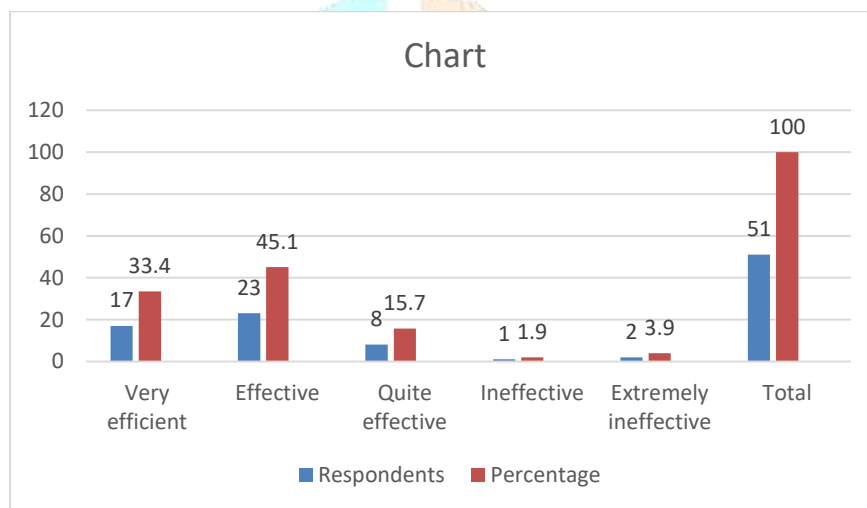
Interpretation:-Of the 51 participants, the majority—35.2%—value opportunities for professional advancement the highest. This is followed by those who value health insurance the most—24.6%, flexible work schedules—19.6%, performance bonuses—13.7%, and other benefits—3.9%.

How open do you think the company is when it comes to communicating updates, changes, and policies?	Highly transparent	Transparent	Partially transparent	Not very transparent	completely opaque	Total
Respondents	16	27	7	1	0	51
Percentage	31.4	52.9	13.8	1.9	0	100



Interpretation:-The company is perceived as transparent by 52.9% of the 51 respondents, highly transparent by 31.4%, moderately transparent by 13.8%, and not very transparent by 1.9%.

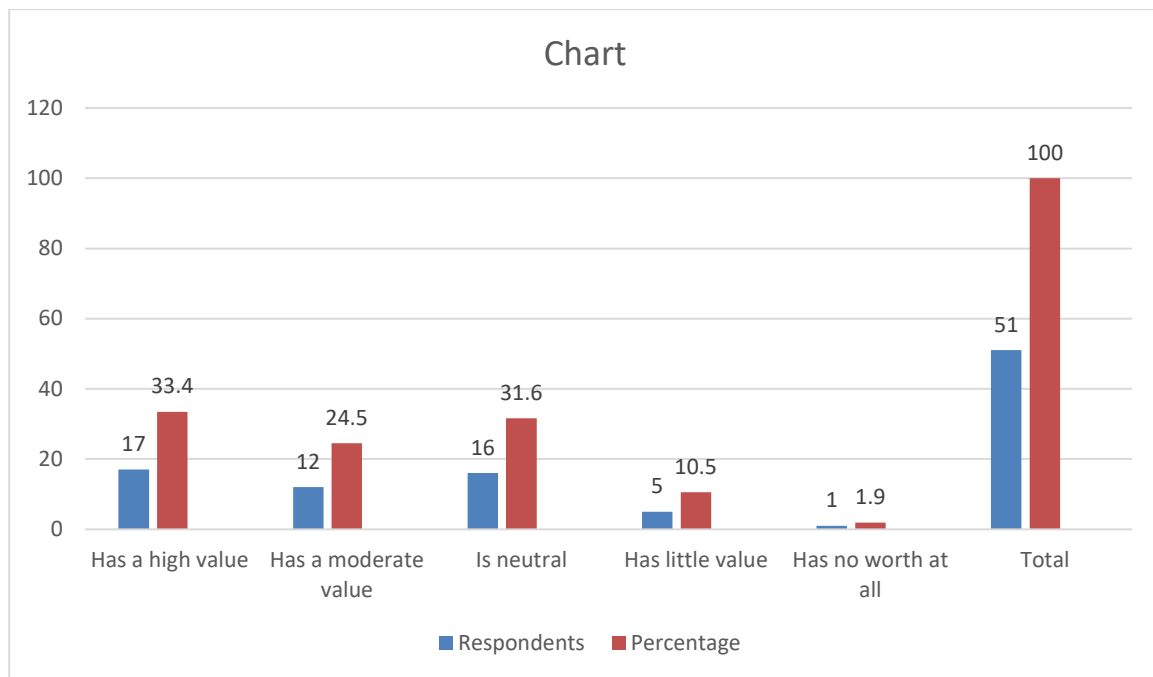
How successful do you think the company's performance review and feedback procedure is?	Very efficient	Effective	Quite effective	Ineffective	Extremely ineffective	Total
Respondents	17	23	8	1	2	51
Percentage	33.4	45.1	15.7	1.9	3.9	100



