

Working conditions and sustainable work

# Tools of trade: Supporting export businesses to improve their workplace practices



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# Introduction

International business activity is changing as it intersects with the transition to a digital and green economy and in reaction to the COVID-19 pandemic. Traditionally, international business – that is, enterprises active across national borders – has been recognised as a facilitator of job creation and economic growth and a driver of innovation and competitiveness. However, in a world of changing institutional and regulatory frameworks, market situations, business practices and consumer demands, conducting business internationally might become more challenging, and enterprises will have to reconsider their product and labour market strategies.

Employees are one of the most important resources that companies have, and a vast body of research shows that there is a relationship between human resource practices and business performance. Eurofound and the European Centre for the Development of Vocational Training (Cedefop), in their analysis of data gathered by the European Company Survey (ECS) 2019, found that European companies that offer their employees a high degree of autonomy and learning opportunities, that intensively use incentives and variable pay schemes, and that involve employees in decision-making score

best, not only in terms of workplace well-being but also in terms of establishment performance.

Against this background, this policy brief aims to explore the human resource management (HRM) and workplace practices of export-oriented European businesses, and assess whether they differ from those of domestically oriented businesses. Furthermore, it wants to highlight how governments and social partners can support workplace practices that are likely to result in ‘win-win’ outcomes for such companies and their staff. The discussion in this policy brief does not aim to provide a comprehensive stock-taking of all aspects of work organisation and workplace practices. Rather, it applies a selective approach that focuses on a few key areas where policymakers could better assist export-oriented European businesses to exploit the ‘win-win’ potential of employee-friendly human resource practices.

Against this background, to prepare the policy pointers, a review of illustrative internationalisation support instruments at EU level and in the Member States was also conducted.



## Policy context

Support for business internationalisation is a traditional policy priority area at EU and Member State levels due to the contribution of international business to job creation and economic growth. At EU level, the European single market facilitates international business activities across Member States. Bilateral as well as multilateral trade agreements, negotiations and partnerships with other regions and international organisations aim to foster globalisation of European enterprises beyond the EU (Eurofound, 2021a). Internationalisation is also supported by the EU Industrial Strategy.

EU policies place specific emphasis on internationalisation of small and medium-sized enterprises (SMEs). An example of this is the Small Business Act, which established internationalisation of both EU and non-EU markets as one of the 10 priority areas in which Member States should better support SMEs.

At EU level and in the Member States, there exists a wide variety of support instruments. They mainly relate to the business-related categories summarised in Table 1.

Some of these instruments have recently been adapted or extended in response to the COVID-19 pandemic; for example, the budget or generosity of financial support has been increased, access has been simplified, or delivery mechanisms have been adapted to operate remotely.

As policymakers are aware that human resources play an important role in successful internationalisation activities, several policies have also been enacted to support workers engaged in internationalisation. At EU level, examples of this are the European Commission's initiative to 'improve the opportunities for ... professionals to move across borders' in its strategy to boost the single market and the introduction of a common procedure to recognise professional qualifications across Member States.

In addition, the EU and Member States have established specific internationalisation support instruments to equip workers to operate across borders. The most prominent of these are training and skills development support instruments that aim to familiarise employees with the cultural particularities and the institutional and regulatory frameworks of

**Table 1: Most common types of internationalisation support at EU and Member State levels**

Category	Description	Examples
<b>Advice and information provision</b>	Written information (leaflets, websites and databases), workshops and seminars, and consultancy on topics such as: <ul style="list-style-type: none"> <li>○ characteristics of foreign markets (including developments in supply and demand)</li> <li>○ investment opportunities</li> <li>○ institutional settings</li> <li>○ regulatory frameworks</li> </ul>	<ul style="list-style-type: none"> <li>○ Access2Markets portal (EU)</li> <li>○ Intellectual property helpdesks (EU)</li> <li>○ BusinessInfo.cz, the Czech portal for business and exports</li> <li>○ Enterprise Ireland Mentor Network</li> </ul>
<b>Access to finance</b>	Subsidies or favourable loans related to foreign direct investments Reduced corporate tax for investments in international activities Export guarantees to reduce business risks Financial contributions for cross-border standards or certifications Attracting foreign investment	<ul style="list-style-type: none"> <li>○ Competitiveness of Enterprises and Small and Medium-sized Enterprises – COSME (EU)</li> <li>○ Equity Facility for Growth – EFG (EU)</li> <li>○ Export Credit Insurance Organisation (Greece)</li> <li>○ Slovak Investment and Trade Development Agency – SARIO (Slovakia)</li> <li>○ Fund for the internationalisation of the company (Spain)</li> </ul>
<b>Networking activities</b>	Financial or technical support for participating in international trade fairs or ‘matchmaking’ events where potential business partners from different countries can establish first contacts Fostering dialogue with national governments and international institutions over technical issues such as intellectual property rights	<ul style="list-style-type: none"> <li>○ Partnership Instrument (EU)</li> <li>○ Enterprise Europe Network (EU)</li> <li>○ Enterprise Estonia</li> <li>○ Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology – SPIRIT (Slovenia)</li> </ul>

**Note:** For further descriptions of the national examples, please consult the support instruments database of the European Restructuring Monitor (ERM).

