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MASTER'S QUALIFICATION WORK

**HR MANAGEMENT OF TNCs
(on the basis of SC "Kuehne+Nagel")**

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Speciality 073 – Management

Specialization – Business Administration

Olga Prakhova

(First Name, Last Name)

(signature)

Research instructor

Natalia Chaplynska

(First Name, Last Name)

PhD of Economics, Associate Professor
(academic degree, full name)

(signature)

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INTRODUCTION

Human Resources (HR) has evolved from a simply administrative function towards a more professional, consultative, and strategic partner during the previous two decades. Previously, HR was largely responsible for managing employee personal documents, benefits, and payroll functions, as well as other operational tasks. This position has evolved in recent years, with HR becoming a key role in business strategies.

Nowadays HR's main responsibility is to ensure that employees are encouraged and devoted to their jobs and responsibilities as well as committed to their organizations' vision, mission and goals. This role becomes more challenging for HR in Transnational corporations (TNCs further).

Globalization has a significant impact on the structure of local job market. Prior to the 1950s, labor markets were only affected by local and national variables. Following the Second World War and the expansion of globalization, everything began to change. More location-bound assets, such as labor, were required as capital mobility grew.

The expansion of global production under the management of TNCs has a number of effects for domestic labor market organization, including:

- competitiveness elements that rely on generated assets, such as skills and knowledge, rather than traditional natural assets,
- skilled professionals,
- together with the expansion of TNCs and mobility of capital increases, labor force and local governments started adopting more quickly to changes in the international competitiveness of their industries and organizations.
- increased importance on market forces changed the relationship between organizations, labor force and government in the areas of employment and workplace.

The growing expansion of TNCs influenced dramatically the quantity and quality of available jobs globally. TNC employees typically have better income, better conditions, and welfare benefits than domestic employees, however this is not always the case. TNCs are revealing positive qualitative influence on salaries and working conditions in host countries.

More important is that TNCs provide work force with numerous opportunities to acquire new skills and knowledge particularly in developing countries. One of the most beneficial influence of TNCs is that they bring together in countries international experience, knowledge, and skills [9]. Local companies and governments benefit from gained skills possessed through employment in TNCs. TNCs provide workforce in developing countries with new management skills via formal and on-the-job trainings, experience sharing.

The major role of TNCs in human resources development lies in providing learning and development opportunities as well as various trainings for their employees.

Such opportunities vary from country to country, industry and activities where TNCs operates. Due to their size and international specifics, TNCs are offering better formal and non-formal training programs that are better than those, provided by many local organizations, especially in developing host countries. Large TNCs develop training centers and provide off-the-job training for their employees by internal or external expertise. Large, small, and medium-sized TNCs all send affiliate personnel to their home country operations for on-the-job training and experience, and large TNCs also transfer managerial staff to other regions for learning and experience sharing. TNCs frequently employ expatriates as a channel for skill transfer.

The company, which became the subject of our work, also belongs to the TNC definition. Human Resources function plays an important and strategic role in the organization's success and its further growth.

Kuehne+Nagel is a global forwarding company and holds a global market leader's position in logistics services.

August Kuehne and Friedrich Nagel founded the company as a transportation company in Bremen, Germany, in 1890. Kuehne+Nagel has transformed from a typical freight company to a global logistics provider that provides highly specialized solutions and services for major industries throughout the world over the last 130 years.

Today, Kuehne+Nagel is headquartered in Schindellegi, Switzerland with a presence all over the world.

Kuehne+Nagel operates in 109 countries on 1400 locations. The company employs over 78 000 logistics and supply chain professionals. Company's portfolio incorporates over 400 000 customers. For many years Kuehne+Nagel holds first places in sea logistics, air logistics, contract logistics, international road logistics and railroad logistics [13].

In Ukraine Kuehne+Nagel operates since 1997. It holds the leader's position of local logistics provider since its establishment here as well.

In Sea Logistics the company offers numerous sea freight container shipping solutions. Full container shipping solutions, such as KN Pledge – a premium FCL service with assured lead time, Less-than-container Load (LCL), and Reefer Logistics – cold chain solutions, are just a few of them. They also provide the following services: Order Management for International Supply Chains, enabled by the innovative platform KN ESP to manage supply chain partners and optimize end-to-end operations' processes and information flows, Cargo insurance KN Sure by NACORA, Customs clearing services. In Air Logistics the service portfolio includes: Charter services, Time-critical solutions, Sea-Air product, Time-defined products, Cargo insurance (NACORA) and Customs clearance.

In Road Logistics they deliver customers' cargo with LTL freight, FTL freight, Groupage.

In international road logistics Kuehne+Nagel operates shipping from Europe, from the United States and North America, from Asia, as well as from the Middle East and Africa. They also have specialized solutions for storage and transportation solutions for pharmaceutical and healthcare products. Moreover, offer customized, worldwide transport planning and coordination from trade fairs to sporting events.

Kuehne+Nagle is a warehouse and distribution company, offering end-to-end supply chain solutions and distribution services to the aviation industry, manufacturing, retail, high-tech, industrial, and pharma and health industries are all examples of industries.. Aftermarket logistics, Production logistics, KN OmniChain – eCommerce logistics, Packaging, procedures and solutions, Distribution, and Innovation are all part of the contract logistics offering for customers.

The aim of this work is to explore main practices of Human Resources (HR further) function in TNCs, how HR influences TNCs and global labor market, HR practices of Kuehne + Nagel, as well to propose ways to improve HR practices in the Company.

The subject of the work is a global logistics provider Kuehne + Nagel.

The object of the work are implemented HR practices in Kuehne + Nagel.

The work consists of 3 chapters and conclusion.

In order to achieve the aim of the master thesis, the following **tasks** were set:

- to explore globalization and analyze TNCs development on labor markets,
- to explore the history and development of HR, HR practices in global markets of TNCs,
- to analyze main business activities of Kuehne + Nagel, its financial performance,
- to dive deep into company's HR structure, HR's focus on employees' development and engagement,
- to compare logistics services and products of Kuehne + Nagel and DB Schenker, their ranks in the global market,
- to research the HR role in both companies, its structure and activity and identify best HR practices of both companies,
- to analyze the existing ways of HR functioning as well as explore best world HR practices,
- to propose improvements to existing HR process to retain key employees and talents as well contribute to the Company's success.

Master thesis consists of introduction, 3 chapters, conclusion, list of references. Work is carried on 116 pages, containing 9 tables and 14 figures. References include 102 literature sources.

CHAPTER 1. THEORETICAL AND PRACTICAL ASPECTS OF EFFECTIVE HR MANAGEMENT OF TNCs IN THE GLOBAL MARKET

1.1. TNCs development and globalization

Globalization has important influence of the organization of labour markets. During the recent decades, the world of labour was shaped by local and national factors [94]. Since the Second World War, the employment level has been a crucial factor influencing national government decisions. Although in the context of broader government policies connected to the labor market and training and education, the quality of employment was determined by the sectoral distribution of output and the behavior of individual enterprises in terms of pay, working conditions, and training programs. Most people, at least in industrialized countries, expected to work for the rest of their lives, if not in that company, then in the same location. Within the defined context of national industrial relations, labour unions and employers bargained. All this is transforming now as a result of globalization, as capital becomes more mobile and labor becomes more location-bound, [94].

The development and organization of foreign production under the management of TNCs has a number of effects for domestic labor markets:

- The conditions that sustain firm-level competitiveness are shifting, with a greater emphasis on generated assets, particularly in the form of skills and information, rather than traditional natural assets. Such assets are a significant role in determining a country's local advantages as a TNC host.
- The relevance of skilled personnel, and the expansion of cross-border production through Foreign Direct Investment (FDI), subcontracting commitments, strategic alliances, and TNCs' adaptation of highly complicated integration strategies, generate major challenges for mutually beneficial relationships between employers and employees.

- As TNCs' organizational scope broadens, either geographically and operationally, and capital mobility rises, labor and governments must adjust more rapidly to changes in their industries' and enterprises' international competitiveness.
- Companies, workers, and governments' interactions with one another, notably those linked to employment and the workspace, are being redefined as a result of increased dependence on market forces.

The current high unemployment has refocused policymakers' attention on the interconnections between TNCs and creation of jobs, location, and upgrading. TNCs, as a global player in the international expansion of business activities, impact the amount and quality of jobs available worldwide, despite the fact that the fundamental factor determining current unemployment problems are macroeconomic and structural differences in the levels in industrialized economies and resource limitations in developing countries.

Their impact is particularly strong in manufacturing and services, as well as in certain industries and sectors. In all of these ways, TNCs' impact on job markets and working conditions is reliant on long-standing labor-management practices [45]. As a logical result of this shift, job markets and labour relations began to slowly emerge from their national borders, adjusting to a global financial system which is more integrated than it has ever been, and is becoming increasingly so.

Around 73 million individuals are believed to be employed by transnational corporations both domestically and overseas. Although TNCs employ just about 3% of the global workforce, they account for about 10% of paid non-agricultural employment worldwide, and up to 20% in industrialized nations alone [50]. Furthermore, TNC's indirect employment effects are at least equivalent to, if not considerably bigger, than the direct effects. Supply side policies, such as obtaining raw materials, parts, and parts from contractors and vendors, are one of the main ways through which TNCs might indirectly contribute to the creation of jobs. These consequences have become increasingly important in recent years as companies have shifted their focus to smaller but higher-value areas of the manufacturing process, increasingly depending on national and worldwide outsourcing for technological, cost, and flexibility reasons. The sportswear brand is an example. It has

a core staff of 9000 people, but also employs 75 000 people through outsourcing firms. Each job in a TNC produces at least one new employment elsewhere in the economy, according to conservative estimates.

As a result, in the beginning of 1990s, the overall amount of employees linked to TNCs may be estimated to be around 150 million. During 1980s and 1990s, as the global FDI stock grew, so did the overall number of individuals employed directly by TNCs at domestically and overseas, albeit at a far slower rate. The growth of domestic and international subcontractors arrangements that produce employment in outside TNCs, as well as initiatives by TNCs to decrease expenses through rationalization and employee downsizing, are among the factors. In fact, somewhere at end of the 1980s, overall employment in a broad sample of the major industrial TNCs was smaller than that in 1980, so it is likely to have fallen even further since then. If all TNCs are evaluated, however, total number of employees in TNCs has increased slightly [49]. TNC parent corporations employ roughly two-thirds of the total direct workforce. The minimal rise in people employed in TNCs during the 1980s and 1990s, on the other hand, was primarily in foreign subsidiaries. For example, from 1985 and 1990, employment at parent TNCs in the United States declined marginally, whereas employment in their foreign affiliates increased. During the period 1986-1990, employment in Swedish manufacturing TNCs fell sharply, while employment in foreign subsidiaries increased, resulting in a rise in the share of foreign affiliates from 41 percent to 61 percent of total employment. The expansion of jobs in Japanese overseas affiliates, which further doubled in the late 1980s, was especially remarkable.

Table 1.1.

World foreign-direct-investment stock and estimated employment in TNCs in 1975, 1985, 1990 and 1992 (millions of dollars and millions of employees)

Item	1975	1985	1990	1992
Outward FDI stock	282	674	1 649	1 932
Estimated employment in TNCs	40	65	70	73
Employment in parent companies at home		43	44	44
Employment in foreign affiliates		22	26	29
Developed countries		15	17	17
Developing countries		7	9	12
China			3	6
Employment in US TNCs		25	25	
Of which: employment in foreign affiliates	7	6	7	

Source: [94] UNCTAD, World Investment report 1994

Foreign Direct Investments by TNCs

A TNC is a corporation that is registered in many countries and/or has manufacturing activities in multiple countries. TNCs establish subsidiaries and/or obtain an ownership interest in assets outside their country of origin (through mergers or acquisitions of foreign enterprises) in order to participate in these operations. This is known as Foreign Direct Investment (FDI), because it allows TNCs to own and control international industrial enterprises directly [94].