Interpretation:-The performance review and feedback method of the organization is deemed effective by 45.1% of the 51 respondents, very effective by 33.4%, very effective by 15.7%, extremely ineffective by 3.9%, and ineffective by 1.9%.

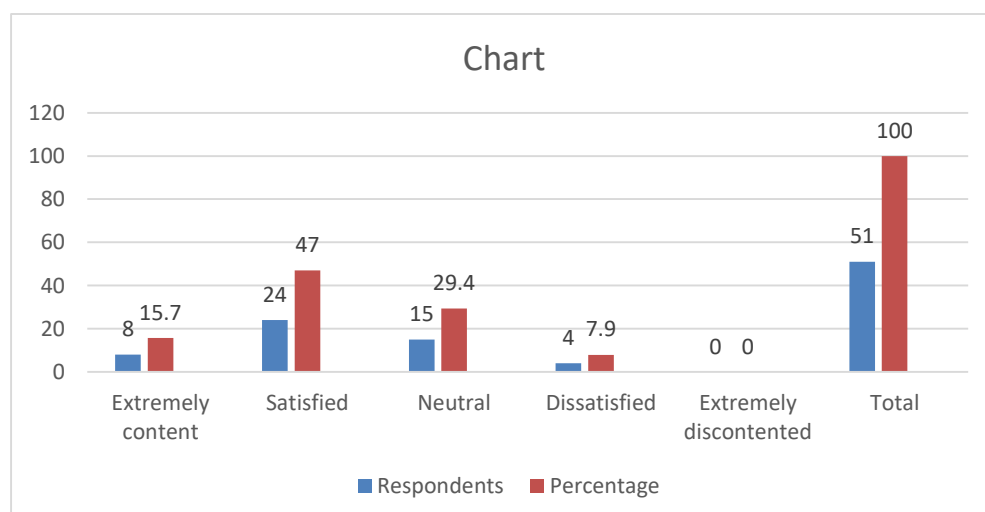
How much do you think the company values the opinions and suggestions of its employees?	Has a high value	Has a moderate value	Is neutral	Has little value	Has no worth at all	Total
Respondents	17	12	16	5	1	51
Percentage	33.4	24.5	31.6	10.5	1.9	100