**Source:** Eurofound, 2021b

other countries, or to improve their foreign language skills. Such instruments are not limited to enhancing rank-and-file employees’ expertise but also address managers’ competences.

Support instruments that target other elements of workplace practices specific to international enterprises, for example related

to recruitment or work organisation, seem to be less widespread. One example, however, is the website ‘Work in Estonia’, set up by the national foundation Enterprise Estonia, which provides information for foreigners interested in working in Estonia and Estonian employers looking for foreign specialists.

### Box 1: Erasmus for Young Entrepreneurs Global programme

This EU-level instrument promotes the cross-border exchange of novice entrepreneurs. For one to three months, they are hosted by an experienced entrepreneur in countries like Canada, Israel, Singapore, South Korea and the United States. The new entrepreneur can improve their skills related to establishing and running a firm, and the experienced host benefits from new perspectives on doing business. Both have the opportunity to enhance their multicultural competences and to establish commercial relationships across borders.

# Key findings

- Half of EU27 establishments (with at least 10 employees) have realised sales through exports since the beginning of 2016.
- While the COVID-19 pandemic caused an immediate shock to global value chains and the cross-border cooperation of enterprises in 2020, it also highlighted the opportunities inherent in a diversified market strategy.
- Overall, workplace practices differ little between export-oriented establishments and those serving a national market. However, when the focus is narrowed to the teams responsible for the identification, development and implementation of international business activities, some particular features can be identified.
- A common feature is that international operations are conducted by teams composed of staff with different cultural backgrounds or expertise in the different target markets. Good cooperation within the team is important; so too is cooperation with other departments in the organisation and external business partners.
- The need for high-skilled staff, with a range of vocational, technological and administrative skills, is pronounced in export-oriented establishments. Specifically related to international business activities, there is a need for expertise in foreign languages, intercultural competences, and knowledge of institutional and regulatory frameworks in other countries. Line managers need to have skills for managing multicultural teams.
- Establishments' skills needs are met through recruitment, and they generally have little difficulty hiring staff. Evidence from case studies suggests that recruitment is carried out ad hoc when the need arises. The process could be improved through professionalisation of the mechanisms used and better support from the public employment services.
- Training, especially on-the-job training, is emphasised in export-oriented establishments. Training costs are a barrier to the use of external training providers.
- These establishments generally encourage employee participation in business decision-making. At the same time, some evidence highlights the risk that internationalisation weakens trade unions and social dialogue.
- Evidence from case studies suggests that workplace practices that improve the work atmosphere and team spirit benefit both the employer and employees. Workplace practices that lead to increased productivity and that enhance an establishment's brand image are likely to be more advantageous for employers, while employees benefit more from having autonomy, flexibility and opportunities for personal development.



## Exploring the evidence

### Data sources for the study

This policy brief is based on an analysis of data from the ECS 2019, which interviewed 22,000 managers in establishments with 10 or more employees across the EU27 and the UK. (An establishment is a single company site.)

The main findings are described here, while the full findings are available in the working paper *Workplace practices in export-oriented establishments: Quantitative analysis based on the ECS 2019*.

The analysis of ECS data is supplemented by a literature review focusing on human resource practices explored in the ECS and 19 case studies on workplace practices in international establishments. Findings from these two sources are summarised here, while the full reports are available as the working papers *International businesses: Scale, policy and workplace practices – Literature review* and *Workplace practices in export-oriented establishments: Case studies*.

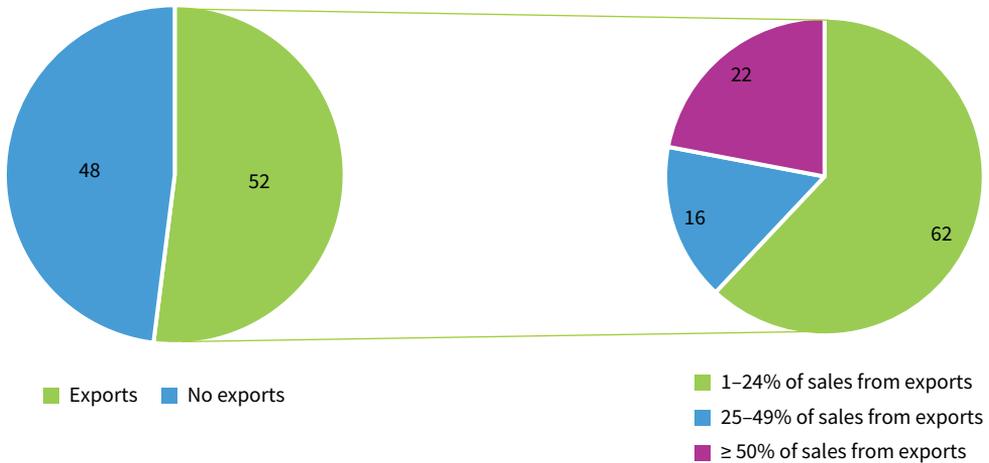
### International activities of European businesses

Comprehensive data on the international business activities of European enterprises are scarce. The most recent Flash Eurobarometer of the European Commission on this topic was published in 2015 and was limited to SMEs, which employ fewer than 250 staff.

