

**Discursive essay: How can the consistency of international compensation across international locations be achieved within your multinational organisation when local environments differ?**

## **Introduction**

International remuneration uniformity across multiple locales is a major problem for multinational corporations. Compensation management in a global setting entails managing variances in local surroundings, such as cultural, regulatory, financial, and commercial considerations. Despite these discrepancies, this discursive essay investigates how multinational organisations might attain uniformity in international compensation (Dundon *et al.*, 2004). It investigates numerous solutions, issues, and problems associated with sustaining equitable and competitive pay practices across international borders. The case investigation focuses on Apple Inc., an internationally known multinational corporation, to give practical knowledge and an overview of its worldwide compensation strategy.

Apple Inc. is an excellent option for the case study on attaining consistency in international remuneration because of its worldwide presence, diversified workforce, and position as a market leader in the technology sector. Apple needs to work on managing pay across cultural, permitted, and economic situations with operations in several countries. The company's dedication to innovation and its emphasis on recruiting and maintaining top individuals necessitates examining how it handles these difficulties in its pay practices (Aljafari, 2016). Furthermore, Apple's high-profile worldwide market position and previous experiences with compensation-related problems, such as uneven pay claims, make it a compelling case for investigation and review.

## **Overview of Apple Inc.**

Apple Inc. began as a small producer of personal computers by Steve Jobs, Steve Wozniak, and Ronald Wayne. The firm went public in 1980, issuing shares on the stock market for \$22 apiece. Apple released fresh computer models in 1977 and 1980 to compete in the business computer market. However, the Macintosh was a hit at its original release in 1984 but failed to sustain sales levels in the following months. Its adoption could have been improved by its high cost at retail and restricted software alternatives. This changed when Apple released the LaserWriter and PageMaker products, which included a low-cost printer and printing software (Albergotti, 2019). It appealed to companies, authors, and publishers when paired with Macintosh's capabilities.

Apple, for instance, has a critical presence in China, the world's largest smartphone market. Apple has tailored its products and services to Chinese customers' cultural and language

preferences. Apple also has retail locations in key cities worldwide, delivering localised customer service and product experiences. The variety of worldwide locations needs careful consideration of various elements, such as local market dynamics, client tastes, and regulatory frameworks (Aljafari, 2016). Achieving consistency in international pay across different regions can be a challenging endeavour that necessitates a thorough grasp of the variations and similarities across the markets. In the subsequent sections, the essay will look at the necessity of uniformity in global compensation and solutions for dealing with the issues given by varied foreign contexts.

### **Importance of Consistency in International Compensation**

International compensation is the monetary and non-monetary awards granted to personnel operating in various nations within a multinational organisation. Salaries, bonuses, incentives, perks, allowances, and other kinds of pay are all part of the effort to recruit, motivate, and keep a competent global workforce. Worldwide compensation consistency requires ensuring equality and fairness in employee salaries across varied locations. The importance of global compensation consistency stems from its capacity to establish a harmonious and equal work environment across geographic borders (Damon *et al.*, 2017).

According to institutional theory, MNEs may achieve consistency in worldwide compensation by tailoring their practises to the institutional environment of each site, taking into account societal conventions, cultural values, and legal frameworks. This entails adjusting remuneration to fit local expectations while retaining global norms and organisational credibility. Organisations such as Apple Inc. may boost morale among workers, motivation, and engagement by implementing consistent compensation practices (Dickmann, 2003). Furthermore, consistent remuneration fosters internal equity while reducing the risk of employee attrition, dissatisfaction, and legal concerns.

### ***Benefits of maintaining consistency in compensation practices across international locations***

Maintaining uniformity in compensation practises worldwide provides various advantages to multinational corporations like Apple Inc. For starters, it aids in talent retention by maintaining fairness and decreasing the probability of employees finding better possibilities elsewhere. Employees were loyal and devoted to the organisation if they believed their pay was

equal to their colleagues in other regions (Dundon *et al.*, 2004). Second, consistent compensation practises drive performance by instilling a feeling of fairness and continuously rewarding individuals for their achievements. This encourages people to give their all, knowing their efforts will be recognised and adequately rewarded. Third, consistent pay practices promote organisational mobility and flexibility.