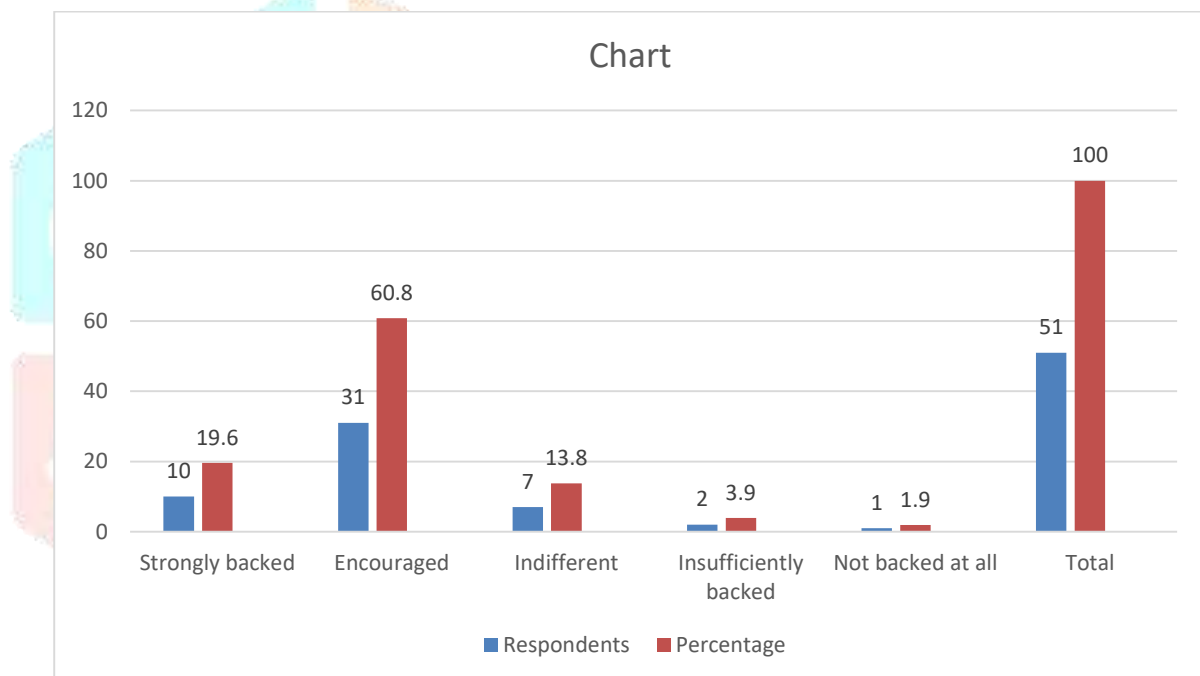
Interpretation:- Of the 51 respondents, 33.4% believe that the company places a high value on employee opinions; 31.6% believe that opinions are neutral; 24.5% believe that opinions have a moderate value; 10.5% believe that opinions have little value; and 1.9% believe that opinions have no value at all.

What level of satisfaction do you have with the organization's work-life balance and employee wellbeing initiatives?	Extremely content	Satisfied	Neutral	Dissatisfied	Extremely discontented	Total
Respondents	8	24	15	4	0	51
Percentage	15.7	47	29.4	7.9	0	100



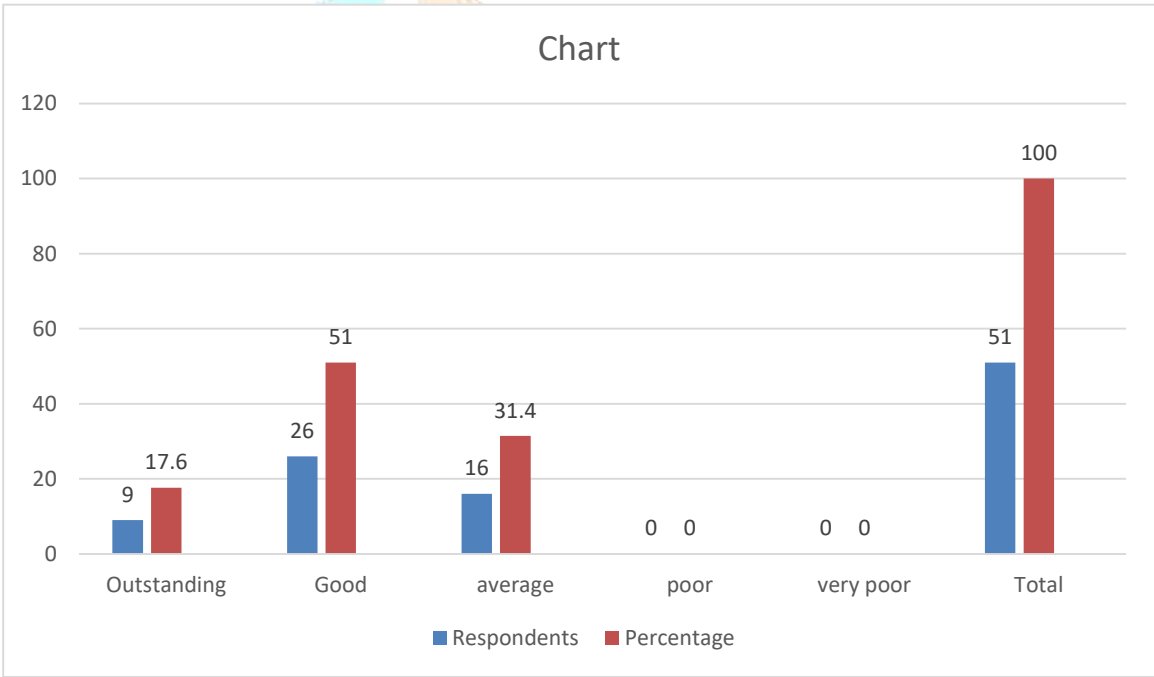
Interpretation:- Of the 51 responders, 47% are happy with the company's efforts to promote employee health and work-life balance, while 29.4% are neutral, 15.7% are incredibly happy, and 7.9% are not.