Accordingly, the ECS 2019 is an important data source, even if its internationalisation data are limited to exports. It shows that slightly more than half of EU27 establishments have realised sales through customers in other countries since the beginning of 2016 (Figure 1). Among exporting establishments, about 60% generate less than a quarter of their sales through exports, and for about a fifth of exporting establishments, at least half of their sales depend on foreign customers.

In the analysis that follows, establishments for which exports account for at least 25% of sales are compared to establishments with no or less export activity.

**Figure 1: Export orientation of establishments in the EU27 (% of sales realised through customers in other countries), 2016–2019**



**Note:** The analysis covers NACE Rev. 2 sectors B–N and R–S, although exports do not arise for some sectors due to the nature of their activities (for example, personal services tend to be provided locally).

**Source:** ECS 2019, Management questionnaire

Both the ECS 2019 data and the literature (for example, Eurofound’s research on ‘born globals’) indicate that export orientation is positively correlated with company size, meaning that a higher share of larger companies than smaller companies export. This suggests that there is unexploited internationalisation potential among smaller enterprises. In particular, the group of young, and therefore very small, international companies – known as ‘born globals’ – is still a marginal phenomenon and deserves more policy attention, given their proven contribution to job creation and innovation and their essential role in global value chains.

The most export-oriented sector is manufacturing, and about 20–25% of all export-oriented establishments in the ECS 2019 indicated that they produce, design or develop their products or services in collaboration with other establishments or contract out such activities. Accordingly, those establishments could potentially be involved in cross-border value chains.

## Impact of COVID-19

Existing cross-border operations are important to bear in mind when looking at how the COVID-19 pandemic altered international activities. A forthcoming report by Eurofound on the impact of the pandemic on the labour market shows that, from the second to the fourth quarter of 2020, most manufacturing sectors were considered ‘non-essential’ and, due to limited teleworking possibilities, closed down to a large extent. This suggests a disruption of global value chains, as identified by Villani and Fana (2020) in an analysis of European manufacturing activities and also by economic analyses. The World Trade Organization, for example, estimated a decline in world trade of between 13% and 32% in 2020, and data from the United Nations Conference on Trade and Development (UNCTAD) show a drop in foreign direct investment flows by 49% for the first half of 2020 compared to 2019.

Furthermore, the literature identifies not only a quantitative impact of the pandemic but also its potential to reshape the nature of international trade. Suborna (2020), for example, predicts a shift in the type of

## Box 2: Having the cushion of a diversified market strategy

The Austrian furniture company **TEAM 7** employs between 600 and 700 staff and operates in more than 30 countries. Its export quota amounts to 86% of its output. The COVID-19 pandemic resulted in a complete halt in demand from Canada, Russia, the UK and the USA in mid-2020. The other markets that the company serves experienced little disruption, however, as periods of decreased demand caused by governmental lockdowns were followed by a surge in orders. As a result, the COVID-19 crisis had not negatively impacted the business as of the first quarter of 2021, with a similar sales volume in 2020 as in previous years.

**ACCIONA** is a Spanish company active in renewable energy and civil engineering. It employs more than 39,000 staff and generates up to 70% of its sales through exports. The company operates in more than 60 countries across the globe. While expansion in the Spanish home market as well as in Europe is slowing down, 2020 was characterised by accelerated business growth in countries less affected by COVID-19.

internationally traded goods (from non-essential to essential), new forms of trade barriers and changing relationships between countries, including a reduced dependency on traditional source countries such as China.

That said, some authors suggest exploring the opportunities resulting from the pandemic. Javorcik (2020) and the World Economic Forum (2020) encourage more diversification in international activities. Indeed, evidence from the case studies conducted in the framework of this project indicate that a diversified internationalisation approach is beneficial in a crisis as it helps to balance declines in demand from some countries – caused by governmental confinement mandates – with stable or increasing demand from others.

## What is special about workplace practices in export-oriented establishments?

The analysis of ECS 2019 data does not highlight substantial differences in the workplace practices of export-oriented and domestically oriented European establishments. The survey data, however, as well as the literature and the case studies conducted for the current research, indicate that some elements of workplace practices are more prominent in export-oriented

establishments. These seem to be particularly specific to the employees involved in the identification, development and implementation of the international business activities, hence related to white-collar, clerical and management staff profiles.

