

Assignment compensation mallory essay sample

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IBM's Worldwide Business and Employment Strategies and Compensation 1.

Is IBM's growth in employment in such countries inevitable given labor cost differences? How does this relate to Mr. Palmisano's comments in Exhibit 1? I believe that growth in countries abroad are inevitable. The competitiveness between the US and other countries factor into labor cost and why jobs are outsourced. " Factors include competition in the labor market for people with various skills, competition in the product and service markets, which affects the financial condition of the organization, and characteristics unique to each organization and its employees"(Milkovich, G., Newman, J., & Gerhart, B., 2014). Employers are always trying to maximize the bottom line and the bottom line is profits, if IBM can be more competitive abroad to maximize their profits that it would be in IBM's best interest to do so.

IBM has been able to save money by shifting programmer jobs to other countries like China or India for a much less salary than if IBM were to find a programmer located in the US. Labor cost difference will continuously be a big influence in the growth of employment. We have noticed that employment has vastly grown from trades, to programmers, to lawyers and financial service jobs and will continue to grow as long as offshoring remains a vital part of an organizations structure which is in line with what Mr. Palmisano states in exhibit 1.

2. Is the IBM offer a typical of that offered to expatriates? IBM does not offer the " typical" expatriates that is normally seen when a US employee is transferred overseas. IBM not only is offshoring work to low cost countries but wants employees to fund the offshore themselves. It has been noted that employees that were once making six figure incomes are making much less.

Most US employees receive a luxurious compensation package if they elect to live overseas, everything from housing allowance to spousal allowance. IBM has stated that they will assist in the employee receiving a visa, and provide some assistance, “but their wages may be similar to the pay of employees in the countries to which they’re moving” (Thibodeau, 2009).

3. Exhibit 2 gives examples of people who seem to enjoy living and working in India and also reports the opinion of an academic that this sort of move will become much more common. Do you believe that is likely? Why or why not? This situation is not for everybody and IBM has stated that this particular program is not designed for employees that have families stating “Project Match would likely be limited primarily to young people who don’t have families or mortgages” (Thibodeau, 2009). “It is unlikely that many U.S. workers will agree to move overseas, other than young people and immigrants from other countries who seek to return there. American workers will be expected to take the lower wages of the new country, and even with the lower cost of living, none will be able to save enough money to return to the U.S.” (Thibodeau, 2009). The move that IBM has taken is an unusual one, but if it means getting to keep your job then it might be the best investment you can make.

References

Milkovich, G., Newman, J., & Gerhart, B. (2014). *Compensation*. Columbus, OH: McGrawHill/Irwin.

Thibodeau, P. (2009, February 6). IBM offers to shift workers losing jobs to lower-wage countries. Retrieved October 12, 2014.