In terms of the distribution of employment growth in foreign subsidiaries, developed countries are thought to account for a lower proportion of the growths that occurred between the early 1980s and 1990s, despite the high total liabilities of FDI flows to and stocks in these countries.

Despite the slow rise in foreign subsidiary employment in developed nations as a result of these reasons, foreign subsidiaries employ roughly 3% of paid workers in these economies, with this number reaching to 10% or more of jobs in manufacturing in most developed countries of origin. The majority of the expansion in foreign subsidiary employment in recent years has occurred in developing nations, with employment expanding from seven million in 1985 to an approximate 12 twelve million in 1992. However, there were discrepancies in the allocation of foreign subsidiary employment and its development between many host emerging markets, reflecting broader disparities in the FDI flow model [59].

A substantial portion of the new jobs were centered in East and Southeast Asia, particularly China, as well as export sectors in that area and elsewhere. In most developing nations, however, employment in overseas subsidiaries remains low. Apart from small countries like Singapore, Jamaica, or Botswana, overseas subsidiaries employ 25 percent or less of the overall workforce [80]. The reality that TNCs are centered in contemporary manufacturing industries, with effects for growth in the economy, long-term employment generation, and employment quality, is obscured by growing FDI flows [81].

These FDI flows have little influence on the quality of work at foreign subsidiaries, whether in developed and emerging countries.

Foreign subsidiaries' direct employees often have better salary, working conditions, and welfare benefits than those offered by domestic local corporations. The size of foreign affiliates and that they are concentrated in more resource and skill-intensive industries, as well as the relevance of skills and work quality for producing competitive advantages, are among the explanatory factors. As a result, TNCs have the capacity to have a positive qualitative impact on host country incomes and working conditions. Higher salaries in foreign affiliates are frequently a lever for boosting salaries, at least for specific sorts of work, especially in developing nations. Once it comes to other aspects of employment, TNCs often adopt practices that are comparable to, if not better than, those of competitive local businesses, and are sometimes even better.

Maybe more crucially, TNCs frequently give opportunities for employees to gain extra knowledge and skills, which is especially the case of branches based in developing nations.

TNCs are defined by the fact that they bring combine transnational knowledge and abilities in the workplace with the human capital available in a given region. As a result, individuals in host countries and economy can gain from improving existing skills through employment in TNCs, as well as acquiring new professional or managerial competencies through regular and on-the-job trainings in subsidiary companies. TNCs play a critical role in human capital development by providing training experiences to their employees. The scope and form of training differs according on the country, industry, and industry in which a TNC operates, as well as company-specific FDI and personnel management policies.

The reason for this is that the capacity to enter New markets, especially into sectors of industry where TNCs engage in human capital, is heavily reliant on the existence of an educated and competent labor population willing to acquire new skills, know-how, and information. More FDI will flow into countries where the educational level and capabilities is sufficient to supply TNCs with the manpower quality they desire. Furthermore, as TNCs shift to higher skill-intensive activities – whether as a result of labor market conditions or for other reasons – the presence of educated and skilled labor becomes a circumstance for maintaining the transition of TNCs into tasks with higher potential for human capital development.

Management is responsible for decisions impacting the number and quality of workforce in TNCs. These judgments, however, are not made in a vacuum. In the framework of the national industrial relations systems, trade unions continue to play an essential role in articulating, explaining, and presenting workers' perspectives to management. However, in recent years, there has been a trend among management to place certain employment challenges in the area of human resource management management, thereby removing them from the area of collective bargaining [18]. TNCs' growing impact over country's economic activities is followed by significant changes in labor relations policies, within TNCs and across the board.

The gap between the organizational governance of TNCs on the one side and the local organizational power of labour unions on the other is the defining element influencing the connections between labour unions and TNCs. The enhanced capacity of TNCs to transfer productive assets acquires particular relevance inside this basic relationship because the

perceived or actual danger of relocating production can have effects for the strength of unions, both in terms of organizing and taking action. Another feature of TNCs' transnational nature has been that their decision-making procedures are frequently more complex than those of merely national organizations. Accessibility and ultimate decision makers is therefore more challenging than in the national setting.

TNCs' long-term goals and structures are not influenced by trade union considerations, and they do not always alter when management and workers disagree. TNCs typically recognize unions, invest in their employees, and negotiate with labour unions with the goal of developing productive connections, all motivated by their own self-interest.

As the constraints of competition force organizations to "reinvent" themselves on a regular basis through the implementation of novel innovative techniques and corporate restructuring, such connections have become even more vital [73]. To be effective, initiatives frequently demand the official or at least indirect involvement of organized labor. Perhaps more importantly, the growing relevance of developed assets, as well as the adoption of flexible production practices and new organizational models by many TNCs, raises the requirement for employees' dedication to the firm's success. A collaborative partnership to industrial relations is the greatest way to sustain such a requirement. As a consequence, employees are increasingly seen as essential stakeholders in the company, with a strong desire to see it succeed.

Although there may be disagreements about how best to achieve this, how progress should be decided to share, how unions should be involved, and how national industrial relations systems should be impacted, one consequence of spreading globally integrated production is the awareness that all employees have a significant role to play in the success of the companies in which they work. As this viewpoint becomes more widely accepted, new cooperative frameworks for the administration of labour relations within TNCs may emerge.

The key policy issue in the current context of rising world markets and globally integrated production is how to entice or preserve value-added operations in a manner that maximizes TNCs' long-term contribution to the national production capacities while maintaining desired levels of local employment.

Capital inflows is an important part of this process, and it is frequently a requirement for businesses to maintain or expand their foreign markets. Today, a company's ability to coordinate activities in an integrated manner across several nations is a vital factor in assuring its efficiency and competitiveness, as well as its ability to create jobs.

Attractiveness of Ukraine for FDI and expats' labour inflow

According to the Boyden&EY CEO survey 2019, one of the main business challenges in 2019 was lack of labor force. And we have to admit that this challenge hasn't decreased in 2021 after the pandemic year.

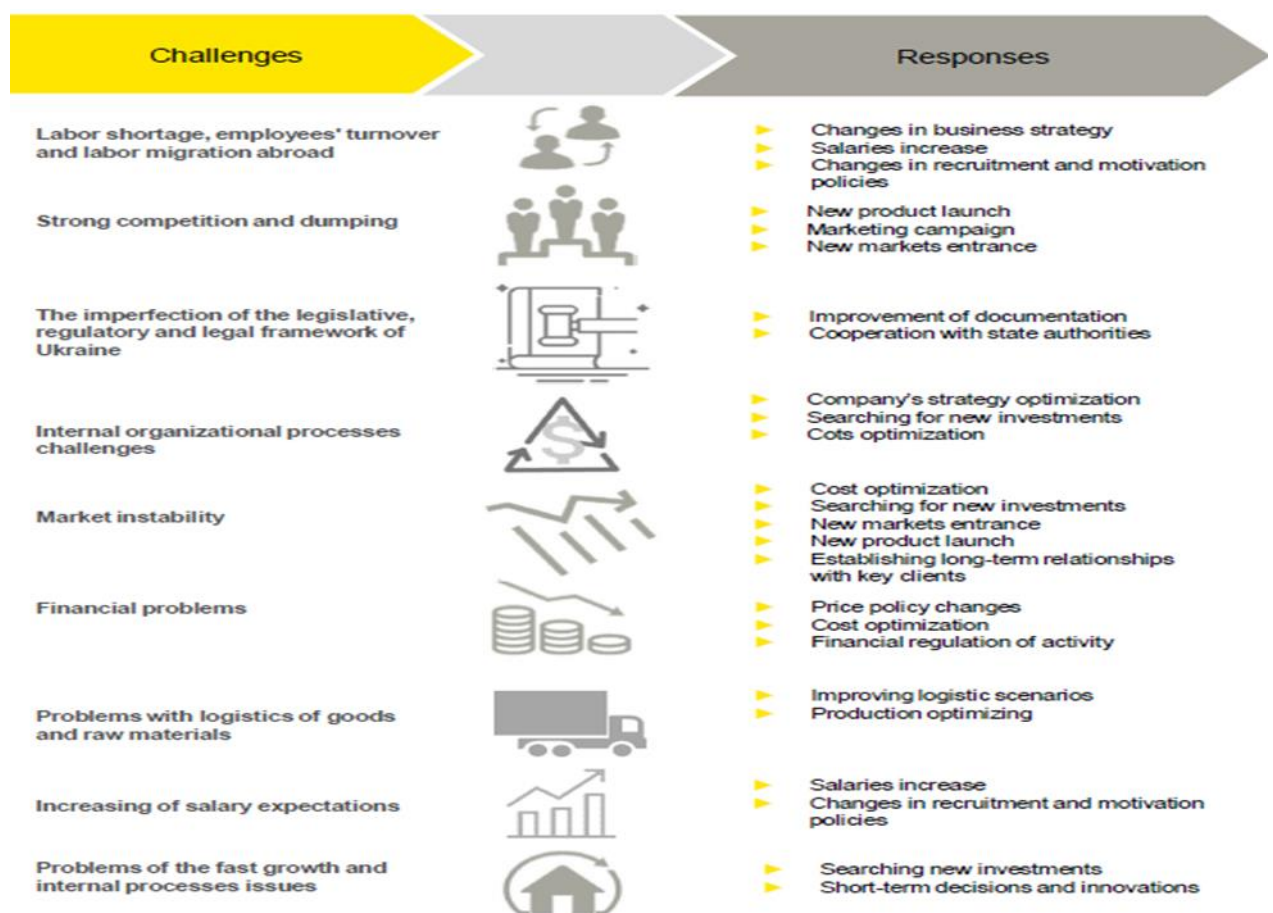


Figure 1.1. Main business challenges in Ukraine in 2019

Source: [19], Boyden&EY CEO survey, 2019

In addition to labor shortage, the salary expectations of the candidates that lead to uncontrolled salary increases and companies' budget expenditures.

One of the main causes of such shortage is the labor outflow from Ukraine to other countries.

According to the Ministry of Social Policy of Ukraine 3,2 millions of Ukrainians work abroad permanently, what is reflected on the figure 1.2 below.

7 to 9 millions of Ukrainians work abroad during peak seasons.

92% of labor migrants are male. 40% of labor migrants work in transport and warehousing, courier services, 12% at production and 11% at construction.

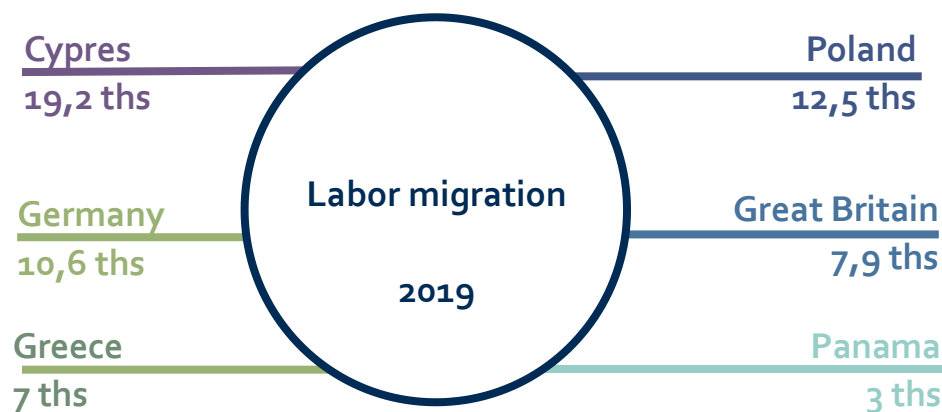


Figure 1.2. Countries of labour migration from Ukraine in 2019

Source: [78], Ministry of Social Policy of Ukraine

The main reasons for the labor migration are:

- much higher salary level abroad, as seen on figure 1.3 below,
- official labor migration with a seasonal component,
- visa facilitation and formal employment in the EU.