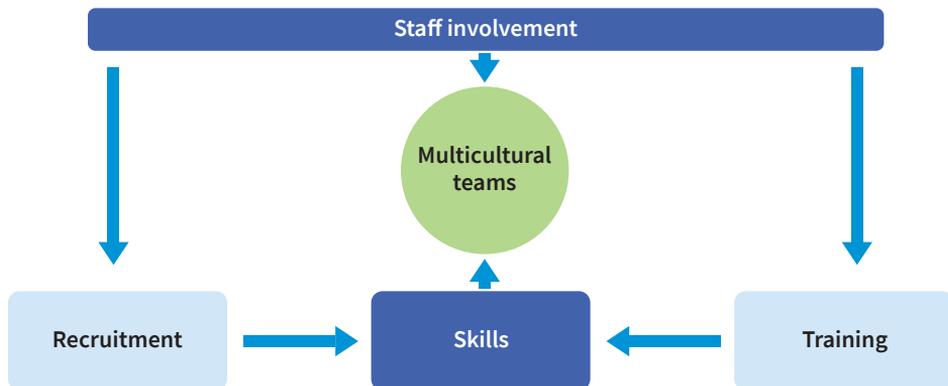
A common feature is that these activities tend to be carried out by a team of staff with a multicultural background or expertise. Accordingly, a specific skill set is required in these teams, which is acquired through recruitment and training. Furthermore, staff and employee representatives can be involved in and influence the work organisation in the team as well as recruitment and training.

These elements are set out in schematic form in Figure 2 overleaf and discussed in more detail in the following sections.

### Self-directed, multicultural teams

According to the ECS 2019, it is slightly more common in export-oriented establishments for employees to work in a single self-directed team – this is the case in 39% of such workplaces, compared to 35% of other establishments. It is also slightly less common for export-oriented establishments to have employees assigned to a single team that is management-directed (27% do so versus 31% of establishments oriented towards the domestic market). There is no difference as regards the prevalence of workers contributing

**Figure 2: Schematic of elements of workplace practices possibly specific to export-oriented establishments**



Source: Author

to multiple teams. Bikfalvi et al (2014) found slightly stronger correlations, with 66% of exporting manufacturing companies having implemented teamwork, compared to about 62% of non-exporters.

In the case studies conducted for this research, teamwork is the dominant form of work organisation. Teams of blue-collar workers – in production, for instance – tend to be subject to strict processes and monitoring, while white-collar worker teams, for example in administration, have a high degree of autonomy.

These teams of white-collar workers with high autonomy are those tasked with the development and implementation of international business activities. The case studies show several examples of such teams being composed of staff of different nationalities or cultural backgrounds or native employees who have substantial experience with the international target markets. Division of tasks among the team tends to be organised along the target markets, with team members having the flexibility and autonomy to redistribute work if needed. In several cases, it was mentioned that the team members not only coordinate activities within the team but also cooperate with other teams, such as in R&D or production, to ensure the technical feasibility of the solutions requested by the international clients.

### Extensive skills needs

The maintenance and further development of the skills of the workforce, and the population in general, have traditionally been a priority area for policymakers at EU and Member State levels. In the context of the digital and green transition, ensuring workers have the skills required for the changing economy, from their initial education through to reskilling and upskilling in the course of their working lives, has gained even more attention. Furthermore, skills development is one of the priority areas of the Recovery and Resilience Facility to assist Member States in the recovery from COVID-19.

The need for higher-skilled staff is pronounced in international businesses. Data from the ECS 2019, for example, show that a higher share of export-oriented establishments (32%) is highly digitalised (compared to 28% of other establishments) – highly digitalised meaning they have a high share of employees using computers daily, are likely to have purchased customised software recently and are likely to use data analytics. In addition, a greater proportion of exporting establishments engages in innovation: about one-third introduced innovation to the establishment or the market in the three years before the survey, compared to half of the non-exporters.

A positive relationship between export activities and technology intensity has also been found in previous research.

Greater skills intensity in export-oriented establishments may be demanded by the market strategy they apply: slightly more are competing through customisation of products and services or through innovation rather than through low prices.

More specifically related to internationalisation activities, the case studies conducted for this study highlight skills needs related to:

- foreign languages – not only for the administrative staff dealing with international clients, but also, for instance, for technical employees
- intercultural competences to interact effectively and efficiently with foreign clients
- familiarity with institutional and regulatory frameworks in other countries
- multicultural awareness and coordination skills among line managers managing teams composed of staff with different cultural backgrounds

### Recruitment for skills acquisition

One way for companies to acquire the skills they require is through external recruitment.

