

Managing Staff Loyalty in Multinational Corporation

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Abstract:

Author depicts the examples of staff loyalty formation and improvement in international companies. Author describes cause-and-effect relations between employee commitment and the major factors of company's performance. The article presents the results of the analysis of the main approaches to the definition of staff loyalty, background for high employee commitment formation and the study of organizational loyalty in different cultures as well. Enlargement of the capital markets affected practically all regions of the country and were the reason that all medium and small enterprises perform the economic activity in the conditions of emergence of new opportunities and risks

Keywords - Management Tools, International Business, Staff Loyalty, Employee Commitment, Loyalty Program

INTRODUCTION

Managing corporate culture is an important feature to improve economic performance and enhance the effectiveness of its functioning as a whole. A strong corporate culture motivates employees, generates they have internal installation for effective employment to achieve the highest result, leading to increased productivity, increased employee loyalty to the company. Correct principles of building relationships within the team, informed choice, the approach to pay non-material motivation methods, style of management in the company, forming the corresponding hierarchy are the most important tasks of the organizational culture, providing a direct impact on interest and efficiency of company's personnel. Intra-corporate decisions are based on information on potential deviations from effective objectives. On the separate planned indicators and, especially to their possible deviations, decisions concerning as far as they are subject to impact of various risks are made.

ENTRY MODES OF GLOBAL COMPANIES

A. Competence-Based Competence Approach

The international business of firm allows it to develop and add the competitive advantages won in the national market. The international strategy assume use of two methods thanks to which firms can reach competitive advantage or compensate certain shortcomings of work of any country. The first method is based on a capability of the firm operating in the world market to perform the activities (research and development, production of accessories, assembly, creation of distribution centres, and centres for consumer service, sale and marketing etc.) in the different countries so that to reduce costs or to strengthen commodity differentiation [1].

The second method is oriented to a capability of firm to coordinate activities of the branches scattered on the world as any firm operating only in the domestic market won't be able to make.

Both methods are directed to achievement of the best results of activities of the entity, maximization of value of firm (in M. Porter's terminology) [2]. From this point of view each participant of a technological chain bringing goods to the final consumer adds some value. In the first method increase in cumulative value is reached due to use of country benefits, and in the second – owing to the MNK best organization, for example specialization of divisions, transfer of technologies or use of trademark [3].

The firm, which has the distinctive competences developed in the domestic market, aims to expand sales of the goods and services at the expense of the foreign markets and to get as a result additional profits. The main alternative opportunities, or models, occurrences of firm on the international markets are: export of products, sale of licenses, franchising, turnkey contracts and direct foreign investments.

1. Export. For this purpose the firm performs strengthening of national production and export of products on the foreign markets using own and other sales channels.

Use of the plants within the country as production base for commodity export on the foreign markets is fine initial strategy for achievement of growth of sales in the world market. It minimizes both risk, and the need for financial resources, and also is a safe method of sounding of the international market. Adhering to the strategy of export, the producer can limit the involvement into activities in others market, signing agreements with the foreign wholesale firms specializing in import and transferring them functions on sales promotion and marketing in the countries and regions of the world. If becomes more profitable to establish control over these transactions, the firm can organize the sales networks in some or all target foreign markets.

Now such strategy is widespread, for example, among the Korean and Italian companies: the goods are made in the territory of the country, and sales activities are performed abroad. In the 80th years the same was characteristic of the Japanese corporations.

2. Licensing. In case of sale of licenses the firm transfers the rights to use own technologies of firm, on production or sale of its products to foreign firms. It occurs when the firm, possessing serious technical developments, can't independently perform the activities in other countries because of insufficiency of resources or lack of foreign organizational structures. By transfer of patents and the rights to use technologies of firm have an opportunity to have the income at the expense of a royalty.

3. Franchising. This form is very close to licensing, but assumes more close ties between the seller of technology and its buyers. The essence of a franchising consists in transfer to the foreign partner of the right to use trademark, reputation, organizational and marketing technology and usually is followed by continuous injection of necessary assets in franchise enterprises. The owner of distinctive competence thus performs the presence in the different national markets and gains income in a type of a royalty and other receipts.

