

# **Human Resource Management Practices and Diversity Management in International Organizations —Recommendations for Japanese HRM**

**Kazuko YOKOYAMA**

## **Abstract**

This paper provides an overview of human resource management (HRM) practices in International Organizations and discusses their Diversity Management. In view of the organizational structure, International Organizations adopt performance-based management which is different from the management practices in Japan. Thus, clarifying the differences of the management style will help promote a better understanding of Japanese corporations which are rapidly shifting their market base outside Japan. International Organizations also implement affirmative action programs to upgrade the status of women. Understanding more about Diversity Management in International Organizations will also be beneficial for Japanese companies, as it provides them with real insights into the global market.

## **1. Overview of HRM at International Organizations**

### **1.1. The UN Common System**

International Organizations are defined as organizations which are established for the purpose of promoting common interests among member countries and whose funds are contributed by these member countries.

All International Organizations apply the same regulations in regard to job classification, appointment of staff members, staff remuneration and other working conditions. If staff members hold similar duties at the same duty station, they receive the same level of salary and the same administrative treatment no matter which organization they work for. This system is generally referred to as the United Nations Common System.

### **1.2. The International Civil Servants**

As of December 2009, there were approximately 54,000 staff members employed in the 31 organizations within the UN Common System. Of this number, approximately 29,000 staff members were categorized as professional and higher categories. These staff members are recruited internationally and represent 189 different nationalities. As of December 2011, there are 193 member states in the United Nations and the staff members represent 189 different national-

ities, therefore, almost all the independent nations of the world are represented.

### 1.3. The Nationality of Staff Members

Staff members are recruited and promoted in relation to the financial contribution of the member state concerned. This policy is called geographic distribution. The aim of this policy is to avoid an imbalanced representation of particular countries.

**Table 1 The number of staff members and their percentage in the professional and higher categories\***

Member State	Number of Staff Members	Percentage
USA	2,738	9%
France	1,875	7%
United Kingdom	1,438	5%
Italy	1,288	4%
Canada	1,142	4%
Germany	1,137	4%
Japan	771	3%
India	717	2%
Spain	716	2%
Netherlands	522	2%
China	484	2%
Belgium	447	2%
Sweden	360	1%
Denmark	334	1%
Total Staff Members from the above 14 Member States	13,969	48%
Total Staff Members from the remaining Member States	14,866	52%
Grand Total	28,835	100%

\*Staff Members whose grade is at P-1 to the Secretary-General (SG)

Data as of 31 December 2009

Source: compiled from CEB/2010/HLCM/HR/24

However, despite the geographic distribution policy, if the composition of staff members is closely examined, one will find a different picture. Table 1 indicates that 44% of staff members employed in the UN Common System are from developed countries. Among the top 14 countries by staff members' nationality, there are only two countries from developing countries: i.e. India and China. It means that although a substantial number of staff at International Organizations

are from developed countries, their management is highly influenced by practices of North American and European countries.

#### 1.4. Duty Stations

One of the major responsibilities of the International Organizations is to promote the social and economic development of developing countries. This requires a substantial portion of its staff members to be stationed in developing countries. At present the duty stations assigned to its staff are scattered over 176 countries, covering 532 cities and villages. In general, staff members are required to work outside their respective home country.

## 2. Human Resource Management of the International Organizations

### 2.1. Recruitment

Regardless of the type of organization, it is important to recruit the most competent and highly qualified candidates. However, the concept of recruitment and employment management are different between International Organizations and the private and public organizations in Japan.

At the international organizations, whenever it is necessary to establish a new post or to fill a post upon resignation or retirement of staff, it is mandatory to advertise vacancy announcements in all member states and select the most qualified candidate.

In Japan, however, private and public organizations recruit a bulk of fresh university graduates based on the long-term strategy of each organization. Thus, those Japanese organizations allocate those human resources to suitable positions under the initiative of the HR Department (*Jinji-bu*) in accordance with their competence, characteristics, etc.