Both the ECS 2019 data and the literature indicate that international companies have relatively little difficulty recruiting staff. Given the greater skills intensity in export-oriented establishments described above and the ECS 2019 finding that export-oriented establishments tend to recruit job-ready employees, this might appear surprising. However, Hessels and Parker (2013) explain this by reference to the more favourable working conditions offered by exporters, such as monetary and non-monetary rewards as well as international career opportunities. The work is often more interesting work too, possibly due to the autonomous teamwork and the multicultural work environment.

That said, in several of the case studies conducted for this research, managers complained about labour shortages. They attributed their recruitment difficulties to the lack of candidates with combinations of different types of skills, including multicultural competences combined with other skills, like administrative or technical proficiency. The company location was in some cases deemed to be unattractive for highly skilled specialists. Accordingly, some of the establishments opted to recruit workers from abroad, even for roles not related to the international business activities. This finding flags the relevance of cross-border labour mobility for international enterprises.

### Box 3: Systematic cross-border recruitment

The Romanian forwarding and transport company **Marvicon** has 250 drivers, of whom 10 are of Ukrainian origin. Due to the shortage of drivers in Romania, since 2019, Marvicon has actively expanded its recruitment to other eastern European countries. This included opening a recruitment office in Ukraine that recruits drivers, prepares the documentation for the Romanian work permits, and coordinates with the Romanian headquarters regarding visa applications.

The case studies suggest that recruitment is often ad hoc rather than a strategically planned activity with a longer-term time horizon. Companies use a variety of hiring channels, such as job advertisements in newspapers or on the web, social media, HR consultants and

head-hunters, business organisations, or cooperation with universities. In those few cases where the management interviewee mentioned turning to the public employment service, the experience was not satisfactory (see Box 4 for two examples).

## Box 4: Dissatisfaction with the public employment service

The Romanian metal manufacturer **AATEQ** employs about 200 staff, with a plan to expand to about 230. The manager interviewed mentioned that better cooperation with the regional public employment service was desirable. The service requires the company to send it monthly reports on its vacancies, but she feels this to be of little use in practice, and noted that workers who have been recruited through this channel in the past did not satisfy the company's expectations.

The Spanish manufacturing company **Agraz** generates more than 90% of its business through exports. As a seasonal business, its staff numbers vary between about 70 and 220 throughout the year. Agraz tried to cooperate with the regional public employment service several times, in the hope of overcoming its hiring difficulties through access to a large regional database of jobseekers. However, the company felt the public employment service lacked agility, and it saw the related administrative burden as excessive.

While some of the case study companies have an informal and unstructured recruitment process – and some of them highlight a wish to professionalise their approach – others have developed a systematic approach. This can include harmonised screening of candidates along predefined criteria, systematic interviews or competence tests. Next to specific occupational skills, many interviewees flagged the importance of the personality of the candidate, particularly their fit with the existing team.

### Internal training and skills development

The alternative to hiring people with the required skills into the establishment is the provision of training and skills development for

staff. The ECS 2019 data do not show significant differences in the skills strategies of export-oriented and domestically oriented establishments. A slightly higher share of export-oriented establishments report that their main strategy for developing employees' skills is learning from more experienced colleagues (51% compared to 46% in domestically oriented establishments) or learning by doing (20% compared to 18%).

Participation in training is slightly less prevalent (15% compared to 19%), which might be due to the fact that export-oriented establishments tend to hire job-ready employees and report a lower share of underskilled staff. These factors make the provision of formal training less critical, while on-the-job training is essential to ensure that

## Box 5: Competence test to recruit staff for international activities

**Agilis** is a Greek consultancy business with 13 staff that is active in the field of statistics and information technology. It makes almost all of its sales abroad. The company's recruitment policy favours diversity. Important selection criteria are the candidate's potential to grow and their ability to work well with colleagues. In order to facilitate the identification of candidates with the right skills (such as international experience, good English and vocational skills), the company has developed a competence test comprising two parts: a technical part (statistics or ICT) and a 'real-world problem' exercise. Candidates who achieve a certain threshold score in the test are invited for an interview.

## Box 6: Structured on-the-job training

The Belgian company **Ardeca Lubricants** is a producer and distributor of lubricants. It employs 45 staff and is active in about 70 countries. The management aims to create a work environment characterised by cooperation and mutual support among the team. This also features in their skills development strategy. For new colleagues, the management has developed a competence matrix, where newcomers indicate their level of expertise in each item. Each new colleague is assigned a ‘buddy’ – a more experienced colleague who helps them to integrate into the workplace. The newcomer, buddy and management jointly decide on skills development needs and pathways, and the new employee’s progress is regularly reviewed jointly. The competence matrix also identifies fields in which the new colleague already excels and could train other staff, making it also an effective tool for identifying opportunities for knowledge sharing and knowledge enhancement within the organisation.