4. The contracts "turnkey" implies the conclusion of the construction contract of the entities which are transferred for the established payment to the owner in case of achievement of their complete readiness for the beginning of operation. The firms realizing the turnkey projects most often are manufacturers of industrial equipment; they deliver a part of the equipment on the project. Especially often civil engineering firms are engaged in such projects. Sometimes in this role consulting firms or manufacturers of the equipment act if they do not find in the country of other suitable object for investments. The firm buildings a "turnkey" object can create own hands of future competitor. Nevertheless, many firms are ready to design and build objects in other countries, especially when there are restrictions for foreign property.

5. The Direct Foreign Investments (DFI) imply long-term presence of firm abroad with ownership of production assets there. The foreign department, foreign subsidiary, foreign affiliated firm, foreign joint business can be created (greenfield) again or to be purchased.

STAFF LOYALTY PROGRAM AND MANAGEMENT TOOLS IN MULTINATIONAL COMPANIES

A. The impact of staff loyalty in organizational behaviour of MNC

All companies want loyal employees. The value loyal employees bring to business is undisputed which is why manager can find a multitude of articles and blog posts on how to create and implement successful employee loyalty programmes. However, has the manager ever stopped and delved into the 'Why' of staff loyalty schemes?

Implementing an employee loyalty scheme isn't a standalone task; it needs to be considered along with other employee-based initiatives such as:

- ✓ Employee benefits
- ✓ Recognition programmes
- ✓ Incentive and reward schemes

In other words, it needs to be a major part of the human resource strategy.

Why manager need a staff loyalty scheme can be organised in five pillars which all connect together to form the employee loyalty strategy:

1. Loyal employees are the best employees.
2. Align culture and commitment to the business goals.
3. Employee engagement makes a difference.
4. Get the right recognition and rewards.
5. Communication is a key.

Here's an in-depth look at each pillar.

1. Loyal employees are the best employees

Loyal employees are those employees who aren't looking to change companies in the near future and who are enthusiastic about their work. These are employees who are emotionally and socially committed to the success of the business, which means that the business benefits from:

- ✓ Increased productivity
- ✓ Higher levels of customer service
- ✓ Reduced employee absence
- ✓ Better working environment
- ✓ Improved business image
- ✓ Reduced employee turnover
- ✓ Enhanced consistency in team performance
- ✓ Improved ability of the business to adapt and change to new business opportunities.

2. Align employee loyalty to the business goals

All employee loyalty schemes need to start by aligning the business goals with the scheme goals. Perhaps a business goal is to reduce HR recruitment costs; this can be achieved by reducing employee turnover through the employee

loyalty scheme. Use your business data and staff surveys to find out what drives employee loyalty or what does not. Do your exit surveys show people leaving at after a similar amount of time with the company or for similar reasons?

3. Employee engagement makes a difference

Loyal employees are also engaged employees, which is why employee engagement is a key pillar of employee loyalty. You can increase employee engagement by providing opportunities for your staff to become involved in the business by:

- Listening to their suggestions and issues

- Communicating with them and being transparent in your decisions

- Providing them with opportunities to develop their skills and knowledge

- Recognising employee contributions

4. Get the right recognition and rewards

It's essential that employees get the right recognition and rewards. Long service awards are great for improving employee loyalty but they need to be timed right. Don't make your employees wait ten years to get a loyalty award if they regularly leave after three years. Rewards don't have to cost the earth either; you can recognise employees' loyalty at an awards ceremony, reward them with extra holiday for that year or offer them a gift card to spend as they wish.

5. Communication is a key

Without a communications, plan employee loyalty programmes stand no chance of success. Create a business that is open and tells employees about its programme. Shout about the success of individual employees, organise events and celebrations and keep everyone updated on changes to the programmes.

The keys to a successful staff loyalty programme are fairly simple; senior management buy in, aligning with the business goals, measure and monitor, award with the right reward and communicate. Because you're not just creating employee loyalty, you're building a business that people want to work with and be part of its success.