Employees at a global organisation such as Apple may have prospects for overseas assignments and transfers. Employees may smoothly shift between multiple foreign sites by maintaining equal remuneration levels independent of location, allowing the organisation to utilise talent effectively. According to the RBV hypothesis, MNEs can achieve uniformity in international pay by using their different resources and core skills (Gurman and Eidelson, 2021). MNEs may build a uniform pay structure across varied locations while exploiting their competitive advantage by aligning remuneration with these benefits, such as global talent pools, innovative technology, or intellectual property.

### ***Challenges and potential consequences of inconsistent compensation***

For global corporations such as Apple Inc., achieving uniformity in worldwide remuneration across multiple locales creates considerable hurdles. One of the most challenging tasks is retaining talent. Pay inequalities between employees in various regions might result from inconsistent compensation practices, leading to demotivation and unhappiness. As a result, high-performing individuals may seek more excellent opportunities elsewhere, jeopardising the company's capacity to retain top personnel (Gurman, 2019). Furthermore, irregular remuneration might lead to an employee's impression of unfair treatment. When employees believe those working in other areas are paid more, it can foster resentment and negatively influence employee morale. This can interfere with teamwork and collaboration, resulting in a disjointed organisational culture.

Another area for improvement is adhering to legal and regulatory standards. Different nations have different compensation laws and regulations, including minimum salary demands, overtime pay, and perks. Failure to comply with these local standards might result in legal ramifications, reputational harm, and significant fines or penalties. Multinational corporations, such as Apple, must manage these complicated rules to assure compliance and reduce legal risks (Miller, 2023). Inconsistent compensation practices can also make cost management challenging. Inefficiencies and redundancy of work related to remuneration systems, comparisons, and administration can result from disparities in pay levels and structures

between worldwide locations. This might raise the organisation's administrative difficulties and total expenditures.

Apple Inc. experienced global compensation problems as, in 2017, the corporation was chastised in China for its unfair pay practices. Employees at Apple retail locations in China are alleged to be paid less than their colleagues in other nations. Employee discontent arose as a result of the discrepancy in pay practices. Consequently, Apple was forced to address these issues and modify its pay practices to assure better fairness and justice. Multinational corporations, such as Apple, should prioritise building a complete worldwide compensation plan to avoid the obstacles and possible repercussions of variable remuneration (Kang and Shen, 2013). This plan should consider each foreign site's specific characteristics and needs while aiming for uniformity in remuneration principles and structures. Benchmarking and market trend research are also beneficial.

## **Factors Influencing International Compensation**

### ***Cultural aspects***

Cultural considerations have a significant impact on international compensation practises. Fairness, hierarchy, and individuality vs collectivism are all influenced by cultural norms and beliefs. These cultural factors influence how settlement is organised and valued in various nations and areas. For example, in certain cultures, individual success and merit-based remuneration may be more prized, whereas collectivism and team-based incentives may be more valued (Proulx, Inzlicht and Harmon-Jones, 2012a). Multinational corporations, such as Apple Inc., must consider cultural subtleties when creating pay systems to ensure they correspond with community standards and generate a feeling of justice and drive.

### ***Economic considerations***

Economic issues have a substantial impact on international compensation levels. The buying power and status of living in various nations are influenced by factors such as the expense of living, rising inflation, currency rates, and economic progress. For example, countries with higher living costs may demand more extensive salary packages to draw in and retain talent. Similarly, nations with high inflation rates may require regular pay changes to maintain employees' buying power (Proulx, Inzlicht and Harmon-Jones, 2012a). Multinational corporations must consider these economic aspects when deciding compensation levels worldwide to remain competitive and recruit the proper people.