How much assistance do you feel the company provides for your professional development?	Strongly backed	Encouraged	Indifferent	Insufficiently backed	Not backed at all	Total
Respondents	10	31	7	2	1	51
Percentage	19.6	60.8	13.8	3.9	1.9	100



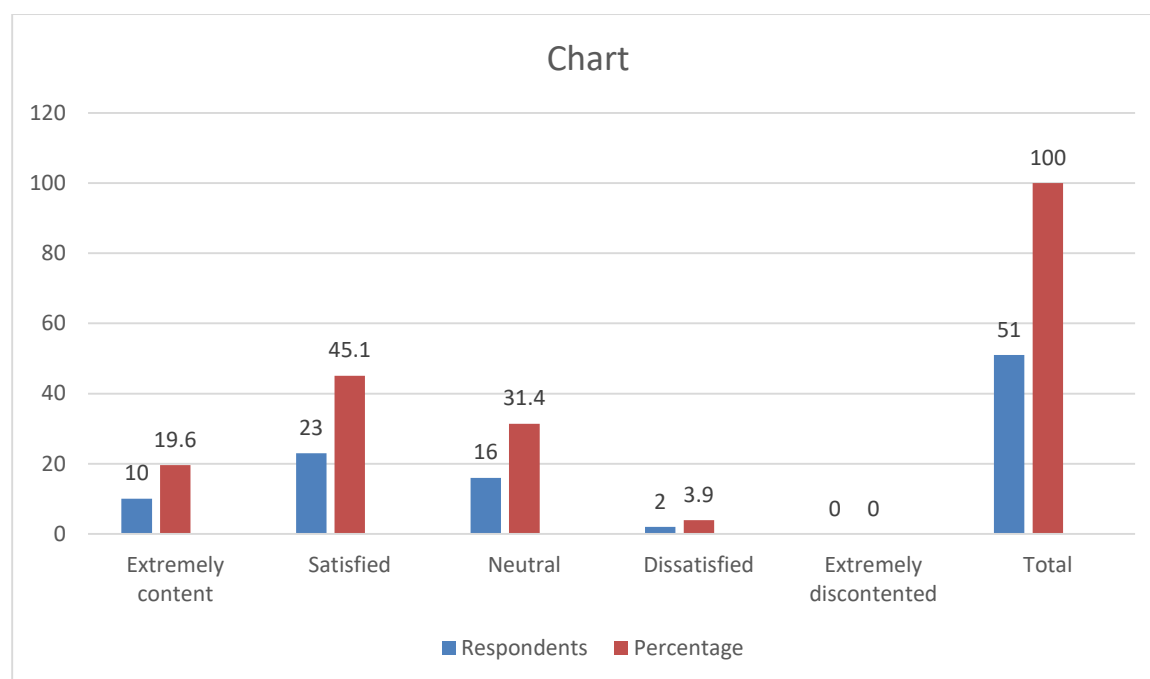
Interpretation:- Out of the 51 participants, 60.8% feel that the company is supportive of their professional growth, 19.6% feel that they are strongly supported, 13.8% are neutral, 3.9% feel that they are not supported at all, and 1.9% feel that they are not supported at all.