In addition to the difference in recruitment between the International Organizations and organizations in Japan, there are two special features in the recruitment of staff at the UN Common System. The first feature is to recruit staff members from the member countries in accordance with the size of their financial contributions to the International Organizations. Each government is classified as *over-represented*, *equitably represented*, *under-represented* and *non-represented* based on the size of their financial contributions. If qualifications of candidates are similar or equal, the candidates from non-represented or under-represented nations are given priority. The second feature is the affirmative action program. Many organizations state in their vacancy announcements that women are welcome to apply for vacant posts. Women candidates are given priority if their qualifications are similar or equal to their male counterparts in order to increase the number of women at International Organizations. The second policy is reflecting a fundamental principle of the United Nations to promote parity of men and women at the

workplace. The UN acts as a role-model for other member countries.

## **2.2. Promotions/assignment of staff members**

In the International Organizations, the process of promotion and assignment of staff starts with each staff member as he or she applies for a higher grade post or a post different from the present one. As mentioned previously, it is mandatory that all vacant posts in the professional and higher categories be advertised all over the world. If a staff member wishes to get promoted or to expand his or her field of work, he or she must apply for a higher grade post or other applicable post with his or her own initiative. If a staff member is satisfied with their present post, he or she can remain at that post and does not have to apply for any vacant posts.

## **2.3. Salary**

The salary in the professional and higher categories is calculated in US dollars and paid in the currency of the staff member's choice. The salary is composed of the basic salary, post adjustment and various allowances such as education grants and housing allowance. The total annual salary is divided into twelve and paid monthly to the staff member concerned. There are no bonuses or other special payments to staff members.

## **2.4. Fringe-Benefits—Pension, Health Insurance, etc.**

Staff members who have been employed by the International Organizations within the UN Common System for more than five years can receive a pension from the UN at the age of 62. It is worthy to note that the contribution ratio to the pension funds between the UN organizations and staff members is two to one. This ratio is very favorable to staff members since the contribution ratio at most organizations around the world is one to one.

As for health insurance, the individual organization makes a contract with an outside insurance company which generally covers 80% to 90% of the required medical expenses. The contribution ratio to the health insurance between the organization and staff members is one to one. Staff members can receive medical treatment in any country of their choice.

It can be said that the level of fringe-benefits of International Civil Servants is high. This means that International Organizations show appreciation in the form of fringe-benefits to staff members whose duty stations are outside their home country.

## **2.5. Working Hours**

Performance at the workplace in International Organizations is evaluated by the quality of work and not by the hours one spends at work.

It is staff members' responsibility to plan and carry out the assigned work by the deadline set by the organization. This means that time management is up to the individual staff member's own discretion. Staff members are not always considered to be competent just because they demonstrate their loyalty to their boss and to the organization by remaining late at the office.

## **2.6. Annual Leave**

As a rule, staff members are given 2.5 days of paid leave per month, which equals 30 days a year. In addition, approximately eight to ten day holidays are assigned by each organization and the country of duty station. Therefore, if the paid annual leave, the holidays mentioned above and the weekends (Saturdays and Sundays) are combined, staff members can enjoy holidays for a total of more than one-third of a year. In Japan, employees are hesitant to take their paid leave and the rate of using their annual paid leave is 46.7%; less than 50%.<sup>(1)</sup>

## **2.7. Maternity Leave**

All female staff members are entitled to a total of 4 months (16 weeks) maternity leave before and after delivery. Hundred percent pay is guaranteed during the whole period of maternity leave. As mentioned in 2.6., staff members are given 2.5 days of annual paid leave per month. Women on maternity leave also receive 2.5 days annual leave per month even though they are not working during the maternity leave. Most female staff members who have babies concentrate on bringing up their new-born babies for several months before they return to work with full pay, combining the paid maternity leave with the accumulated annual leave.

Furthermore, the right to return to the previous post is fully guaranteed. Even if a substitute performs far better than the person on maternity leave, it is regulation that the temporary staff member be removed from the post when the maternity leave is over.

Because maternity leave tends to have a negative influence on the possibilities of promotion, the staff regulations of International Organizations clearly state that promotion should not be hindered by pregnancy. If a supervisor takes action against a woman because of pregnancy or maternity leave, the woman can make an appeal before the grievance committee within the organization to protect her rights. Statistics show that most plaintiffs win their cases.