### ***Factors of law and regulation***

Legal and regulatory considerations have a considerable influence on foreign compensation practices. Each nation has a distinct set of labour rules and regulations that control things like minimum wage, time spent at work, excessive salaries, fringe benefits, and employee safeguards. Multinational organisations must follow specific standards to minimise legal risks and retain their reputation (Witt and Redding, 2008). In certain nations, for example, there may be tight legislation governing gender pay fairness or obligatory perks such as medical or retirement programmes. Failure to follow these standards may result in legal ramifications, penalties, and harm to the company's brand image. Organisations like Apple must comprehend and adhere to the regulatory and legal structures of each worldwide jurisdiction from where they operate.

### ***Market Dynamics and Competition***

Market circumstances and competition have an impact on international compensation practices as well. The availability of competent individuals, labour market conditions, and industry benchmarks influence remuneration structures and levels. Organisations may need to provide greater compensation packages to attract and keep top talent in highly competitive industries with a need for more competent individuals. Furthermore, sector-specific factors such as demand-supply dynamics, standard operating procedures, and pay surveys influence competitive wage levels (Aljafari, 2016). Multinational corporations like Apple must perform extensive market study and analysis to understand pay practices and developments within their business and specific worldwide locales. This data informs pay structure choices and ensures the organisation stays competitive in bringing in and keeping people.

### **Use of global compensation policies and guidelines**

#### ***Approach to Standardisation***

Standardization entails developing consistent compensation rules and practices across many worldwide regions. This method seeks uniformity in compensation systems, levels, and practices across cultural, legal, and socioeconomic boundaries.

#### ***The benefits and drawbacks***

The standardization strategy has various advantages. It simplifies worldwide compensation administration by offering a uniform paradigm that can be implemented across several locations. This eliminates administrative complications and increases compensation administration efficiency. Second, it supports employee equity and justice by offering uniform

remuneration for equivalent work functions across several locations. This helps reduce employee resentment and unhappiness while fostering unity and justice. However, the standardization technique has several drawbacks. One significant area for improvement is the inability to accommodate local variances. Countries' legal and cultural restrictions may influence compensation practices (Dickmann, 2003). A standardized approach may fail to account for these differences, resulting in noncompliance with local regulations and laws or a mismatch with regional cultural standards. This can lead to employee discontent and issues attracting and keeping talent.

### ***Implementation of global compensation rules and standards***

Multinational corporations, such as Apple Inc., can adopt worldwide remuneration policies and standards to implement the standardisation strategy. These regulations establish a framework for standard pay practices while providing for a certain amount of latitude to account for local differences. Global compensation policies define the overall ideas and rules for remuneration in different countries. They set universal standards for employment evaluation, compensation systems, performance indicators, and incentives, among other things. These rules guarantee a uniform approach to remuneration while considering the organisation's overall goals and market conditions (Dickmann *et al.*, 2008).

These policies' guidelines include more explicit directions and recommendations for adopting compensating practices at the local level. Topics such as local market comparisons, currency conversion rates, cost-of-living adjustments, and complying with local rules and regulations may be included. These principles assist in striking a balance between standardisation and localisation and ensuring that compensation practises are by local laws and cultural norms (Fouin, 1969). Apple may establish uniformity in compensation practises across its foreign locations while still addressing regional characteristics by utilising global compensation rules and standards. This method reduces inequities, promotes justice, and improves the organisation's capacity to recruit and retain talent worldwide.

### ***A hybrid strategy***

The hybrid approach for worldwide compensation incorporates both standardisation and localisation aspects. It seeks to balance worldwide uniformity and regional adaptability by using an adaptable and flexible approach to compensating practices worldwide. The hybrid method has various benefits. It recognises and respects cultural, permitted, and economic distinctions across countries (Gurman, 2019). It can meet local tastes and requirements through space for modification, generating a feeling of justice and consistency with local standards. Employee happiness and engagement can benefit from this.

Second, the hybrid strategy provides more adaptability in dealing with market conditions and talent availability. It recognises that compensation policies and practices may need to be customised to recruit and retain top personnel in various locations or sectors. Organisations may present themselves as appealing employers and gain an edge over their competitors by delivering competitive remuneration packages that fit local market circumstances. However,



the hybrid technique has several drawbacks. The complexity of handling differing compensation practices across several sites is one problem (Gerhart and Fang, 2005). If not done correctly, this might lead to administrative hassles and discrepancies. Organisations must invest in solid systems and procedures for effective compensation coordination and supervision.