B. Staff loyalty program

The employee loyalty program usually is designed to promote employee motivation and secure the best performers of the company so company will continue to grow. Not only will employee loyalty help maintain customer loyalty, but loyal employees generally help recruit other top performers to the business. Increasingly, companies are looking for new and creative ways to boost employee morale instead of an old-fashioned monetary bonus. Motivating employees with direct financial compensation can actually have adverse effects. Many countries have tax laws that penalize financial bonuses, causing the incentive to be less than impressive. Generally, tax laws are much more favourable towards non-monetary rewards. This is why the Loyalty Gator Employee Loyalty Program is such a hit. It is important that employee incentive programs can usually be written off as a business expense too.

For example, to date as a result of the globalization of the company becomes international, and opens their branches worldwide; food business has become one of the profitable segments of the food market. The product of this company is services, i.e. full satisfaction of wishes every visitor quick-service restaurant [4]. One of the important objectives of human resource management in the catering industry is the development of effective motivation for employees aimed at customer focus. When working with the staff, there is a need for a unified system of values, rules and standards of conduct, i.e., corporate culture, which is the Foundation of a cohesive team and level of staff loyalty to the company. Organizational culture determines the level of development of the relations between the members of the team, which carries out the function of the labour market, and, therefore, affects the result of the functioning of the Organization. So, based on the above, we can conclude that corporate culture is a set of values, ideas and rules of the Organization, it is defined as the base set of views that are separated by company employees, affect the decision-making process, as well as new participants passed the team (see table 1).

TABLE I. STAFF LOYALTY PROGRAM OF MNC

Element	Description
Certification	Motivating staff for training and certification can be very effective. Now you can track employee courses and recognize their achievements.
Referrals	Your employees are a great resource for new customer referrals (via their friends, family, and social media) but also a great starting point when you're recruiting new hires.
Performance	Properly tracking staff performance and production ensures accountability, allowing your company to reward top performers and provide extra training to others.
Suggestions	As your frontline, your staff will no doubt

	be able to provide some really valuable insights, suggested improvements, and customer feedback
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As your frontline, your staff will no doubt be able to provide some really valuable insights, suggested improvements, and customer feedback. 28% of customers reported that they are "extremely likely" to increase their visits to a business if they have a loyalty reward card for them. Over 60% of households say that loyalty card programs are important in their shopping decisions.

RECOMMENDATIONS. HOW TO INCREASE STAFF LOYALTY EFFECT

Fostering employee loyalty is essential for the long-term success of any business. Not only will it decrease turnover costs, it can also boost productivity, increase efficiency, and provide a much more stable work environment for everyone. When employees begin to build a sense of loyalty, they begin to empathize with their management or the company as a whole. They begin to see the priorities of the business as their own and may even (to some extent) place the needs of the business above their own. This means you'll get better results, increased employee satisfaction, and better employee relations. But building loyalty is a tricky thing—it's intangible. Below you'll find ten steps that will help you do just that.

1. Increase Confidence in Leadership

The results of a 2003 Darwin Survey of mid-level management show that one of the most important components of employee loyalty is confidence in leadership [5]. Your employees want to feel that the management team knows what it's doing and they want to work for a company that is at least trying to be the best in its field. To do this, you have to ensure that your personal game is at its best. Take every opportunity you can to become better at what you do. Seek training, encourage feedback, and look for ways to maximize your own potential. When employees see the management team excelling and the company doing well, that positive energy will flow downhill and enthruse even the most jaded employee.

2. Improve Company Culture

Company culture is really a combination of the personal interaction between management and employees and personal interaction between employees. There is a certain amount of job competency that comes into play but generally, it's more about attitudes, personalities, and how well we all get along. As a manager, it's your responsibility to keep your finger on the pulse of the company's culture and address any interpersonal problems that arise without "meddling" in personal affairs. The first step is modeling good behavior yourself. Weed out the cattiness, the "bad days," and personal prejudices. Next, look at your management team and then employees. If necessary, call out (privately) individual employees and explain to them that poor attitudes and bad behavior will not be tolerated.