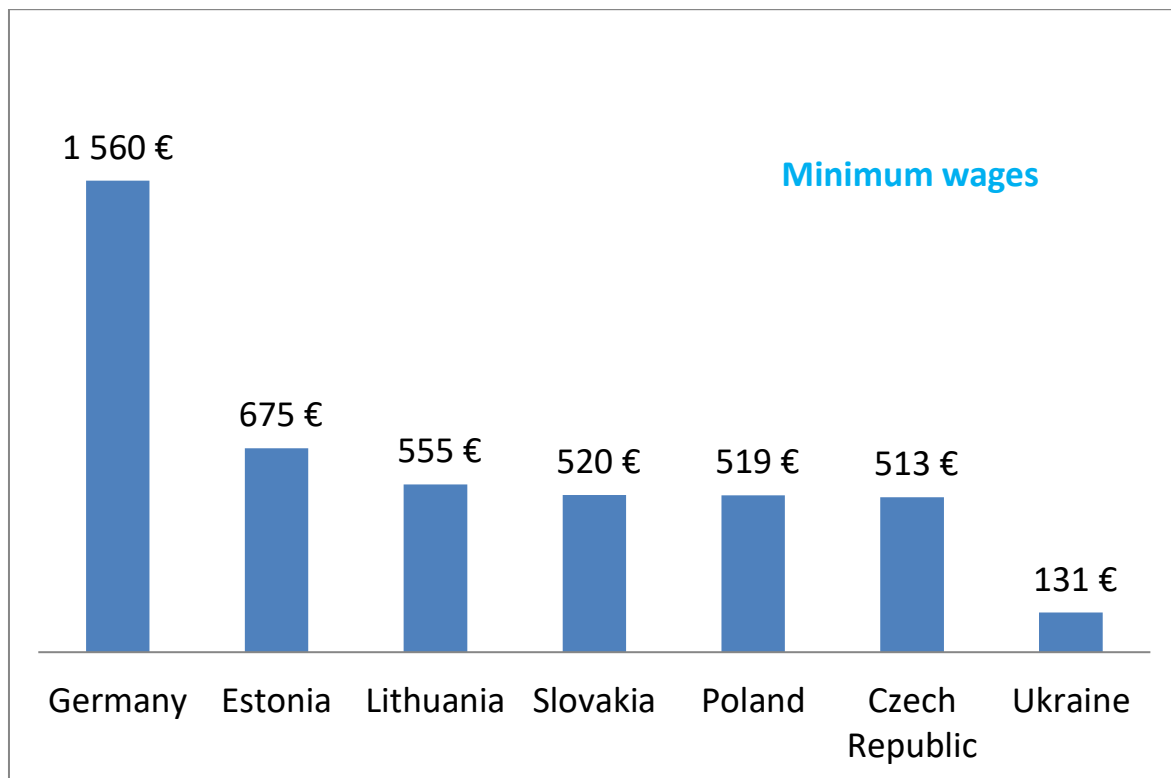


Figure 1.3. Average salaries in European countries in 2019

Source: compiled by the author

This tendency also worsens by the data trends in birth rate and actual population number as seen on the figures 1.4. and 1.5.

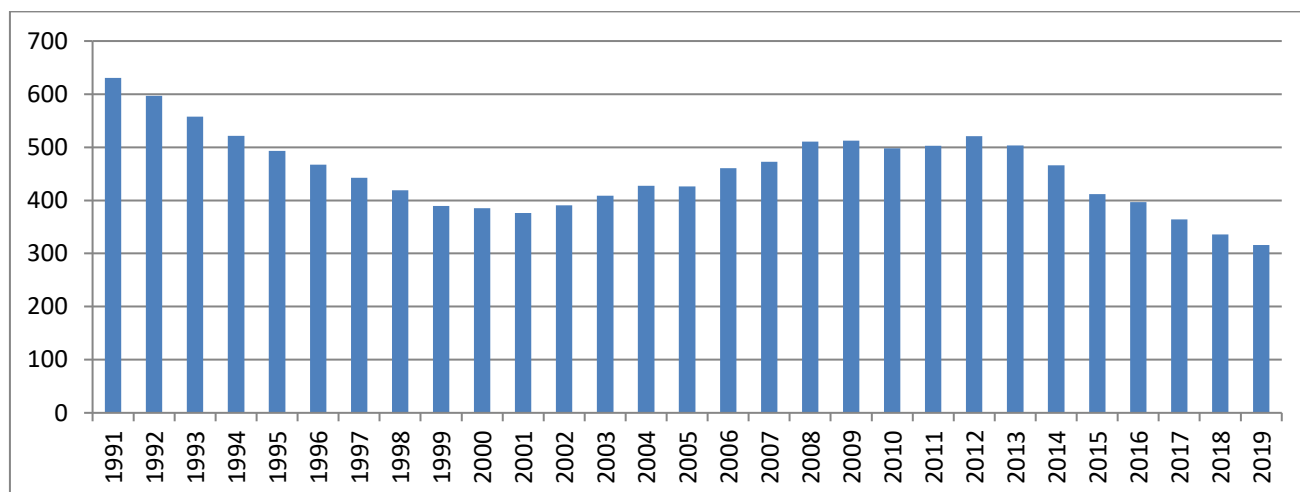


Figure 1.4. Birth rate data

Source: [88], State Statistics Service of Ukraine

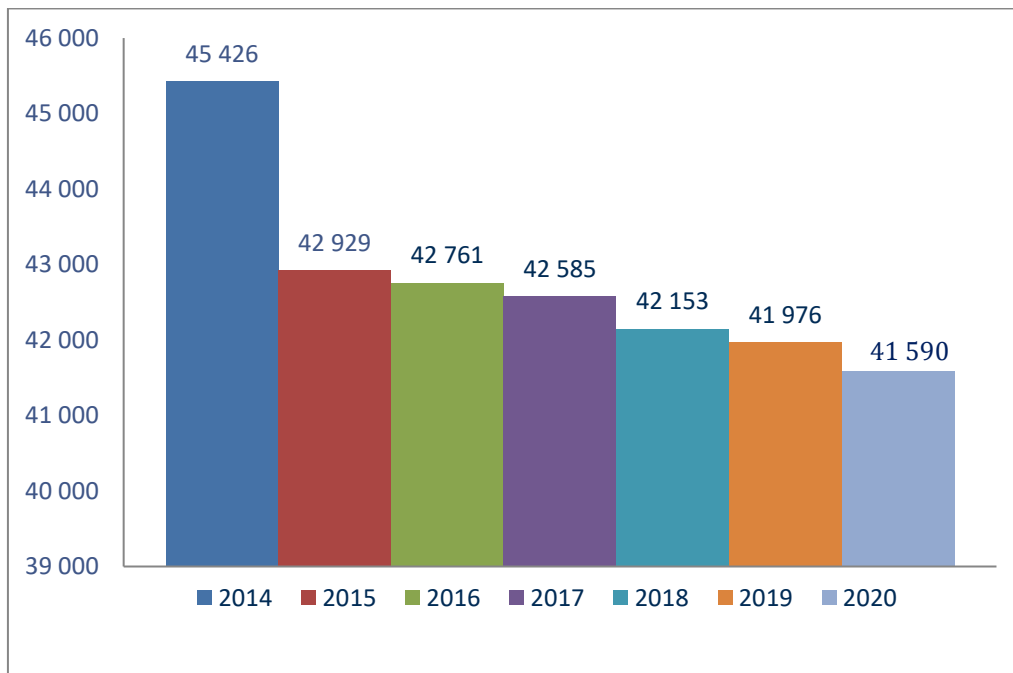


Figure 1.5. Ukraine's population data trend

Source: [88], State Statistics Service of Ukraine

These information clearly shows us that Ukraine isn't considered as an competitive and attractive country for own citizens and foreign labor force.

Let's look closer at the international competitiveness of Ukraine on a global market reflected on the figure 1.6.

Ukraine ranks as the 85 most competitive nation in the world out of 140 countries according to the 2019 edition of the Global Competitiveness Report published by the World Economic Forum.



Figure 1.6. Ukraine's global competitiveness rank

Source: [100], World Economic Forum

Fast growth in important industries could assist Ukraine in attracting foreign investment, generating jobs growth, and boosting long-term future growth. All of these variables contribute to a nation's economic success in the global context, including the expansion of new technologies, industry, and agriculture, state innovation systems, and effective country internal structures and processes.

Unemployment Rate in Ukraine increased to 10.50 percent in the first quarter of 2021 from 10.10 percent in the fourth quarter of 2020.

In Ukraine, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force.

Lack of the labor force is one of the main challenges in recent years in Ukraine. This is caused by 2 main reasons – demographic crisis of 90th of the 20th century and the attractiveness of salary payment in Europe and United States.

Demographic crisis in the 90s of the previous century resulted in the the current situation where the candidates' demand is much higher than supply. Young people are willing more to move abroad to get a better education and have higher level of living.

The older generation is also willing to relocate to neighbor countries to get higher salaries.

These types of jobs are not demanding high quality workers but offered salaries are three to four times higher than in Ukraine.

The other reason for the growing unemployment rate (see on the figure 1.7) is the shadow economy. A lot of Ukrainian companies do not officially employ the workers or, in some case, pay officially only the minimum wages as required by the local legislation. Thus they avoid tax payments which equal to additional 22% of the gross salary of the worker.

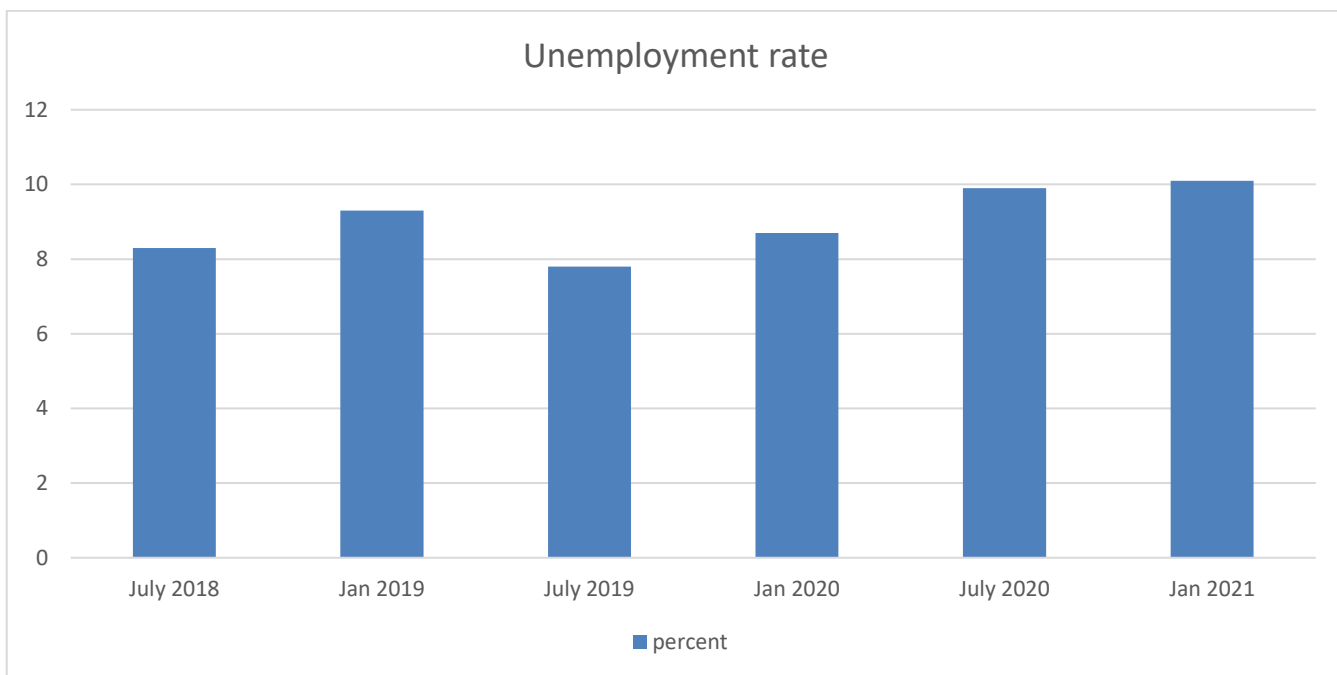


Figure 1.7. Trend of unemployment in Ukraine

Source: [88], State Statistics Service of Ukraine

Although Ukraine improves its competitiveness rank after the recession due to the COVID 19 pandemic, it is still not attractive for foreign investors due to the high corruption level and unstable and unpredictable economy, as well as not attractive to

human capital to stay in Ukraine or relocate from other countries to boost Ukrainian economy.