# **3. Diversity Management**

## **3.1. Affirmative Action Programs**

Affirmative Action Programs have been implemented in the International Organizations to promote the principle of equal rights between men and women and to upgrade the status of women.

As of December 2009, the percentage of women throughout the professional and higher categories is 40% as shown in Table 2, although there are some differences in representation by organization. Table 3 shows that the percentage of women in the professional category<sup>(2)</sup> is 41 % and the percentage in the higher managerial categories (D-1 and above) is 28%. This table also shows that it has taken decades to achieve a high representation of women in the work-place. In order to achieve parity between men and women, many International Organizations have been striving to increase the percentage of women to 50%.

**Table 2 The number of female staff members in the professional and higher categories employed by the UN Common System and their percentage**

Organization	Total Staff	% of Female Staff
UN	10,083	39%
UNDP	2,232	45%
UNICEF	2,235	50%
WHO	2,230	38%
UNHCR	1,629	41%
WFP	1,449	41%
UNESCO	969	49%
FAO	1,510	32%
ILO	1,015	44%
IAEA	1,055	23%
Remaining 21 Organizations	4,428	39%
Total	28,835	40%

Data as of 31 December 2009

Source: compiled from CEB/2010/HLCM/HR/24

**Table 3 The trend of the percentage of female staff members in the professional and higher categories employed by the UN Common System**

Year	%	Managerial Level (D- 1 and above)	Professional Category (P- 1 to P- 5)
1974	13%	2%	14%
1976	13%	2%	15%
1978	14%	2%	15%
1979	14%	2%	15%
1980	14%	3%	16%
1981	15%	3%	16%
1982	16%	3%	18%
1983	16%	3%	18%
1984	17%	3%	19%
1985	18%	4%	20%
1986	19%	4%	21%
1987	20%	4%	22%
1988	21%	5%	23%
1989	22%	5%	24%
1990	23%	6%	25%
1991	24%	6%	26%
1992	25%	7%	27%
1993	27%	9%	29%
1994	28%	10%	30%
1995	28%	12%	30%
1996	30%	13%	32%
1997	31%	15%	33%
2000	33%	20%	35%
2003	36%	22%	38%
2004	37%	24%	38%
2005	37%	25%	39%
2006	38%	25%	39%
2007	38%	26%	39%
2008	39%	28%	40%
2009	40%	28%	41%

When the data is not available at the UN, it is not provided.

Source: Compiled from the data at ICSC (International Civil Service Commission) and CEB (Chief Executive Board of Coordination)

**Table 4 The number and percentage of staff members by sex, educational level and managerial level where the organization size is 100 or more**

	Managerial level				Non-manual Level	Total
	Sub-total	Director's level	Division Chief level	Section Chief level		
Female, graduated from University or Graduate School	56,800 4.9%	8,260 3.1%	21,480 3.9%	27,060 7.9%	673,390 23.3%	754,650 16.9%
Male, graduated from University or Graduate School	1,098,320 95.1%	260,680 96.9%	522,360 96.1%	315,280 92.1%	2,216,030 76.7%	3,718,750 83.1%
Total	1,155,120 100%	268,940 100%	543,840 100%	342,340 100%	2,889,420 100%	4,473,400 100%

Source: Basic Survey on Wage Structure conducted by the Ministry of Health, Labour and Welfare (2007)

If the statistics of women's representation at the UN Common System are compared with the one in Japan shown in Table 4, it is possible to learn that the percentage of women in Japan, in particular, at the managerial level is quite low. According to a survey of the Ministry of Health, Labor and Welfare (2007), the percentage of women at *bucho* level (director and above) was only 3.1%, at *kacho* level (division chief level) 3.9% and that at *kakaricho* level (section chief level) 7.9%. According to another survey by the Ministry of Health, Labor and Welfare in 2008, the percentage of women on a career track (*sogo shoku*) was only 6% in the companies which had implemented the employment management system classified by course.

The above comparison indicates that the use of female human resources is still limited in Japan.

#### 4. Discussions

As of December 2009, staff members of the International Organizations were recruited from 189 member countries. Regardless of their nationality, work under the same conditions receives the same remuneration as outlined by the Staff regulations.

Japanese society is now shifting towards an aging population and low birth rate. Because of the globalization of markets and the rise in the value of the yen, many Japanese companies are trying to shift their business target to the emerging markets in developing countries.