The Spanish company **Cruzber** is a manufacturer of transport equipment, with about 70 staff, and operates in more than 30 markets across all continents. The establishment wants to generate a feeling of belonging among staff, and one way it does this is by providing opportunities to continue to grow professionally and to strengthen and expand their skills with a view to developing their career within the establishment. To enhance the versatility of the workforce, staff are offered internal training based on job rotation in different departments. The establishment also offers coaching, technical training and other occupational training (for example, on negotiation skills). Both internal and external personnel are enlisted to provide the training.

**Oncotherm** is active in scientific research and development in Hungary and employs about 50 staff. New colleagues undergo an induction period of three months, which includes various training sessions organised by the quality management department. Topics covered include work methods applied in the company, the General Data Protection Regulation (GDPR), company culture, task management, and professional or occupational training depending on the area in which the new colleague works. All training is provided internally.

company-specific processes, knowledge and values are well understood and shared. Indeed, several of the case study companies highlighted their approach of providing structured on-the-job training, which is useful not only for enhancing the expertise in the establishment but also for team building and promoting a positive atmosphere and culture in the workplace. Accordingly, in several cases,

companies place particular emphasis on the induction of newcomers.

Another reason for less use of formal training is the cost involved. Several of the case study companies flagged this as a barrier and, while wishing for additional public support, found solutions to overcome this obstacle (see Box 7 for an example).

## Box 7: Creative approach to coping with training costs

The Greek subsidiary of the travel retail company **WHSmith** employs about 80 people. Employees participate in six to eight external training activities every year. The holistic skills strategy of the establishment focuses not only on improving the skills of the already experienced workers, but also on assisting them in their personal development. However, management training courses, particularly, are regarded as being very costly (about €50,000–60,000 per year). To reduce these costs, the company offers training providers the opportunity to promote their business in the company's shops at no cost in return for lower training costs. The management considers this to be a cost-effective way to develop line managers' HRM skills, which enhance the running of the company.

The literature is consistent with these findings regarding the skills that exporting companies need to conduct international business. Studies have pinpointed the following in particular.

- Foreign languages: A good knowledge of English is considered a basic precondition but is not sufficient anymore to perform well in a global market. Command of the specific languages of the target markets as a basis for a multilingual language strategy is important for exploiting export opportunities.
- Cross-cultural competences: Cross-cultural and diversity training is important to familiarise staff with working in a multicultural team, integration into the work organisation of a workplace abroad and the cultural particularities of international cooperation to ensure smooth workflows and successful international business activities. The case studies conducted in this research indicate that this is relevant not only for the staff managing the international business relationships, but also for the line managers organising the internal team, especially if it is composed of staff with diverse cultural backgrounds.
- Target market particularities: Decision-makers in the company, in particular, need to improve their knowledge about foreign markets (including, for example, customer preferences) to enable enterprise growth and the effective exploitation of new market ideas.

## Staff involvement

Staff involvement is a traditional mediating factor in the workplace, influencing how it functions, and it is recognised as being essential to ensure 'win-win' outcomes, ones that benefit both the employer and staff. Research by Eurofound, both alone and jointly with Cedefop, found that higher levels of employee participation in organisational decision-making is positively related to both well-being in the workplace and the economic performance of the establishment.

One means of facilitating employee participation is through sharing information. Data from the ECS 2019 show that a slightly higher share of export-oriented establishments keep staff informed of company developments by means of regular meetings with line managers (63% compared to 58% in domestically oriented establishments), staff meetings (35% compared to 32%) and conventional communication tools (41% compared to 39%). Export-oriented establishments are more likely to be in a group of establishments characterised by regular use of all customary means of engaging with staff and a relatively high level of influence of employees on management decisions.

The management interviewees in some of the case studies flagged their establishments' participatory workplace practices. The motivation for such approaches is to create trust and a good environment in the workplace, as well as positive employer branding in the labour market.

## Box 8: Participatory HRM practices

The Spanish company **ACCIONA** uses participatory HRM to engage its 39,000 employees. It defines itself as a responsible employer that cares for its people. In 2020, for example, the company established a committee to which different departments contribute and where principles of inclusion, equality, flexible work and so on are articulated. This represented a fundamental change as it extended the definition of HRM and workplace practices beyond the HR function to include the entire establishment.

Furthermore, the company has a youth committee made up of employees under the age of 35. The structure of this committee mirrors the functions of the company's steering committee, thereby allowing members to bring in their ideas across the various functions. The HR manager also meets weekly with the trade union to discuss issues, which is seen to play an important role in solving problems and avoiding conflicts. The participatory approach and investment in building trust with the employees improves staff motivation, increases their sense of belonging and helps to attract talented workers to the company.

That said, some studies flag the risk that increasing internationalisation weakens the employee influence exerted through trade unions and social dialogue due to the potential division of work and the differences in work and employment standards across countries. Strategy regarding worker organisation and the priorities of worker representatives needs to be adjusted as a result; for example, unions can be compelled to focus on maintaining employment instead of aspects of working conditions such as wages.