In order to be more competitive on the global market as well as European market, Ukraine should strive to reach the Europe 2020 Strategy.

The strategy's three axes are as follows:

- Smart growth: creating a knowledge-based and innovative economy
- Sustainable growth: supporting a more source of energy, environmentally friendly, and robust economy.
- Inclusive growth: promoting a high-employment economy that promotes social and geographic integration.

Ukraine may use these axes as the compass for its further growth and development. With this direction Ukraine will stay on track, be up-to-date country and competitive on the global market. Being internationally competitive Ukraine may cope efficiently with one of the biggest challenges for the recent years which is the personnel outflow to countries with higher standards' of life and human rights protection.

1.2. HR Development and global markets

The last 15 years, the concept of Human Resource management has been widely applied. Personnel administration was the name given to the field prior to that. The name change isn't just for display [62].

With the Industrial Revolution in Great Britain in the nineteenth century, the field of human resources began to grow in Europe. During the industrial revolution, Robert Owen and Charles Babbage developed the idea that people were critical to an organization's performance, claiming that employee well-being led to faultless labor and that an organization could not thrive without healthy individuals. The establishment of huge industries considerably boosted the demand for labor. It was around this point that new people management approaches began to emerge. It is a significant key moment of Human Resources. The tremendous introduction of innovative industrial processes and work

inventions drastically altered the globe. Many industries have prioritized speedy and low-cost production [50].

Thousands of people were employed by the companies, with 16 hours working day. Many business owners have learned that employee contentment has an impact on performance and productivity. Employees who were satisfied were more productive than rest of the organisation and could generate more items than those who were dissatisfied. As a result, several factories have started implementing voluntary employee programs in order to improve their comfort and happiness. The government began to intervene, enacting basic human rights and workplace safety rules.

HR grew as a relatively new field in the early twentieth century, when some businesses discovered that employees are driven by more than simply money, resulting in a completely new approach to employer-employee relationships. Few companies like P&G, for example, noticed these practices as a means to acquire employees' commitment and motivate them with a carrot rather than a rod. This "Welfare Capitalism" movement was the first glimpse of something resembling to HR as we experience it nowadays [93].

Personnel administration, which arose in the 1920s, dealt with the practical details of hiring, appraising, training, and rewarding personnel, and was considered a "staff" job in most businesses.

The Personnel Management was initiated by the majority of companies. Internal training and collaboration with labor unions to produce stronger compensation packages were prioritized by personnel departments. Although the personnel management department had significant responsibilities, it was still primarily a service department. It dealt with all personnel matters and was in charge of ensuring that the newly enacted laws were followed to the letter.

Traditionally, this area did not pay attention to the impact of employment policies on organisational effectiveness or the systemic linkages between them [22].

It was in charge of putting various social and occupational safety policies into action. Everything was geared on increasing employee productivity. Constant productivity improvements were the most important metric for personnel management.

After WWII, militaries established numerous training courses recruits, and the new modification was implemented. Following WWII, the Personnel Management Department's Training Department gained widespread recognition and respect [81].

Trade unions emerged almost simultaneously with Personnel Management. The trade unions modified the game's rules. They made a big contribution to the enhancement of employees' roles in the organization. The employer now has a trustworthy partner with whom to communicate. Many changes were made by trade unions at no expense to the organization. Although trade unions are no longer as powerful as they once were, many businesses either profit or suffer as a result of a large existence of trade unions in their industries [2].

Traditionally, this area did not pay attention to the impact of employment policies on organisational effectiveness or the systemic linkages between them.

HRM evolved in response to the increased competitive pressures that businesses began to face in the late 1970s as a result of issues including globalisation, regulation, and rising technological progress. These challenges prompted the development of methods for forecasting future changes in environmental conditions and aligning various organizational components to increase organizational effectiveness.

HR management was first introduced in the 1970s of the twentieth century. New technology enabled the establishment of major multinational corporations, signaling the start of a new phase of globalization. Human Resources Departments replaced Personnel Departments. They began to manage policies and procedures in the context of a global labor. Since then, most HR departments have been using advanced HRIS (Human Resources Information System) systems to make information about employees available to HR professionals everywhere and at any time [2].

Human motivation theories such as Herzberg's Two Factor Theory and Deci and Ryan's Self-Determination Theory began to change the workplace at the same period. HR was forced by corporate management and industrial psychologists to concentrate more on employees' needs for achievement, development, and recognition by aligning the nature of the work with their talents and interests.

The development of the HR Business Partnering Model was the second fundamental change in the history of HR Management. Organizational demand transformed drastically when the economies of wealthy western countries transitioned to services economies [64].

Human Resources' role has completely shifted as leadership development and performance management have become key activities for safeguarding the company's future. In addition, the quality of HR services given has become a crucial competitive advantage.

Managers and leaders today must think globally and be able to understand colleagues from a variety of cultural backgrounds. They are responsible for managing the global business culture. They must discover values that inspire employees all throughout the world. Corporate culture can no longer be defined by a single country. It must reflect the fact that the company employs people of many nationalities. It is, however, a source of stress. Global HR procedures and processes are driven by International HR Management in various nations. It must ensure that they provide outcomes that are similar and comparable.

HR's function is more sophisticated than it has ever been. Now that new and developing technologies shifted the focus away from people management and administrative activities, HR departments must focus their efforts on managing employee satisfaction and culture [87].

Human Resources faces numerous new challenges in the future. Globalization will continue, and local enterprises may find it advantageous to hire new talent from other continents. Because of the scarcity of skilled people, Human Resources will be forced to implement worldwide recruitment policies and processes. Employee relocation to other countries has become a typical HR function. Organizations lose their country specificity and are unable to identify with a single country. Human Resources must assist in identifying and implementing the new organizational culture.

Policies relating to human resource development, particularly retraining, play a crucial influence. Policies that slow the adaptation period may help with the change, but they may also result in additional expenditures.

Globalization's employment implications are felt not just at the aggregate level, as well as at the organizational level. While the change to complicated tactics may result in a reduction in direct employment inside TNCs, it also boosts host nations' possibilities to attract more and better value-added investments [79].

Furthermore, as TNCs establish higher-value-added and more specialized businesses in their overseas operations, the demand for training in order to enhance quality of host-country workers grows. The shift toward more complicated methods shows that integrated global production reinforces foreign subsidiaries' higher pay and high skill profile [76].

As a result, the way value-added significant operations are designed and integrated inside TNCs' production networks has a significant impact on employment. Increased battle among governments for investments has resulted from a growing realization of these favorable consequences. In this regard, improving the labor force quality is a key policy objective for emerging and developed host nations seeking to attract investments.

Local and national authorities can have an impact on human resource development. Furthermore, particularly in big and expanding markets, TNCs are the most likely to be drawn by a mix of an educated workers and a physical and social environment able to generate high productivity [82].

Globalization has substantial consequences for labor market organization. In terms of numbers, employment in rich nations has increased more slowly than FDI globally, while employment in overseas subsidiaries has increased, notably in developing countries, when compared to parent corporations. In relation to employment and human resource development, overseas subsidiaries can contribute qualitatively. Local and national authorities can have an impact on human resource development. Furthermore, particularly in big and expanding markets, TNCs are most likely to be drawn by a mix of an educated workforce and a physical and social environment capable of generating high productivity. Despite the fact that industrial relations approaches continue to shape work - related issues

in TNCs, transnational production provides unique issues for nationally organized labor, as well as new opportunities for collaboration.

Over the years, the workforce has shifted from a labor-based to a services-based model, forcing HR to change from a process-centric to a worker-centric role.

Human Resources now oversees a number of processes that are critical to the modern organization's success. Recruitment and staffing, compensation and benefits, training and development, and leadership development are all essential components of a successful organization [102].

Companies did not use several HR value added practices previously. They merely employed the methods they required to succeed.

The origins of present Human Resources can be traced back to all employees. It was in charge of tackling issues and requests. Negotiations with labour unions were later added to the organization's strategic relationships. Human Resources has transformed into a strategic business partner over time, making HR a critical component of any organization's growth and success.

1.3. Human Resources Management practices in TNCs

International human resource management became an enormously relevant topic for researchers as a result of rapid globalization. During the nineties, cross-border mergers & acquisitions became increasingly popular around the world, and TNC FDI tripled to \$4,759 billion (UN 2000). Managing foreign branches while considering global competitiveness and the local context has become an essential and tough challenge for TNCs [70, p. 2-4].

The behavior of TNCs can be impacted by both sociopolitical events (external factors) and the home country's headquarter strategy and policies (internal factors).

As a result, the country of origin (also referred to as the "home country") is a crucial component in explaining TNC policies and behavior. For example, in their international subsidiaries, American TNCs employ a more centralized and formal management style,

and this management model has a substantial impact on local compensation packages, collective bargaining, employee benefits, and training [45].

Due to the widespread usage of best practices and benchmarking, TNCs' HRM procedures become more comparable, blurring the distinctions between overseas subsidiaries and domestic enterprises, as well as between different home countries. TNCs, as according Edwards (1998), tend to import or disseminate new methods that have proven to be effective in one branch to headquarters or other international businesses.

Foreign subsidiaries' HRM practices have an overall tendency to follow local practices, with occasional variations among individual practices. In this scenario, examining HRM practices may obscure significant differences in TNCs' strategic intentions between home countries [56].

TNCs must make strategic decisions about the overall HR strategy for their foreign branches, such as whether they try to comply to local practices or transplant the parent company's methods.

A local strategy and a transplanting strategy can be used to classify and assess the HRM strategy of international establishments.

The domestic company understands the cultural uniqueness of the local environment and respects and integrates local HRM practices in a local strategy. TNCs use this method to ensure that their local employees have a familiar HRM culture and to prevent avoidable confrontations with the local system. The parent domestic company forces HRM practices on its subsidiary as part of a transplanting strategy. As a result, the main business attempts to achieve some consistency in its global HRM policy [21].

Taylor et al. (1996) highlighted integrative orientation as another intermediate strategy. This is a hybrid strategy that combines localization and transplanting, with TNCs attempting to adopt best practices from either the parent firm or the local subsidiary.

Because of their social embeddedness, cultural and institutional elements have a considerable influence on HRM practices and strategy.

The country of origin effect can theoretically be explained by different historical patterns and phasing of home country international expansion [10, p.135], or different

national business cultures, as Ferner (1997) points out. As a result, MNCs' actions are knowingly or unknowingly bound by their own national culture or preset pattern.

It's crucial to remember that the country of origin isn't the only element determining foreign branches' HRM strategies. Other factors that may impact strategy selection are divided into two groups: investment strategy and entry strategy [58].

Investment strategy, which can be split into two categories: market oriented investing strategy and cost orientation investing strategy [69, p. 135-142], might impact the HRM strategy of subsidiaries abroad. When it comes to cost-cutting investments, MNCs strive to take advantage of local environment's cost competitiveness, such as cheap labour, tax incentives, and cheap raw material costs. The headquarters office is then more likely to implement HRM methods that have previously been proven to be effective in their home nation. As a result, MNCs that invest with a market orientation approach are more likely to use a localization HRM strategy.

The entry strategy might also influence the HRM strategy of subsidiaries abroad. FDI is typically done through purchase or the establishment of a new firm (a "greenfield site") [21]. When MNCs wish to reproduce important qualities of their parent firm, they use a greenfield location as an entry strategy. As a result, there's a better probability that greenfield site subsidiaries will use a transplantation strategy. The acquired organizations, on the other hand, have a history and organizational stagnancy, making them positively associated to the localization approach [84].