3. Manage Employee Engagement

Kyle LaMalfa, Loyalty Expert and Allegiance Best Practices Manager, says that employee engagement is the number one component of loyalty [6]. While LaMalfa recommends using actual analytical tools like the Likert Scale (a numerical scale of agreement), small business managers can generally get a feel for engagement without impersonal surveys. Just keep your eyes and ears open. Listen to the water cooler gossip, watch who participates during meetings and training sessions, see who does the lion's share of the work during co-op projects, get to know your employees on a personal (or at least individual) level. In addition, because engagement plays across all aspects of an employee's performance, you can use "secret shoppers" (even in non-retail organizations) to get an unbiased sneak peek into how customers view your company through the interactions they have with your employees.

4. Enhance Education and Equipment

Frustration is insidious. Once it sets in, it's incredibly hard to weed out and, like a pebble in your shoe, only seems to create more problems the longer it's in there. One of the most common sources of employee frustration is not having adequate training or resources to get the job done. If you're constantly throwing employees into situations in which they don't feel comfortable or expecting them to meet goals with broken, outdated, or less-than-useful equipment, there will be problems. And those problems—no matter what you might like to think—are your responsibility.

5. Structured Dispute Resolution

When problems arise, how well you deal with them plays an important part on shaping your employee's attitudes. Having a structured system of dispute resolution is essential for creating a fair and balanced management style. If your employees know exactly what to expect during the dispute process, they are more likely to accept the outcome whether they "like" it or not. On the other hand, if your dispute system is the least bit arbitrary, you'll find yourself facing charges of favoritism, exclusion, and possibly even discrimination.

6. Nip Problems in the Bud

You don't want issues to fester until they explode like hand grenades in the break room. Keep your eyes and ears open (and tell your management to do the same). Look for warning signs before things come to a head. And when you spot an issue, deal with it sooner than later but deal with it fairly.

7. Maintain Neutrality

Fairness is a function of neutrality. Calvin Sun of TechRepublic maintains that neutrality can be a manager's best friend [7]. When an employee comes to you with a problem or concern, your immediate response may be either to join their cause or to shoot down their concern without a second thought. However, this puts you in the position of compatriot rather than supervisor. While employees want to feel they can approach their boss, you must set yourself apart and look at the issue objectively. By doing so you can not only zero in on what's best for the company, you can see what needs to be done in order to put the employee's mind at ease without playing favorites. Remember, you're the boss and employees don't have to like your orders, they just have to respect them.

8. Give and Expect to Receive Respect

Respect is a two-way street and while many managers demand it of their employees, they often "play" at giving it back. Employees can see through false statements and deeds like radar through fog. The last thing you want is for everyone under you to tag you as a fake. That is why everything you do—well or bad—should always be genuine. Relate to your employees on an equal plane and give them, their suggestions, and their personal lives the respect they deserve without spouting platitudes.

9. Avoid Micromanagement

Part of earning an employee's loyalty is showing them that you trust them to do their job. If you're constantly looking over their shoulder, you're not letting them grow. While taking charge of everything may seem like a good idea, it's a surefire way to generate animosity and distrust in your subordinates. Instead, set reachable goals, ensure employees have the skills and resources to get the job done, and give feedback during and after the fact in order to mold performance positively.

10. Reward Appropriately

Rewards can be powerful loyalty builders but they must be appropriate to the action or else they'll create an impression of imbalance or unfairness. Be sure to reward your employees liberally (either with praise or simple "freebies"), but ensure the reward matches the deed.

You don't have to implement all of these practices at once. Start small and work up from there. Loyalty builds cumulatively—employees gradually respond to changes in behavior, management style, and company performance. So every little bit, every positive action, every improvement, every appropriate response to a challenge adds up. It's important to take stock of where you're at, where you want to be, and how you plan to get there but it's more important to act. Build on good behaviors and go forward from there.

CONCLUSIONS

This paper includes the result of research done in period 2015-2016. The tasks of research are investigating the different concepts of international management, how it influences on company's activity and why it is so popular to create the staff loyalty programs in international companies. In this case paper includes the practical issues how to manage and improve the staff loyalty.

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