Another possible disadvantage is the possibility of perceived unfairness among employees. When diverse compensation practises existing throughout locations, employees may feel unjustly treated when comparing their remuneration to counterparts in other areas. This can result in lower morale and production and potentially increased turnover rates. They are striking a balance between global uniformity and local responsiveness. To successfully adopt the hybrid method, multinational corporations such as Apple Inc. must balance their compensation practises between global uniformity and local flexibility (Gurman, 2019). The structures outlined core reimbursement components, such as job assessment techniques, pay ranges, and achievement management procedures, which remain consistent across locations.

Organisations may also enable local HR departments to make informed choices based on local market conditions and talent requirements. This might involve modifying pay levels to reflect the local cost of living variances, adhering to rules and regulations, and allowing for cultural differences in pay structures and motivations. Regular communication and coordination among global and local HR teams are critical to ensuring consistency and coherence within the hybrid approach's limits. Organisations may streamline compensatory data and procedures using technology and centralised systems, allowing for effective coordination and oversight of compensatory practices across locations (Kang and Shen, 2013). Regular benchmarking and market trend research also assist in informing making decisions, guaranteeing the hybrid strategy stays competitive and adaptable to changing company and market situations.

### **Case Study: Apple Inc.'s Approach to International Compensation**

Apple Inc., a worldwide technology business, has a comprehensive pay philosophy and plan to attract, motivate, and retain top people throughout its global operations. Apple's pay strategy is around rewarding excellence, encouraging fairness, and offering competitive compensation packages. The organisation promotes a pay-for-performance culture in which people are recognised for their contributions, abilities, and accomplishments (Özdemir *et al.*, 2021).

Apple's pay plan focuses on matching staff rewards with the company's objectives and goals to build a unique performance work environment.

Because of the diversity of its global locations, Apple confronts various obstacles in ensuring uniformity in international remuneration. Variations in culture, legal and regulatory complications, economic variances, and market competitiveness are among the hurdles. Apple works throughout nations with distinct values, beliefs, and remuneration expectations. For example, in countries where collectivism is valued, Apple may need to consider team-based incentives and praise to guarantee compliance with cultural standards (Albergotti, 2019). Legal and regulatory issues also offer difficulties, as Apple must handle differing labour laws, minimum pay standards, and benefit restrictions between nations.

Economic issues like cost-of-living discrepancies and inflation rates influence pay levels and buying power. Apple must carefully evaluate these financial variances to attract and retain talent (Aljazeera, 2021). Furthermore, market rivalry complicates matters because Apple must compare its compensation practices to industry standards and alter its offerings to be competitive in each place.

Apple's compensation strategy in various nations exhibits a mix of standardisation and localisation. The company's compensation policy and practises are consistent across the board, guaranteeing a reward-for-performance culture and rewarding achievement. It does, however, tailor its compensating practices to local market situations, regulatory needs, and cultural expectations. Apple, for example, follows its worldwide compensation policies, which define consistent criteria for job appraisal, salary levels, and performance indicators (Aljazeera, 2021). This promotes uniformity and fairness in pay concepts across worldwide sites. However, to stay competitive in each location, the corporation analyses local circumstances and market conditions when deciding individual compensation levels, perks, and allowances.

Apple's foreign compensation strategy is a hybrid method that combines parts of standardisation and localisation. While the company's compensation philosophy and underlying concepts remain consistent, it recognises and adjusts to local changes to guarantee competitiveness and compliance. Apple has worldwide compensation rules and procedures, which serve as a platform for uniformity in pay practices. These rules lay forth the fundamental ideas and criteria for compensation in various foreign locales (Damon *et al.*, 2017). The

corporation does, however, integrate flexibility to accommodate local market situations, regulatory constraints, and cultural expectations. Apple's hybrid strategy aims to compromise global uniformity and local adaptability. The organisation understands the significance of matching remuneration with local factors such as expenses for living, labour accessibility, and norms of culture while maintaining a consistent compensation philosophy and assuring justice and equity throughout its worldwide workforce.