Localization is a strategy used by manufacturing firms, large businesses, older organizations, and unionized companies. Service organizations, smaller organizations, companies led by foreign top management, younger businesses, and nonunionized enterprises, on the other hand, are more likely to use a hybrid HRM strategy [54].

TNCs are not under any direct environmental pressure while deciding between localization and a hybrid strategy, which may reflect their choice which is mostly influenced by their home country.

A transplanting strategy may be used to guide HR decisions such as human resource planning and executive recruitment, whereas a localization strategy may be used to guide HRM actions such as salary increases and professionals and experts recruitment. In this

regard, the home country may represent the most essential role at the strategic purpose level, whilst other background factors may play major roles at the functional level when it comes to implementing certain practices [56].

HR strategies based solely on transplanting strategy are now infrequent. The majority of TNCs opt for either a localization or a mixed HR strategy. It indicates that multinational corporations have various HR strategies and, as a result, diverse HR practices and policies in different nations. However, we know very little about the HR strategies that multinational corporations employ in many countries.

When TNCs must choose between localization and a mixed strategy, the country of origin effect occurs [56].

The first is the straightforward observation that transferring TNC HRM strategies to local subsidiaries is ineffective, given that many regions have been creating their local HRM systems in tandem with economic growth. The decision to transplant is based on rational factors. When investment is undertaken in the pursuit of a cost-cutting strategy, for example, there are trends, regardless of origin, to pick transplantation. Basically, they adopt the transplantation method when certain external conditions make it necessary for the administration of subsidiaries.

The management styles and methods of European, US and Asian TNCs are frequently contrasted. Such discrepancies might cause conflict, especially in global joint enterprises. The degree to which management techniques have evolved towards a worldwide norm is a significant issue [53].

Managing transnational corporation presents a significantly different set of challenges than managing a company with only home markets. The TNC, on the other hand, operates in a variety of geographical and cultural situations, whereas a national local company operates in its largely familiar home market.

The TNC is seen as a tool for transferring prevailing HR policies and practices across national borders, and the articles put a spotlight on the feasibility of, and constraints to, this transfer.

TNCs' HRM methods have long captivated people's interest. Differences in HRM practices occur between countries, and they persist when other factors are taken into

account. Personalized employment practices, such as variable pay, are used in several nations. Nonmanagerial employees are more affected by employment protection legislation than managers. Innovative ideas may be difficult to adopt in other countries [98].

When it comes to activities like organizational learning, a company's Human resources system is crucial.

Complex relationships, uniformity, organizational structures, and size were all connected with the usage of HRM methods, albeit the effects were not as consistent as a strong situational explanation would predict. As a result, more integrated TNCs, particularly subsidiaries that feed other elements of the TNC, used on general more HRM practices, as well as motivation and control mechanisms for management. On opportunity measures, a more complicated structure appears to be important.

HRM practices were also linked to policy decisions made by businesses. The involvement of an international Human Resource committee is associated significantly with the adoption of more practices [60].

The attributes of TNCs are crucial. The usage of practices is influenced by some structural elements of businesses, and there are direct correlations between HR architecture and practice deployment. More global integration does not always imply more widespread application of the techniques. Both societal and dominant effects influence the interaction between businesses and how human capital is managed.

The simplicity of the universal HR activities models is one of the reasons for their popularity. Various connections between structure, dominance, and society repercussions are explored [91].

Conclusions to the Chapter 1

Many TNCs have a wide range of HRM practices. The fit to a variety of cultural and organizational environments is the second consideration. The simple concept is based on the structural approach to Human resource management, which is increasingly being portrayed as a progression from best practices or a best fit perspective. Organizations have a lot of options, and they must evaluate how they want to arrange their activities to address

basic needs while also contributing to competitive goals. HR professionals may have a larger role than is commonly assumed.

One of the most difficult challenges in international management is finding a balance between uniformity and localization, or the drive for supervision from headquarter and drive for independence from affiliates.

CHAPTER 2. STUDY OF COMPETITIVENESS OF KUEHNE+NAGEL IN FOREIGN MARKETS

2.1. Financial performance of Kuehne+Nagel

Kuehne+Nagel shows growing profit results each year. The company delivered strong results in 2020 despite the uncertainties of the COVID-19 pandemic. It demonstrated its global leadership in Sea Logistics with 4.5 million TEUs handled in container traffic and its global number two market position in Air Logistics with 1.4 million tons. Air Logistics achieved considerable development and better profitability despite the tough market conditions. Although the COVID-19 pandemic had a severe impact on overall Road Logistics results, a lot of shipments recovered in the second half of last year. The restructuring of Contract Logistics was completed successfully in 2020.

Kuehne+Nagel is a company that specializes in end-to-end supply chain operations and services. They are handled in the Kuehne+Nagel's worldwide network by logistics control towers and carried out by all of the company's business segments. These integrated logistics options not just to improve supply chain transparency and efficiency, but they also improve information flows between partners and customers. This enables Kuehne+Nagel to support the value chain of its customers, which is critical in an extremely competitive and rapidly increasing sector [72].

Kuehne+Nagel, a forerunner in the business, tackles the Carbon footprints of transport services engaging its suppliers — aircrafts, shipping lines, and freight companies — proactively.

By 2030, Kuehne+Nagel wants to have completed CO2 reduction (Scope 3 of the Greenhouse Gas Protocol - GHG). Since 2020, all less-than-container-load (LCL) deliveries have been CO2 zero.

Table 2.1.**Kuehne+Nagel key financial numbers**

CHF million	2020	2019	Variance in per cent
Turnover	23,812	25,295	-5.9
Net turnover	20,382	21,094	-3.4
Gross profit	7,475	7,981	-6.3
Gross profit in per cent of net turnover	36.7	37.8	
EBITDA	1,920	1,829	5.0
EBIT	1,070	1,061	0.8
In per cent of net turnover	5.2	5.0	
In per cent of gross profit	14.3	13.3	
Earnings for the year	789	800	-1.4
Earnings for the year (Kuehne+Nagel share)	788	798	-1.3
Earnings per share basic (in CHF)	6.59	6.67	-1.2
Operational cash flow	1,904	1,746	9.1
Capital expenditures for fixed assets	177	320	-44.7
Total employees at year-end	78,249	83,161	-5.9
Total full-time equivalents of employees at year-end	72,021	78,448	-8.2

Source: [71] Kuehne+Nagel annual financial report 2020.

The above-mentioned table shows that in 2020, Kuehne+Nagel's net turnover fell by CHF 712 million, or 3.4%, and gross profit fell by CHF 506 million, or 6.3%, from the previous year.

EBIT rose by CHF 9 million, or 0.8%, in 2020. The growth would have been CHF 75 million, or 7.0%, at current exchange rates and without acquisitions. In comparison to 2019, earnings for 2020 fell by CHF 11 million, or 1.4%. In constant currency and excluding acquisitions, the Group's earnings for the year would have improved by CHF 37 million, or 4.7%.

In comparison to the previous year, capital costs in fixed assets declined by CHF 143 million, or 44.7%, to CHF 177 million. In 2020, the Kuehne + Nagel Group reduced its workforce from 83,161 to 78,249 employees, a reduction of 4,912 individuals or 5.9%.

Employee full-time equivalents decreased by 6,427 (or 8.2%) to 72,021 from 78,448, a reduction of 6,427 (or 8.2%).

The businesses Sea and Air Logistics are the most significant contributors to the Group's results. The Air Logistics division achieved significant profitability increases in 2020.

Being a transnational corporation Kuehne+Nagel adheres to main corporate principles such as risk management, business continuity, compliance, internal audits, social responsibility [72].

On all levels, risk management is an important part of the Group's corporate strategy, planning, and control processes. The Risk and Compliance Committee and the The Board of Directors' Auditor Committee keep track of material risks and debate them on a regular basis.

The company is committed to a corporate governance, which is an integral part of the management culture of the Group.

The Group is organized as a limited company that has issued shares of common stock to share- holders. The Group's ultimate holding company is Kuehne + Nagel International AG.

Kuehne+Nagel's operating businesses are organized into the following four business units:

- Sea Logistics
- Air Logistics
- Road Logistics
- Contract Logistics

Operating performance is presented in the following geographical regions:

- Europe, Middle East and Africa (EMEA)
- Americas
- Asia-Pacific.

2.2. HR Management structure in Kuehne+Nagel

Being an international company with a successful history of 130 years, Kuehne+Nagel built and keeps on improving its human resources management.

In all 109 countries where Kuehne+Nagel operates, the company has the similar structure in Human Resources. This alignment allows the company to have similar and fair approaches to all employees. It also allows the company's management to lead and oversee effectively all activities related to personnel.

The main practices of HRM in Kuehne+Nagel include recruitment, learning & development, performance management, employee engagement, reward system, leadership and career development.

Table 2.2.

Major activities of the Human Resources Management

Human Resource Management Practice	Issues and Activities
Recruitment	Selecting the right person for the right job, recruiting from a diverse community, gender discrimination awareness, ethnic minority or disability recruitment
Training & development	Individual and organizational responsibility are balanced, training and development is used as a strategy of recruitment and retention, and new technologies are used to learn.
Performance management	Performance appraisal, compensation policy, employee recruitment and retention, the influence of teamwork on personal remuneration, the importance of culture in performance management, training and development, and

	performance management are all topics that are addressed.
Employee engagement	Employee engagement and commitment, autonomy, top-down communication, bottom-up problem-solving, and mutually beneficial partnerships
Rewarding policies	Delegations of incentive systems, cost-effective overall reward policies, a set of performance targets, reward rules, and fair processes, recruiting and retention maximization, and staff repatriation are all examples of decentralization of incentives
Leadership development	Managing branches in a global setting, expatriate practices, cross-cultural learning and development, self-training using electronic media, and worldwide job rotation are some of the topics covered

Source: Internal policies and procedures on HR management in Kuehne + Nagel

The Company pays a lot of attention to the performance management as it enables the organization to draw the best out of its staff and to operate at the optimal level. Through goal-setting, feedback and employee motivation, performance management links together other practices of HRM such as recruitment, training, development, employee engagement, leadership and reward policies and in some way affecting those. With the set of goals in the process of performance management, Kuehne+Nagel is able to recruit and select suitable staff for certain tasks. The feedback through performance management can facilitate training and development, reward system and career development of employees.

Performance management is affected directly or indirectly by several key factors in the organization such as culture, institution, and organisational structure, purpose of appraisal, performance standard, technology, and reward system.

These practices are structured in 5 directions in human resources management: business partnership, learning and development, compensation and benefits, talent sourcing and administration.

HR Business Partnership is the similar activity like in many other trans-national corporations. The HR business partner (HRBP) is a strategic liaison between HR and the business.

Employees and management in separate business divisions are accountable for connecting company goals with HR Business Partners. The position incorporates partnerships across the HR function for delivering value-added service to management and employees to reflect the business objectives of the organization. The HRBP maintains a high degree of business awareness about the financial position, mid-term strategies, culture, and competition of the business unit.

These senior HR experts have a thorough understanding of the company and ensure that HR contributes to the company's success. To assist the organization in achieving its business objectives, the HR business partner links the HR function – which focuses on people – with the business look of things. The HR business partnership is the most customer-facing of all HR professionals. They can bring benefit to the company and lead decision-making processes since they are in direct contact with line managers. A great HR business partner can assure that all HR processes are properly aligned with direct supervisors' priorities, especially during times of change and transformation.

A strong HR business partner, in theory, acknowledges how existing and anticipated difficulties effect their organization's people. HR business partners are familiar of with the organization's competitiveness, market value, rivals, unique selling points, market share, and progress, as well as the ecosystem, the role of technology, and other key stakeholders.

The HRBP assists the organization in achieving success for both customers and employees. HR business partners assist companies in planning, developing, and changing in hiring and recruiting and retain top people.

One of the primary tasks of HR business partnership is to focus on people and culture transformation in order to achieve its business goals. HRBPs are striving to enhance employee experience, which is critical to a company's success.

Learning and development (L&D) is one of the core pillars in Human Resources.