Regarding the organization's efforts to encourage inclusion and diversity in the workplace, how would you rank them?	Outstanding	Good	Average	Poor	Very poor	Total
Respondents	9	26	16	0	0	51
Percentage	17.6	51	31.4	0	0	100



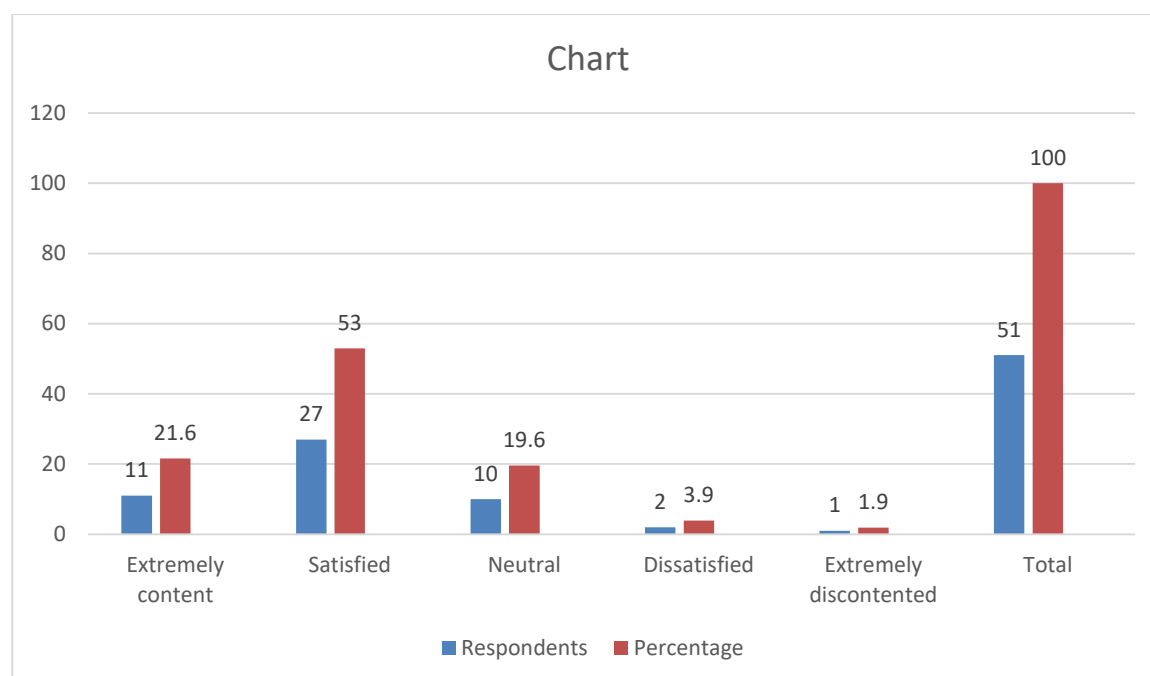
Interpretation:-51 respondents rate the organization's efforts to promote diversity and inclusion as excellent, compared to 31.4% who deem them average and 17.6% who deem them exceptional. No responders gave it a poor or extremely poor rating.

To what extent do you find the organization's efforts to foster teamwork and employee involvement satisfactory?	Extremely content	Satisfied	Neutral	Dissatisfied	Extremely discontented	Total
Respondents	10	23	16	2	0	51
Percentage	19.6	45.1	31.4	3.9	0	100



Interpretation:-Out of the 51 participants, 45.1% express satisfaction with the organization's efforts to promote employee involvement and teamwork, 31.4% express neutrality, and 19.6% express extreme contentment.

In general, how pleased are you with your employment experience at the company?	Extremely content	Satisfied	Neutral	Dissatisfied	Extremely discontented	Total
Respondents	11	27	10	2	1	51
Percentage	21.6	53	19.6	3.9	1.9	100



Interpretation:- Out of the 51 participants, 53 percent express satisfaction with their work experience at the company, 21.6% express extreme contentment, and 19.6% express neutrality.

### STATISTICAL TOOLS FOR ANALYSIS

H0: The efficacy of conventional HRM methods across international corporations functioning in diverse cultural contexts is not significantly different.

H1: The efficacy of conventional HRM methods varies significantly amongst multinational corporations that operate in diverse cultural environments.

Gender	Very effective	Effective	Quite effective	Ineffective	Extremely ineffective	Total
Male	4(5.93)[0.63]	8(6.22)[0.51]	2(2.07)[0.00]	1(0.89)[0.01]	1(0.89)[0.01]	16
Female	15(11.83)[0.84]	12(12.44)[0.22]	3(4.15)[0.32]	1(1.78)[0.34]	1(1.78)[0.34]	32
Other	1(2.22)[0.67]	1(2.23)[0.76]	2(0.76)[1.92]	1(0.33)[1.33]	1(0.33)[1.33]	6
Total	20	21	7	3	3	54

### FINDINGS

51 people responded; 31.6% of them were men, 56.8% were women, and 11.7% did not answer.