To cope with globalization, Japanese companies need to recruit many non-Japanese staff members in the targeted areas around the world. In doing so, these companies are required to establish a seamless HRM practice regardless of staff members' nationality or their duty station,



maintaining fairness in the treatment of staff members.

Examining the HRM practices of International Organizations can provide Japanese managers with three recommendations.

The first recommendation is an improvement in the management of working hours. Japanese companies have a notorious reputation regarding long working hours and a low rate of employees who use their annual leave. It is often said that the productivity of the Japanese blue collar workers is high but that of white collar is low. As discussed in 2.5. and in 2.6. in this paper, Japanese companies need to establish a more flexible working hour management to give staff members discretion to enable them to have a work-life balance, thus using more of their annual leave.

The second recommendation is the introduction of a favorable pension scheme for staff members assigned outside Japan. At International Organizations, staff members continue to work outside their home country until their mandatory retirement age, sacrificing the comforts of living in their own home country. In order to reward their dedication to their overseas assignments, International Organizations provide a favorable pension scheme to their staff members. At present, many young Japanese are reluctant to study or to live outside Japan, avoiding such hardships. In this sense, a favorable pension scheme applicable only to those on overseas assignments would be a good incentive.

The third recommendation is in relation to Diversity Management. The concept of Diversity Management is to make full use of various human resources such as women, minorities, etc. to cultivate more clients and markets around the world. Diversity Management is a new concept and was originally established in the 1990s in the United States. Diversity Management strategy has been expanding in many developed countries to provide more business opportunities in the world. However, in the case of Japan, in regard to Diversity Management, women's participation in the workplace is very limited as discussed in 3.1. In view of the lowering birthrate and decreasing workforce, more attention should be paid to the introduction of Diversity Management practices in Japan.

## 5. Conclusion

This paper has provided an overview of HRM at International Organizations, comparing it with Japanese style management practices. In view of globalization, the writer pointed out three recommendations that would enable Japanese companies to compete in the process of globalization: i) better management of working hours, ii) an incentive in pensions applicable to staff members assigned overseas, iii) the introduction of Diversity Management in Japanese HRM.

To cope with the recent rise in the value of yen and globalization, Japanese companies

started recruiting non-Japanese as part of their human resources, revising the HRM schemes applicable to the global market. However, more modifications are required for Japanese companies to function successfully in the global market place.

### Notes

- (1) The Ministry of Health, Labor and Welfare.(2008). *Summary of comprehensive survey on working conditions in Japan*. The Ministry of Health, Labor and Welfare, p.8. (<http://www.mhlw.go.jp/toukei/itiran/roudou/jikan/syurou/08/index.html>).
- (2) Grades in the Professional Category start at P (Professional)-1 and move up to P-5. In the Managerial Category, grades are D (Director)-1 which is equivalent to the Deputy Director, D-2 which is equivalent to the director and UG(Un-graded). However, the occupational importance is slightly different by organization.

### References

- Arthur, M. B., & Rousseau, D. M. (1996). *The boundaryless career: A new employment principle for a new organizational era*. Oxford, OX: Oxford University Press.
- Bartlett, C., & Ghoshal, S. (1989). *Managing across borders: The transnational solution*. Boston, MA : Harvard Business School Press. (バートレット C. A.&ゴシヤール S. 『地球市場時代の企業戦略』 日本経済新聞社1990年11月).
- Bartlett, C., Ghoshal, S., & Beamish, P. (1990). *Transnational management*. New York, NY: McGraw-Hill Irwin.
- Brown, D., & Brooks, L. (1990). *Career counseling techniques*. Boston, MA: Allyn and Bacon.
- Gelatt, H.B. (1962). Decision making: A conceptual frame of reference for counseling. *Journal of Counseling Psychology* Vol.9-3.
- Gelatt, H.B. (1989). Positive uncertainty: A new decision making frame for counseling. *Journal of Counseling Psychology* Vol.36-2.
- Gelatt, H.B. (2003). *Creative decision making: using positive uncertainty*. Fredericton, NB: Criepp Publications Rev. Ed.
- Gottfredson, G. D. (1999). John L. Holland's contributions to vocational psychology: A review and Evaluation. *Journal of Vocational Behavior*, Volume 55, 15-40.
- Granovetter, M. S. (1973). The strength of weak ties. *American Journal of Sociology*, Volume 78, Number 6, 1360-1380.
- Guellec, D. & Cervantes, M. (2002). *International mobility of highly skilled workers: from statistical analysis to policy formulation*. Paris, OECD.
- Gysbers, N.C., Heppner, M.J., & Johnston, L.A. (1997). *Career counseling: Process, issues and techniques*. Boston, MA: Allyn and Bacon.
- Halderman, J. W. (1981). *The political role of the United Nations-Advancing the world community*. New York, NY: Praeger Publishers.
- Hall, D. T., & Associates. (1996). *The career is dead long-live the career — A relational approach to careers*. New York, NY: Jossey-Bass Publishers.
- Hall, D. T. (2002). *Careers in and out of organizations*. London, Sage Publications, Inc..
- Hansen, S. L. (1997). *Integrative life planning: Critical tasks for career development and changing life*