Learning and development at Kuehne+Nagel aims to enhance employees' skills, knowledge, and competency in order to achieve better performance at work. In line with employees' development goals, L&D focuses on the acquisition of knowledge, skills and behaviors, as well as the extending and upgrading of knowledge.

L&D at Kuehne+Nagel has 4 annual stages they undergo in order to keep the organization and its employee effective, competitive and motivated:

- analyze training needs of the whole organization based on the market trends, outcomes of recent learning and training activities and on the employees' feedback,
- specify learning objectives for the upcoming year with focus on hard and soft skills, as well as business and personal employees' needs,
- design of training content and method – where majority of trainings and content are located on the internal corporate site and are available to all employees all over 109 countries,
- monitor and evaluate, meaning selecting the data of the attended courses and individual feedback after the each course.

The 70/20/10 method, which is completely applicable to Kuehne+Nagel, is a common approach to organizational learning. McCall, Lombardo, and Eichinger of the Center for Creative Leadership, a leadership development organization, developed this concept. The 70/20/10 paradigm is a general guideline for companies looking to improve their organizational learning and establish new initiatives. When it comes to training and development, the model is commonly used and referred to.

According to the concept, work-based learning accounts for 70% of learning. This informal learning takes place through hands-on experience, with employees learning while they go about their regular tasks. This learning-on-the-job takes place as employees complete new jobs and responsibilities, as well as through feedback from management and "water-cooler" discussions with coworkers about their performance.

The remaining 20% is composed of developmental relationships. Employees are encouraged to learn from one another through social learning, peer feedback and coaching, group work, mentoring programs, and other relations with peers and mentors. This 20% is usually best accomplished through "shadowing," in which a new employee spends the day with an experienced one and observes how tasks are completed and communication happens.

Traditional courses and training in a formalized, educational method account for the remaining 10% of professional development.

Kuehne+Nagel has various methods of learning. The most popular in pre-pandemic times were the in-class trainings and workshops. During such sessions 20% of time was dedicated by experienced trainers to theoretical materials and main challenges of the announced topic. 80% of time of these sessions was dedicated to practical exercises. Half of workshops were devoted to improve hard skills and another half to soft skills.

Year 2020 changed L&D approach completely. All the learning activities had to move from offline to online format. Due to COVID 19 pandemic all the resources and format are now available and requested as well in online.

Kuehne+Nagel has its own online based learning and development academy. On this platform each employees can find and apply for participation at any training and workshop. These include business oriented trainings, leadership development programs, personal effectiveness and development workshops. The platform incorporates short video lectures and numerous e-books.

Recently inspiring video from top management about different topics became very popular and demand for the is increasing.

Although the company has various methods for employees' learning and development, it faces more and more challenges with employees' engagement and participation in these activities, with finding right instruments to educated employees so that these instruments are remembered respectively and applied where necessary.

Compensation and benefits (C&B) refer to the benefits a firm provides to its employees in exchange for their labor.

Compensation & benefits cover direct and indirect pay such as salary, wages, bonuses, health insurance and any myriad of things offered to employees. Overtime pay, stock options, school allowances, rental fees, corporate cars, pension plans, days off, gifts, restaurant vouchers, parental leaves, severance pay and even free lunches make up an essential part of the compensation and benefits package. A lot of such benefits are country-specific.

Compensation & benefits are an integral part of employees' motivation. According to Glassdoor, a 10% increase in base salary led to a 1.5% increase in the likelihood of an employee staying at the company for their next career step rather than leaving. According to the same study, companies with higher ranking increased the likelihood of someone staying at the company by 4%. The salary is significant, but there is more on here than just money.

The research found a strong correlation between pay and engagement but pay clarity is much stronger. Employee engagement rises when they believe their salary is reasonable.

Salary is an one part of compensation. Employee retention is also boosted by other rewards such as incentive schemes, pensions, and stock options. Many of these bonuses require the employee to wait a certain amount of time before becoming vested. The recent SHRM study found that indirect compensation benefits strongly influenced employee happiness. Things such as paid time off, flexibility, and family-friendly benefits strongly influenced employee satisfaction with their jobs. The traditional money-based programs are also important. Flexibility and vacation may cost company less than material benefits and still increase happiness overall.

C&B at Kuhne+Nagel focuses on fair payment of salary according to the position and skills of an employee, developing effective incentive programs in line with the company's targets and keeping people motivated as well as providing non-material benefits to increase employees' engagement and satisfaction with their jobs.

Administration is one of the oldest and still important part of HR at Kuehne+Nagel.

This HR function deals with organization of HR documentation flow.

It starts with pre-employment screening of candidates' documents, hiring and onboarding, dealing with all documents of working working employees, offboarding and dismissing as well as company's related HR documents such as internal orders, policies and procedures, guidelines and rules.

These functions has been purely paper-flow oriented in past decades. With the world's changes and digitalization it also started to evolve. It's requested by a lot of companies, as well as by Kuehne+Nagel, to transform the HR administration function into paperless digitalized customer service easy-going function.

Thus, Kuehne+Nagel is creating HR Service Centers which solely work on HR administration for different countries. Like in many other international companies such Service Centers are considered as internal outsourcing of HR administrative function. This centers receives application from different countries to administer documents related to hiring, transferring, payroll, dismissing etc. All this tasks are performed in specified internal system and are fully digitalized.

This internal outsourcing helps HR in countries to get rid off paper-work and concentrate on business support, employee motivation and talent retention.

Talent Sourcing is another core competence for HR at Kuehne+Nagel.

This direction is focused on recruitment and retention of talents. Talent Sourcing was singled out several years ago as a separate and an important key HR function. The reason was the huge challenge to recruit and retain right talents not only at Kuhne+Nagel but for the most organizations globally.

The Talent Sourcing works as the single point for recruiting right candidates for all open positions at Kuehne+Nagel. The main tools for recruiting candidates are the following tools:

- company's HR recruiters,
- external and internal careers' sites
- social networks like LinkedIn, Facebook, Instagram

- recruitment sites like Glassdoor, Indeed, Monster
- messengers channels like Telegram, Viber
- references

Kuehne+Nagel has its own internal recruitment policy which starts from business needs, job description, messages to attract candidates, communication policy to follow all candidates throughout the recruitment policy and first 3 months onboarding period. Each of the mentioned stages is important as it allows to retain the candidates' attention and show all the positive sides of the company.

Kuehne+Nagel also focuses a lot on retaining its employees. Having said that the company considers first of all on internal candidates for open vacancies. Thus the company retain the best talents, promotes them to higher positions which helps the company to stay strong and grow.

Further they plan to concentrate more on talent retention and attraction as the main topic of this internship research.

According to a recent Deloitte survey (Figure 2.1.), millennials and Gen Zs around the globe are determined to hold themselves and others responsible on society's most pressing issues after a year of extreme uncertainty caused by the COVID-19 pandemic, political instability, racial strife, and drastic climate events. Although these generations have always advocated for social change, many now believe the world is at a crossroads. They are seeking for responsibility for bringing changes that will make the world more equal and sustainable.

DRIVERS OF THE MILLZ MOOD MONITOR: OPTIMISM AROUND BUSINESS IMPACT, AS WELL AS ENVIRONMENTAL OPTIMISM, CONTRIBUTE MOST

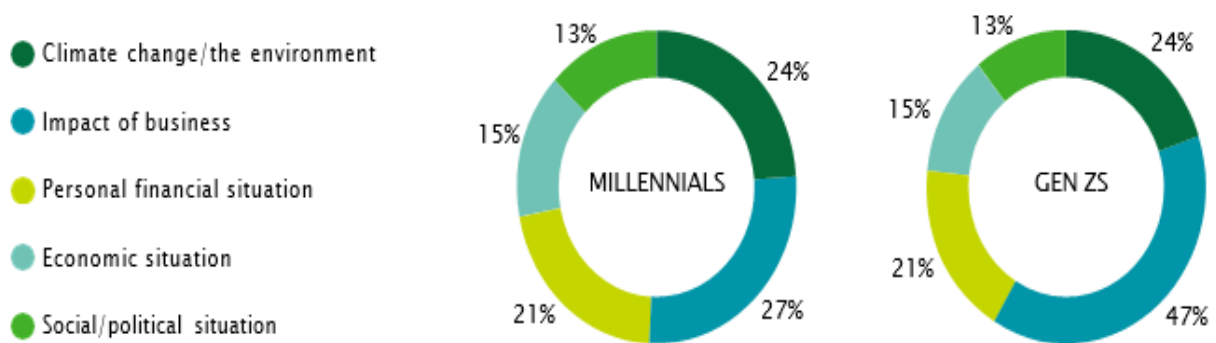


Figure 2.1. Drivers of generation Z mood

Source: [43], Deloitte 2021 Millennial and Gen Z survey.

Key findings of the Millennials and Gen Z concerns according to the Deloitte 2021

Survey:

- Health and Employment
- Mental Health
- Stress
- Business Societal Impact
- Wealth and Income
- Systemic Racism

According to the Deloitte Survey, respondents are directing their efforts into meaningful action, such as growing political participation, aligning spending and employment options with their beliefs, and influencing change on socioeconomic problems that important to them. As a result, as we've discovered repeatedly in the past, young generation expects corporations and governments to do much more [43].

“In the 10 years Deloitte has been conducting the Millennial Survey, millennials and Gen Zs’ lives have changed, but their values have remained steadfast. They have sustained their idealism, their desire for a better world, and their belief that business can and should

do more to help society,” said Michele Parmelee, Deloitte Global Deputy CEO and Chief People and Purpose Officer.

Climate change and environmental protection was global millennials’ # 1 personal concern in 2020. In 2021 health and unemployment fears topped the list of personal concerns for global millennials. Yet, their continued focus on environmental issues and the fact that it remains the No. 1 concern for Gen Z even during a global pandemic, when other threats to their health, family welfare, and careers may feel more imminent demonstrates how important this issue is for young people [3].

Ukrainian millennials have slightly differing reasons for concern, which is due to the local realities. Business and politics topped Ukrainian youth’ list of concerns. Political instability and military conflicts in the country were in second place. In addition, Ukrainian millennials are concerned about health and disease prevention, while Gen Zs – about unemployment.

According to Deloitte - young people seek employers who care about the environment.

A lot of millennials (37% globally and 41% in Ukraine) and Gen Zs (40% globally and 46% in Ukraine) believe that following the epidemic, more people will pledge to take any action on environmental and climate threats. This could be anything from increased recycling to more public transit use to a change in food and purchase behaviour. Millennials and Gen Zs continue making decisions based on their ideals as consumers. More than a third of millennials and Gen Zs feel that a company's environmental effect (both beneficial and harmful) has influenced their purchasing decisions.

However, nearly 60% of millennials and Gen Zs believe that as business executives struggle with the pandemic's issues, their commitment to helping tackle climate change will become less of a priority. This number is much higher in Ukraine, with 66% of millennials and 72% of Gen Zs [states Deloitte 2021 Millennial and Gen Z survey].

Nonetheless, it's noteworthy that respondents' attention remained focused on environment protection when dangers to their health, families, and career are more direct and urgent.

In a pre-pandemic survey conducted last year, half of all respondents expressed concern that the environment had reached a breaking point and that it was too late to fix

the damage resulted of climate change. These rates, while still high, have dropped this year to 44% for millennials and 43% for Gen Zs. During the pandemic lockdown, encouraging environmental signs may have fueled confidence. On the other hand, over 60% of millennials and Gen Zs believe that as business executives cope with the pandemic and other developments, their devotion to preventing climate crisis and improving the environment will be less of a focus.

Taking into consideration, the outcomes of the Deloitte's research it is very clear that the way companies deal with environmental issues are important to employees and may strongly influence whether they will stay with the company.

Kuehne+Nagel also considers environmental topics seriously and focuses on them them in its daily life and development of the strategy.