## Win-win outcomes

In the report of the main ECS 2019 analysis, establishments were categorised according to the extent to which they invest in staff and involve them in decision-making. Establishments that were categorised as 'high investment, high involvement' are significantly more likely to be export-oriented. Characteristics of this type of establishment include offering employees a higher degree of

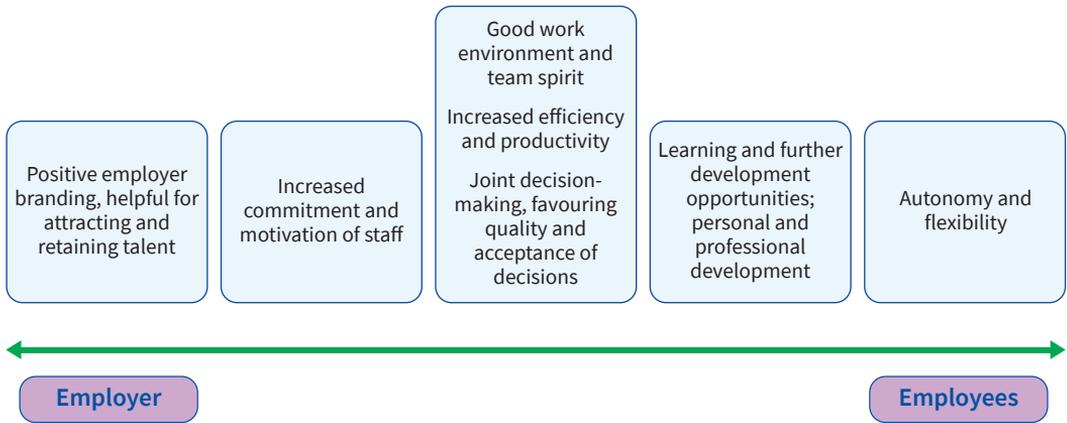
job complexity and autonomy; providing monetary and non-monetary incentives more frequently to employees; offering comprehensive training and learning opportunities; and supporting employee involvement. The analysis highlighted that this type of establishment has the highest potential to result in win-win outcomes as it scores best in terms of workplace well-being and establishment performance.

The evidence from the case studies shows the potential for win-win outcomes<sup>1</sup> resulting from workplace practices applied in export-oriented establishments (presented schematically in Figure 3 overleaf). The common feedback was that the workplace practices adopted by these establishments result in a good work environment based on a high level of team spirit, which tends to result in increased efficiency and productivity, which in turn is rewarding for both employers and employees.

The resulting higher staff commitment and motivation could benefit employers even more than workers due to potential productivity and

<sup>1</sup> While here only positive outcomes are summarised, it is the case that any workplace practice can also have negative effects. Due to the methodology used (interviews with management representatives only, with the drawback of positive interview bias inherent in qualitative interviews), these are not covered in this discussion but would certainly deserve further exploration, for example through an employee survey.

**Figure 3: Overview of win-win outcomes from workplace practices in export-oriented establishments, along a scale of beneficiaries (employer versus employees)**



Source: Author

competitiveness gains. Employers also tend to enjoy better employer branding as a result of these practices, which helps them to attract and retain talent.

Employees, in turn, can take advantage of the opportunities for personal and professional development provided by training and skills

development programmes and their involvement in multicultural work environments. Furthermore, the autonomy and flexibility of the teams involved in the management of international business activities tend to have a positive outcome as these job features have been found by Eurofound to be related to better job quality.



## Policy pointers

### Supporting international business activities

- While the economic and labour market contribution of international enterprises is well recognised, and a large variety of support instruments is available at EU and Member State levels, the analysis identified areas for improvement. The potential of microestablishments involved in global supply chains, including young international businesses ('born globals'), is still untapped. Policymakers should continue to explore the challenges these enterprises face in their international activities and how they could be better supported. These issues are even more pressing as Europe makes the twin transition to a digital and green economy, which is likely to affect international trade and is particularly challenging for the smallest businesses due to their more limited resources.
- In 2020, the COVID-19 pandemic showed that global supply chains need to become more resilient. Export-oriented establishments will need support to adapt their market strategy to the 'new normal'.

A promising pathway is market diversification, as the evidence from the case studies in this research shows that spreading the business risk across a variety of target markets helped to cushion the economic shock of the pandemic. Accordingly, existing instruments that assist companies to identify market opportunities abroad and provide foreign market information and networking opportunities should be enhanced.

### Supporting recruitment

- Positive employer branding was found to be an important success factor for effective recruitment. Export-oriented establishments generally have several advantages in this regard, as they tend to offer good working conditions, interesting job content, and opportunities for personal and professional career development. Policymakers could support them to better capitalise on these features to attract talent, for example by providing advice on how to formulate job vacancy notices and how to best disseminate information on vacancies.