51 respondents: 62.7% are between the ages of 20 and 25, 21.6% are between the ages of 25 and 30, 3.9% are older than 30, and 11.7% did not reply.

Of the 51 participants, 21.6% are students, 7.8% are undergraduates, 1.9% are illiterate, 25.4% are working, and 11.7% did not reply.

Out of the 51 participants, 58% expressed satisfaction, 24.5% neutrality, 15.7% extreme contentment, and 1.9% severe discontentment with the HR policies and procedures of the firm.

Of the 51 participants, the majority—35.2%—value opportunities for professional advancement the highest. This is followed by those who value health insurance the most—24.6%, flexible work schedules—19.6%, performance bonuses—13.7%, and other benefits—3.9%.

The company is perceived as transparent by 52.9% of the 51 respondents, highly transparent by 31.4%, moderately transparent by 13.8%, and not very transparent by 1.9%.



The performance review and feedback method of the organization is deemed effective by 45.1% of the 51 respondents, very effective by 33.4%, very effective by 15.7%, extremely ineffective by 3.9%, and ineffective by 1.9%.

Of the 51 respondents, 33.4% believe that the company places a high value on employee opinions; 31.6% believe that opinions are neutral; 24.5% believe that opinions have a moderate value; 10.5% believe that opinions have little value; and 1.9% believe that opinions have no value at all.

Of the 51 responders, 47% are happy with the company's efforts to promote employee health and work-life balance, while 29.4% are neutral, 15.7% are incredibly happy, and 7.9% are not.

Out of the 51 participants, 60.8% feel that the company is supportive of their professional growth, 19.6% feel that they are strongly supported, 13.8% are neutral, 3.9% feel that they are not supported at all, and 1.9% feel that they are not supported at all.

51 respondents rate the organization's efforts to promote diversity and inclusion as excellent, compared to 31.4% who deem them average and 17.6% who deem them exceptional. No responders gave it a poor or extremely poor rating.

Out of the 51 participants, 45.1% express satisfaction with the organization's efforts to promote employee involvement and teamwork, 31.4% express neutrality, and 19.6% express extreme contentment.

Out of the 51 participants, 53 percent express satisfaction with their work experience at the company, 21.6% express extreme contentment, and 19.6% express neutrality.

## SUGGESTIONS

Educate staff members on how to recognize and appreciate cultural differences in order to foster improved teamwork and communication.

Manage a worldwide workforce more effectively by personalizing HR procedures and utilizing technologies like artificial intelligence and data analytics.

Reduce legal risks by routinely reviewing HR procedures to make sure they comply with local labor laws and regulations in every nation where the business conducts business.

Put in place initiatives that encourage inclusivity and diversity in order to foster a friendly atmosphere where everyone is treated with respect and value.

Create avenues for employee input so that improvements in performance and overall happiness can be made. Regularly evaluate the efficacy of HR procedures and make adjustments in response.

Encourage diversity and inclusion inside the company by implementing initiatives, policies, and programs that are designed to make everyone feel appreciated and valued at work.

Create communities of practice and knowledge-sharing platforms to enable the sharing of HRM best practices and lessons learned among various regions and subsidiaries.

## CONCLUSION

In conclusion, managing a diverse global workforce presents both opportunities and problems, according to research on HRM practices in multinational corporations. We obtain a thorough grasp of the complexity involved through a mixed-methods research strategy that includes qualitative interviews, focus groups, case studies, and quantitative surveys. The integration of technology, diversity initiatives, legal compliance,

cultural sensitivity, and feedback mechanisms are identified as critical areas that require development. Multinational corporations can improve their HRM operations by putting recommended practices including diversity efforts, technological integration, legal compliance audits, cultural sensitivity training, and continuous feedback mechanisms into practice. These enhancements help organizational performance and competitiveness in the global economy in addition to fostering a more welcoming and encouraging work environment. Multinational corporations may efficiently manage their global workforce and promote innovation, growth, and sustainable development by tackling these problems and seizing opportunities.