The company believes in contributing to the world around and thus being a part of something greater. Kuehne+Nagel sees itself as a part of the bigger picture as a logistics partner, bringing individuals and communities from all across the world closer. And this is why the organization devotes its resources to providing that millions around the world have access to the things that fuel their enterprises and lives, from technological components to medicines and perishables, to airplane spare parts.

By working toward sustainable logistics, the organization hopes to have a meaningful impact on the planet. Its Net Zero Carbon program seeks to make our sea freight deliveries carbon neutral by 2030 [72].

Kuehne+Nagel declares that since 1890, they have been committed to delivering progress to society. In this delivery they follow two strategic approaches – customers and employees.

As to Kuehne+Nagel - those who see th tomorrow as clearly as today, who foresees the challenges of tomorrow today, and who refuses to accept routine when invention is required, are the ones who cares about change. Kuehne+Nagel employs people with such I nventive, conscientious, and thorough attitude. Their work culture is based on never-ending effort and attention to their profession, as well as a dedication to keeping their commitments. They have over 400,000 satisfied customers, as a result of

their diligence. Every day, they make decisions based on empathy and credibility. Together, they create a company atmosphere that prioritizes people in all they do - an organization that is as great to work for, as it is to work with.

Being the largest global logistics provider Kuehne+Nagel is a social responsible company. With its own sustainability program, the company embraces the elements of environmental, social and governance topics [72].

These are summarized in following commitments:

- Implement global standards and frameworks,
- Keep the highest level of ethics and compliance practices,
- Give back to local communities,
- Ensure the health and safety of employees,
- Minimize the impact of the company's services on the environment

Kuehne+Nagel commits to 14 Sustainable Development Goals (SDGs). Out of scope are the SDG 1 (no poverty), 2 (zero hunger) and 14 life below water.

The company officially declared its ambition to meet SDG in the following programs:

1. Net Zero Carbon

This initiative corresponds to 3 SDG goals – 11 (sustainable cities and communities), 13 (climate action) and 17 (partnership for the goals)

2. Lead change in renewable energy and waste

This initiative corresponds to 3 SDG goals – 7 (affordable clean energy), 13 (climate action) and 17 (partnership for the goals)

3. Customer solutions by innovation and technology

This initiative corresponds to 3 SDG goals – 8 (decent work and economic growth), 9 (industry, innovation and infrastructure) and 17 (partnership for the goals)

4. Community engagement

This initiative corresponds to 2 SDG goals – 12 (responsible consumption and production) 17 (partnership for the goals).

To commit to Sustainable Development Goals Kuehne+Nagel developed the following responsible business practices:

- **Diversity and Inclusion**

This practice corresponds to 3 SDG goals – 4 (quality education), 5 (gender equality) and 10 (reduced inequalities)

- **Human Labor Rights**

This practice corresponds to 2 SDG goals – 8 (decent work and economic growth) and 16 (peace, justice and strong institutions)

- **Health and Security, Environment**

This practice corresponds to 5 SDG goals – 3 (good health and well-being), 7 (affordable and clean energy), 8 (decent work and economic growth), 13 (climate action) and 15 (life on land)

- **Information security and data protection**

This practice corresponds to 2 SDG goals – 16 (peace, justice and strong institutions) and 17 (partnerships for the goals)

- **Liabile procurement**

This practice corresponds to 2 SDG goals – 12 (responsible consumption and production) and 17 (partnerships for the goals)

- **Anticorruption**

This practice corresponds to 2 SDG goals – 16 (peace, justice and strong institutions) and 17 (partnerships for the goals)

Let's have a closer look on how the Company deals with the announced initiatives and programs.

Net Zero Carbon

Kuehne+Nagel released its program Net Zero Carbon as the main pillar of its sustainability strategy and declared its path to CO₂ neutrality by 2030.

After a year of strong group work, the Company has cut CO₂ emissions by 27% from Scopes 1, 2 and 3, significantly exceeding the Company's own targets described in this Sustainability Report. As a member of the Clean Cargo, Sustainable Airfreight Alliance, and Global Logistics Emissions Council initiatives, is working closely with all major sea, air, and road forwarders to share and cooperate on air quality and ecological impacts with the carriers in order to further reduce CO₂ emission based on the International Maritime Organisation (IMO), International Air Transport Association (IATA), and Sustainability Accounting Standards Board (SASB) guidelines [71].

According to Kuehne+Nagel's annual Sustainability report, Kuehne+Nagel has met the planned CO₂ emissions reduction targets set in 2020, a global aim that is a core component of their 2030 environmental strategy to significantly reduce CO₂ emissions by 5% per FTE and 5% per 100 m² from 2010 to 2020.

Kuehne+Nagel lowered CO₂ emissions by 22% per FTE and 24% per 100 m² by 2020. The Covid-19 outbreak had an impact on the company's overall emissions, which were decreased by 18%. Efficient emission reduction technology was used to achieve the reductions. Relying on the Science Based Targets project, the business divisions are developing emissions reduction goals for 2030.

Environmental activities

Kuehne+Nagel is striving to develop its environmental performance.

The GFCC global environmental data system was used to calculate the 2020 performance. The company makes plans for the future, with targets set for the years up to 2030, providing that they have defined mid- to long-term objectives.

Environmental targets of Kuehne+Nagel for 2030:

- Renewable energy will provide 100% of the energy required,
- Zero waste - there will be null waste transferred to the landfills.,

- Decrease overall water consumption by 10%,
- Employ new technologies and innovation as drivers of sustainable performance,
- Reach net-zero carbonCO2 emissions across all sectors and regions.

Kuehne+Nagel helps its customers accomplish their environmental goals by providing sustainable and efficient supply chain solutions that minimize and eliminate shipments' CO2 footprint.

Kuehne+Nagel's solutions range from carbon-free transportation to environmentally sustainable biofuels.

The Company is actively addressing a reduction of CO2 in logistics worldwide. Kuehne+Nagel's Net Zero Carbon plan delivers environmentally sustainable logistics solutions, allowing like-minded customers to completely offset their supply chain's Carbon footprints. Kuehne+Nagel offers customers solutions for total CO2 neutralization of their supply chains, including sustainable business solutions for full-container-load and part-load shipments, truthful carbon emissions reports, CO2 routes, and neutralizing of rest emissions via licensed carbon credits from investments in nature-based initiatives.

As industry leader, Kuehne+Nagel is committed to reducing its contribution to the emissions caused by logistics through their Net Zero Carbon program. The UN Global Compact, the Arctic Pledge, the Getting to Zero Coalition, the Sustainable Air Freight Alliance, Clean Cargo, and the Science-Based Targets Initiative are among some of the organizations with which the Company is engaging. This is to guarantee that its program is based on measurable targets that align with the Sustainable Development Goals (SDGs), and to encourage and develop industry-wide activities and techniques – all in order to meet climate change goals as quickly as feasible.

Caring for water consumption and waste reduction

Kuehne+Nagel's environmental program prioritizes reducing water usage and increasing water quality. As a consequence, the Company began to actively manage its corporate water footprint and attempt to reduce it.

Water management at Kuehne+Nagel is based on a global framework that includes both broad and specific aspects for the organization. Kuehne+Nagel operations must control their water resources by monitoring water consumption, adhering to regulatory standards, reusing water whenever feasible, and measuring water usage. Water supply, effluent water release, and rainwater are all examples of water resources. The majority of Kuehne+Nagel's water is utilized for residential purposes, such as cleaning, dinings and baths, as well as car washing.

In 2020, conservation measures are expected to result in an 8% reduction in total water usage globally, compared to 2019. Recycling, reuse, and upgrades to the Company's facilities and working operations are all used to reduce consumption.

Waste Management

Kuehne+Nagel's Environmental Program includes waste management as a key component. All Kuehne+Nagel facilities must follow the Kuehne+Nagel Waste Management Standards.

This type of program is required by the company and offers the foundation for managing all categories of waste from the period it is generated until it is utilized, recycled, treated, or discarded of. This standard establishes a baseline for numerous key waste management program aspects and advocates trash recycle whenever possible.

Each reuse, recycling, processing, and disposal processes must adhere to applicable requirements as well as the Kuehne+Nagel environmental regulation, which includes waste stream profiling, content identification, and labeling.

Since 2010, Kuehne+Nagel has set total waste reduction targets.

With 2019 as a baseline, the Company announced a 2030 goal of reducing overall waste to zero. For example, in 2020, Kuehne+Nagel recycled 65 percent of their entire garbage.

Waste and recycling as a whole has been highlighted as a material subject with important economic, environmental, and social implications.

Energy efficiency

Energy management is a global, comprehensive concept at Kuehne+Nagel that goes beyond energy efficiency initiatives in warehouses and other facilities. It is a collaborative endeavor that is driven by global environmental policy. The organizational energy team is in charge of coordinating energy management tasks. Employees from Corporate Procurement, Quality, Security, Health and Environment, and Facility Management make up the team. Each department contributes in a cross-functional manner, providing that

- technology that saves energy is in use.
- during the design stage, opportunities are identified.
- alternatives for renewable energy are identified and sponsored,
- systems track data on a regular and consistent basis.

Kuehne+Nagel gathers data on energy use and project indicators to help clients improve their energy efficiency

- keep track of how far the company is getting on its energy and carbon reduction goals,
- discover areas to improve,
- compare your current performance to previous results,
- find better approaches that can be used across all worldwide operations.

The Global Facility Carbon Calculator collects data on energy use and expenditures from all work locations on a monthly basis. At each site, business and functional department, and company level, data is evaluated quarterly. The information is represented to Kuehne+Nagel Management every six months. During the year 2020, significant energy savings were obtained.

Renewable energy

Kuehne+Nagel expands and cooperates with external partners while investing in and deploying on-site renewable power at its own enterprises.

In 2020 Kuehne+Nagel, in an effort to be more specific, included energy usage in the concept of green sources as defined by the GHG Protocol, but omitting other sources of energy including such natural gas and LPG. As a result, renewable energy accounts for 21% of the power consumed in Kuehne+Nagel sites.

The LED roadmap is still being implemented throughout Kuehne+Nagel's sites, including warehouses and other workplaces, according to the company's claims. The current lighting systems in their sites are being upgraded as a priority. Depending on how much the premises are owned or leased, different approaches are required to implement the LED roadmap. The organization has taken the opportunity to adopt LED lighting in each country by designing a unique roll-out process. The planned LED coverage for 2020 was exceeded by about 7% (4,800,000 sqm).

2.3 Employees' development in Kuehne+Nagel

Communication and engagement of employees

In order to fulfill and comply with its sustainability program, Kuehne+Nagel runs periodically internal survey and dialogues. In an internal survey, the company interviewed senior and top-level executives and workers from all parts of the company to learn about which issues are crucial to Kuehne+Nagel's operations.

On a quarterly basis, Kuehne+Nagel hosts town hall meetings around the world where management keeps employees aware of the latest news on vital company information and employees have the opportunity to ask questions and provide input.

With the Covid-19 situation, the Company challenged itself with new working conditions. Its internal collaboration platform strongly supported the team collaboration. In addition, the company decided to implement the "Future of Work" initiative. To check the opinion of their employees, in Quarter 4 2020, they released the Future of Work Survey to 40,000 employees. They got 22,000 individual responses in less than two weeks. The findings provide a comprehensive view of the numerous elements that make up working life at Kuehne+Nagel, spanning personal, team, manager, and corporate perspectives, providing leaders with a unique insight of the employee experience at Kuehne+Nagel.

The visible effects of Future of Work were:

- The transfer of the complete office workforce to a home office has resulted in an increase in productivity, rather than a decrease.
- The workforce's overall satisfaction has greatly improved. On a global scale, ENPS has improved from -1.9 to +4.79, according to the latest survey.
- Unwanted turnover has decreased from 7.3% to 6.6% globally this year (independent of the epidemic).

The results of the Future of Work survey were communicated to all employees globally, and management was made aware of the issue. Challenges identified include inclusion, mental wellbeing, and work-related anxiety.

The next stage is to tackle the identified issues all at once; monthly - one topic, using Kuehne+Nagel's existing tools/methods (Care weeklies, Lunch and Learns, Content Clubs).