### **Recommendation for Apple Inc.**

#### ***Recommendation 1: Considerations for achieving consistency of international compensation***

Perform thorough market research: Apple should conduct extensive studies on remuneration practises, market developments, and cost-of-living differences in each overseas region. This study will assist the organisation in better understanding local market conditions and adjusting pay levels to guarantee competitiveness and fairness (Dickmann *et al.*, 2008).

Implement a worldwide job grading and evaluation system: Apple should create a standardised job grading and assessment system that can be used consistently across foreign locations. This system will aid in establishing clear work hierarchies, aligning job functions across regions, and facilitating fair and transparent remuneration schemes.

Establish uniform performance assessment metrics: Apple should establish and convey performance evaluation measures throughout the organisation (Dundon *et al.*, 2004). This will guarantee that staff are evaluated objectively and that performance-based incentives are regularly paid, regardless of location.

### ***Recommendation 2: Tailoring compensation practices to local environments***

Perks and allowances should be localised: Apple should explore localising key perks and allowances to accommodate individual requirements and tastes in different regions. Medical benefits, savings accounts, and other perks that are both relevant and appreciated in the local context may be included (Gerhart and Fang, 2005).

Compliance with local legal, including regulatory needs: Apple must verify compliance with local labour laws, minimum wage standards, and other legal compensation obligations. This will assist the organisation in avoiding legal dangers and maintaining an excellent track record in all foreign locations (Gerhart and Fang, 2005).

Cultural considerations in pay structures: Apple should consider cultural sensitivity when creating pay structures. This may entail considering regional customs and tastes, such as recognising the value of group rewards or introducing non-monetary incentives that appeal to local personnel.

### ***Recommendation 3: Develop a global compensation framework with room for flexibility***

Compensation standards that are clearly defined: Apple should create compensation rules that guide making choices across foreign locations. Fairness, performance-based compensation, and alignment with the company's goals and objectives should be emphasised in these principles (Gurman and Eidelson, 2021).

Local customisation within specified boundaries: Apple can allow local HR teams to customise compensation practices within set limitations. This may entail altering pay levels to suit local market realities, cost-of-living variations, and regulatory requirements while adhering to the global compensation structure.

Apple should perform frequent assessments and benchmarking efforts to analyse the efficacy and profitability of its pay practices in various locations (Kang and Shen, 2013). This will aid in the identification of areas for improvement as well as ensuring that the international compensation system stays current and adaptable to changing market circumstances.

## **Conclusion**

In conclusion, the question could be answered by stating that obtaining uniformity in international remuneration within a global organisation like Apple Inc. is a challenging endeavour that necessitates careful consideration of several elements. The need for consistency in pay practises, its benefits, and the problems and potential repercussions of uneven remuneration are a few valid ways of attaining consistency in international remuneration. Investigating the elements influencing worldwide compensation, developing techniques for establishing consistency, and studying Apple's approach to worldwide compensation could further develop strategies. The need to sustain justice and motivation through uniform pay practises has highlighted the influence of societal, regulatory, financial, and market considerations on compensation and the benefits and drawbacks of standardisation, localisation, and hybrid approaches.

Multinational organisations, such as Apple, must find an equilibrium between global uniformity and local responsiveness to achieve worldwide compensation consistency. This necessitates a thorough grasp of local market characteristics, compliance with legal and regulatory standards, and the creation of an international compensation system that allows for flexibility. Organisations can recruit and retain great personnel, maintain fairness, and improve their worldwide reputation by considering these aspects and customising pay practices to local circumstances. Therefore, achieving consistency concerning international compensation is a complicated endeavour. However, with careful preparation, study, and account of various factors, multinational companies such as Apple can create a harmonised reimbursement approach that encourages global operations while ensuring fairness and inspiration for employees in different international locations.

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