- patterns*. New York:NY: Jossey & Bass Publishers.
- Hansen, S. L. (2001). Integrating work, family, and community through holistic life planning. *The Career Development Quarterly* Volume 49, Number 3, 261-274.
- Herr Edwin, L., & Stanley, H.C. (1996). *Career guidance and counseling through the lifespan 5<sup>th</sup> Ed.* New York, NY : Harper Collins College Publishers 1996.
- Herr Edwin, L. (2001). Career development and ITS practice: A historical perspective. *The Career Development Quarterly*, Volume 49, 196-211.
- Issacson, L. E., & Brown, D. (1996). *Career information, career counseling and career development 6<sup>th</sup> Ed.* Boston,MA: Allyn and Bacon.
- Kummerow, J.M. (2000). *New directions in career planning and the workplace; Practical strategies for career management professionals 2<sup>nd</sup> ed.*. Mountain View, CA: Davis Black Publishing.
- Langrod, G. (1968). *The international civil service*. New York,N.Y.: Oceana Publications.
- Montross, D. H., & Shinkman, C. J. (1981). *Career development in the 1980s theory and practice*. Spring Field, IL: C.C.Thomas.
- Nagai, H. ( 2002). Comparison of cross-cultural adjustments between Japanese and American expatriates. AIBS.
- Perlmutter, H.V. (1969). The tortuous evolution of the multinational corporation. *The Colombia Journal of World Business, January-February*.
- Raelin, J. A. (1985). *The clash of cultures — Managers managing professionals*. Boston, MA: Harvard Business School Press.
- Savickas, M. L. (1999). Holland's theory (1959-1999): 40 years of research and application. *Journal of Vocational Behavior* Volume 55, Number 1, 1-4.
- Schein, E. H. (1968). Organizational socialization and the profession of management. *IMR Winter* Volume 9 Number2, 1-16.
- Schein, E. H. (2006). *Career anchors-participat workbook third edition*. San Francisco, CA: John Wiley & Sons Inc..
- Schein, E. H. (2004). *Organizational culture and leadership*. San Francisco, CA: Jossey-Bass.
- Shibagaki, K., Trevor, M., & Abo. T. (1989). *Japanese and European management their international adaptability*. Tokyo, University of Tokyo Press.
- Schlossberg, N.K. (1984). *Counseling adults in transition: Linking practice with theory*. New York, NY: Springer.
- Sharf, R.S. (1996). *Applying career development theory to counseling*. Pacific Grove,CA: Brooks/Cole Publishing Company.
- Steele, D. (1987). *The reform of the United Nations*. Beckenham, Kent: Croom Helm.
- Super, D. E. , & Kidd, J. M. (1979). Vocational maturity in adulthood: Toward turning a model into a measure. *Journal of Vocational Behavior* 14, 255-270.
- Super, D. E. (1980). A life-span, life-space approach to career development. *Journal of Vocational Behavior* 16, Number 3, 282-298.
- Yokoyama, K. (2008). Correlation analysis and factor analysis of Japanese staff members employed in the UN system. *Bulletin of Toyo Gakuen University No.16*, 19-33.