- Companies benefit from support in identifying the most suitable recruitment channels in foreign countries. National authorities as well as EU bodies (for example, the EURES portal) could further enhance their information provision on relevant organisations and tools in other countries, and facilitate contacts between companies and foreign intermediaries in the recruitment process (such as universities and other higher education providers and recruitment agencies). Other practical tips, such as guidance on the best online platforms or newspapers in which to advertise vacancies for specific types of jobs, would be useful for internationally active enterprises and should be more accessible. In this context, policy could also further promote and assist cross-border labour mobility, for example through facilitation of intra-company transfers, use of the EU Blue Card or creating talent pools across countries.
- The accessibility, service quality and administrative burden involved when export-oriented companies approach public employment services for support in recruitment should be assessed. If failings are found, changes should be initiated. More emphasis could be placed on customised support.
- Export-oriented establishments that wish to further professionalise their recruitment procedures (for example, through more sophisticated competence or personality tests) could be supported through an exchange forum with other companies and cost-effective access to consultancy or management training.

### Supporting training

- While export-oriented establishments provide staff with training to a reasonable degree, skills development tends to be dominated by on-the-job training. As this in some cases is not sufficient to guarantee that the skills needs of the employer are

covered nor the employability of workers, policymakers should enhance access to external training. Further financial support is important in this context, but so too is assistance in identifying relevant training courses and aligning the delivery mechanisms with the needs of the businesses (for example, in relation to the time and location of the training).

- As regards the content of training, foreign language training – notably beyond English – should be further enhanced and developed with specific target groups in mind (such as technical staff). Furthermore, training targeting line managers of multicultural teams is important to increase their awareness of cultural differences and sensitivities and to enable them to effectively manage their staff by anticipating and avoiding conflicts. This should go beyond theoretical training and include a practical component, such as the Erasmus for Young Entrepreneurs Global programme provides.

### Assistance for win-win workplace organisation

- A common feature of export-oriented enterprises is that they organise the staff who work in the management of international business activities in teams with high levels of autonomy. Policymakers could provide support to assist companies to do so operationally, for example by establishing exchange opportunities across enterprises to allow for sharing of successful practices and lessons learned. Another possibility is to refocus management training so that it puts more emphasis on work organisation and raises awareness of the potential gains from a people-centred management approach and the need for clear communication within the teams, across teams in the company, and between the team members and external stakeholders like international business partners.

- Another important element is the role of employee participation in business decision-making. On the one hand, enhanced capacity building for employees and their representatives could equip them with the skills needed to effectively voice their issues and negotiate with

management. On the other hand, raising management awareness by highlighting the benefits of staff involvement and familiarising managers with efficient procedures could be addressed to foster a company culture of open communication and mutual trust.



# Resources

All Eurofound publications are available online at [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

European Company Survey web page:

<https://www.eurofound.europa.eu/surveys/2019/european-company-survey-2019>

ERM restructuring support instruments:

<https://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument>

## Working papers on export-oriented businesses

Eurofound (2021a), *International businesses: Scale, policy and workplace practices – Literature review*, Eurofound working paper, Dublin, available at

<http://eurofound.link/ef21003>

Eurofound (2021b), *Workplace practices in export-oriented establishments: Quantitative analysis based on the ECS 2019*, Eurofound working paper, Dublin, available at

<http://eurofound.link/ef21003>

Eurofound (2021c), *Workplace practices in export-oriented establishments: Case studies*, Eurofound working paper, Dublin, available at

<http://eurofound.link/ef21003>

## Workplace practices and job quality

Eurofound (2016), *Sixth European Working Conditions Survey – Overview report (2017 update)*, Publications Office of the European Union, Luxembourg, available at

<http://eurofound.link/ef1634>

Eurofound and Cedefop (2020), *European Company Survey 2019: Workplace practices unlocking employee potential*, European Company Survey 2019 series, Publications Office of the European Union, Luxembourg, available at <http://eurofound.link/ef20001>

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## SMEs and born globals

Eurofound (2013), *Born global: The potential of job creation in new international businesses*, Publications Office of the European Union, Luxembourg, available at

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### Teamwork

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### Skills needs

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Bertschek, I., Hogrefe, J. and Rasel, F. (2015), 'Trade and technology: New evidence on the productivity sorting of firms', *Review of World Economics*, Vol. 151, No. 1, pp. 53–72.

### Training and skills development

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The economic and labour market contribution of international businesses is well recognised, but policymakers could do more to help such enterprises to develop their activities. This policy brief explores the workplace practices in export-oriented establishments that may contribute to their success. It also identifies aspects of their workplace practices that can result in ‘win-win’ outcomes, ones that are mutually beneficial for employers and employees.

The analysis identifies autonomous multicultural teams dealing with the international business administration as a common feature of export-oriented establishments. It discusses the skills needs of these teams, and how establishments recruit and train their members. Employee participation in organisational decision-making is found to be an important mediating factor for work organisation.

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