Health and Safety of Employees

Office conditions have a direct impact on employees, and protecting them secure is a top priority for any company. This is true not only for Kuehne+Nagel workers, but also for those who work on the company's premises, business partners, customers, and the places in which Kuehne+Nagel operates.

Kuehne+Nagel provides a review of the workplace environment on a regular basis and strives to improve it. Despite its best efforts, Kuehne+Nagel has been involved in tragic accidents.

In 2020, the "NO HARM" initiative was continued. The "Get Home Safe" campaign was expanded to include all Middle Eastern and African countries, as well as the United States, Canada, and a few South American and European countries. Key suppliers in Asia have been given training materials to ensure driver safety and avoid accidents. To deal with the Covid-19 epidemic, all sites attended training and awareness workshops, and all nations' Business Continuity Plans have been reviewed, tested, and implemented.

Safety performance has reached the all bottom, and the Lost Time Injury Frequency (LTIF) kept moving downwards, mainly to the lessons learned through reporting risky circumstances.

The seven Kuehne+Nagel safety stabilizers are scheduled to be launched in 2021. They will promote safety awareness, making workplaces safer as a result.

The planned steps of the program “NO HARM” are:

- NO HARM level 1 and 2 learning to identify dangers at work should be reassessed and re-issued.
- NO HARM level 3 management training is now available, with an emphasis on behaviour safety.
- The KN Safety Anchors were created to draw attention to and promote awareness of significant safety and health risks.

Compliance Policies

In its strategy Kuehne+Nagel states that employees is one of its two main assets as well sustainability program addresses deeply human rights.

"Human rights are the basic rights that every individual is entitled to, irrespective of age, gender, race, sexual orientation, or any other status," according to Kuehne+Nagel. Kuehne+Nagel is opposed to all breaches of human rights and dignity. They work to foster a culture that truly embraces and appreciates civil rights.

All commercial activities are conducted in accordance with widely recognised human rights and dignity standards.

Kuehne+Nagel's policies regarding child work, forced labor, human trafficking, freedom of assembly, slavery, and torture are all included in the Code of Conduct.

Kuehne+Nagel is a strong believer in the importance of all human rights. Respecting and protecting human rights is an important aspect of their goal to help society progress.

The Company encourages the growth of a culture that values and appreciates human dignity.

Kuehne+Nagel published their first Diversity and Inclusion Policy, which includes a section on human rights. All commercial activities must be carried out in compliance with widely accepted civil rights and dignity principles.

Kuehne+Nagel requires all employees to complete and follow the principles of the Code of Conduct, which outlines the company's stance to human rights.

Every year, the goal is to define the company's expectations in terms of

- ethical behavior and business principles;
- offer people with clear and consistent direction;
- stress the importance of employees seeking guidance.

It covers employee behavior, the protection of individuals and assets, and company ethics.

All managers must follow the Code of Conduct, and it is an important aspect of their annual goals and performance evaluation. Any misconduct carries serious penalties, including the loss of any bonus awards and, depending on the degree of the misbehavior, disciplinary measures up to and including termination of employment.

Every employee at Kuehne+Nagel is granted a fair workplace conditions. These employment rights are ingrained in the organization's structure at every level.

The Company aims to provide a fairness and equality in work environment for all employees, and all company actions are conducted in accordance with commonly acknowledged Human Rights and Dignity principles.

Kuehne+Nagel is made substantial investments more in employee relations by conducting yearly employee surveys and inviting feedback, with the goal of being “a better place to work and a better company to do business with”.

In 2020, Kuehne+Nagel conducted a comprehensive employee survey which also included employees' feedback on to what extent Kuehne+Nagel tolerates behavior that discriminates against people on the basis of personal background or characteristics. This was a newly introduced measurement which will be acted upon, monitored and re-assessed.

In 2020, less than 6% of employees felt that the company can further improve its efforts.

The company's goal is to bring this figure down to under 5%. Kuehne+nagel plans to achieve this with the declared program “Balance and belonging” and further focused training on diversity and inclusion.

Kuehne+Nagel declares to make diversity and inclusion a top priority. They are focusing to actively build an inclusive culture, where everyone belongs and where opportunity is equitable.

At Kuehne+Nagel, they believe that it is their role as an organization to create an environment where everyone feels welcomed and valued - where individuals who appear, act, love, speak, believe, and lead in various ways are not just tolerated, but sought out, loved, and celebrated. This is Kuehne+Nagel's message to every colleague, customer, partner and candidate:

“We see you. We hear you. And we promise to stand with you as we foster a company that welcomes your talent and heart. We regularly conduct diversity training to ensure these values are firmly embedded in our organization.

We are committed to deliver progress to society and drive our future – inclusively” states Kuehne + Nagel.

In 2020 Kuehne+Nagel further embarked on their diversity and inclusion program that is called “Balance+Belonging”. With the implementation with their first Diversity and Inclusion policy and the Kuehne+Nagel Management Board's strong dedication to this topic, the company increased its commitment. Establishing inclusiveness as a core value provides a solid platform for empowering the people. The Company believes that with the creation of a truly diverse and inclusive workforce, they can achieve their announced goal of delivering customer excellence.

In terms of diversity and inclusion, Kuehne+Nagel completed in 2020 its first female Leadership Mentoring Programme with the support of the Management Board. The six month self-nomination program provides a forum for women and senior executives to discuss career advancement. The participants received the chance to dwell on personal issues and coping mechanisms during the mentorship sessions. The program came to a

close with a virtual "World Café" where members of the Board and mentees debated ways to shatter the glass ceiling. As a result, the internal "Female Leadership – Mentoring and Network" community was formed, with the goal of assisting other female coworkers in achieving their career objectives.

Logistics business is known to be a “male” business due to its specifics, dynamica and very tough way of working. In 2020 Kuehne + Nagel started promoting policy of gender equity, acknowledging more hires and promotions of females.

Positions	2020 (% employees)	2021 (% employees)
Male - all staff	62%	60%
Female – all staff	38%	40%
Male - top-management	50%	45%
Female - top-management	50%	55%

Figure 2.2. Male vs. Female positions in Kuehne + Nagel Ukraine

Source: compiled by the author

As we may see on the figure 2.1., the percentage of females on top management and other positions is slightly increasing changing the status quo of the Company working in the business being known as “pure male” one.

Kuehne+Nagel is working to build a workplace diversity and work environment where everyone's voice is heard and everyone's progress is encouraged, all of which will help to make Kuehne+Nagel the best company to work for. All management and Human Resources must understand, practice, and promote Balance+Belonging in order for all regions to be confident in driving diversity and inclusion projects and to develop a standard practice for all employees.

In 2021, the Company wants to expand female leadership programs like the Mentoring Program, the Pathway Initiative in Asia Pacific, and the Women in Logistics Leadership

(WILL) program in United States and Canada, as well as increase diversity in our worldwide top management.

Total amount of female leaders amongst top management is 5.6%.

At Kuehne+Nagel Ukraine total amount of female leaders amongst top management is 60%.

2.4 Comparison of Kuehne+Nagel with its competitor DB Schenker

Kuehne+Nagel is a global logistics leader competing on the same time with numerous logistics providers. On a global level main competitors of Kuehne+Nagel are DB Schenker, DSV and DHL. In local markets Kuehne+Nagel competes mainly with local medium and small size logistics providers where main advantages of our Subject are its financial stability, proposition of complex logistics solutions, wide world network and new technologies and innovations. Meanwhile local companies offer customers more flexible processes and approaches, less bureaucracy and cheaper services.

Nevertheless Kuehne + Nagel has many local competitors, it still considers its main competitors only global logistics providers. The reason for this is that only global providers can offer customers services to move goods in any countries of the world by any possible means, i.e. by air, by sea, by road, by rail.

In this Section we will compare Kuehne + Nagel with DB Schenker to analyze both companies' operational activities as well as main similarities and differences in HR practices of both companies.

Similarly to Kuehne + Nagel, DB Schenker has a German origin and started its logistics business back in 19th century. In 2002 two logistics companies Stnnes AG and Schneker united, giving both Deutsche Bahn and Schenker a new boost in their logistics experience.

DB Schenker announces its commitment to providing innovative supply chain solutions that challenge the status quo. The company operates in 2100 locations all over world and employs over 74 500 employees. DB Schenker is a global leader in the

automotive, technologies, consumer products, trade show logistics, special transportations, and special projects logistics industries [41].

The company is known as a leader in European land transport with approximately 21 500 employees across 430 locations. It operates in more than 40 European countries, with a network of about 32 000 of regular scheduled services for general cargo per week.

DB Schenker provides services for general cargo, partial loads, and full loads.

The company declares for 108 166 thousand shipments in European transport.

Meanwhile Kuehne + Nagel holds another leading position among top 5 logistics leaders for European land transport. Kuehne + Nagel in its turn does not publish in open resources the number of provided shipments for none of its businesses

DB Schenker is also one of the leaders in the air logistics and sea logistics market and account for one of the world's top freight forwarding providers. To provide these services, the company operates in more than 800 locations around the world, with approximately 13,000 employees. The company runs approximately 1200 chartered flights a year on premium airlines, connecting hubs on all continents. The company declares for 1 090 thousand tons of exported air freight volume and 2 050 thousand TEU of exported sea freight volume.

Kuehne + Nagel has stronger positions in the above mentioned business and occupies 1st place in the world for sea logistics, and 2nd place globally in air logistics. The 2nd place is gained only because Kuehne + Nagel doesn't have courier delivery and provides air transportation to cargo transportation only. Respectively the 1st place in air logistics is hold by DHL due its available courier services.

DB Schenker is the world's largest contract logistics company. They have around 24 500 employees at about 750 locations, and warehouse space totaling 8,8 million square meters across over 50 countries. The company has an extensive portfolio of individual solutions for the Automotive, Consumer, Electronics, Industrial and Healthcare. Their range of services includes stages in the value chain, from procurement, production and distribution logistics, to after-sales service.

Kuehne + Nagel holds the 2nd place among the global logistics providers in contract logistics. In Ukraine the company occupies the 1st place in contract logistics for the last 15 years.

Similarly to Kuehne + Nagel, DB Schenker specializes in other logistics services, like lead logistics, on-demand production, global projects and industry solutions, fair and exhibitions, sport and event logistics, as well as hotel logistics.

Table 2.3.

Comparison of provided logistics services by Kuehne + Nagel vs. DB Schenker

Logistics services	Kuehne + Nagel	DB Schenker
Sea logistics	Yes	Yes
Air logistics	Yes	Yes
Road logistics	Yes	Yes
Rail freight	Yes	No
Contract logistics	Yes	Yes
Distribution	Yes	No
Customs clearance	Yes	No
Insurance	Yes	No
Lead logistics (4PL)	Yes	Yes
On-demand production	No	Yes
Project logistics	Yes	Yes
Fairs and exhibitions	Yes	Yes
Sports and event	Yes	Yes
Hotel logistics	Yes	Yes
eCommerce	Yes	No

Source: [41], [72]

Key financial figures

Beginning 2021 DB Schenker presented its integrated report for 2020.

The first key figures in the presentation are:

- CO2 - specific greenhouse gas emissions reduced by 34,4% in comparison to 2006,
- 21 700 external new hires in Germany (excluding young professionals),
- Declined revenues by 10,2% due to Covid-19,
- 95,1% further increased punctuality.

These figures show that even the profits of the company decreased due to the Covid-19 impact, DB Schenker kept on recruiting employees to support its ongoing business, put more efforts in fulfilling customers expectations as well as worked further to decrease CO2 emissions by improving its impact on global environment.

Let's have a closer look at the key financial numbers in the annual integrated report of DB Schenker [42].

Table 2.4.

DB Schenker key financial numbers.

Selected key figures	2020	2019	Change	
			absolute	%
KEY FINANCIAL FIGURES (€ MILLION)				
Revenues adjusted	39,902	44,431	-4,529	-10.2
Revenues comparable	40,197	44,330	-4,133	-9.3
Profit / loss before taxes on income	-5,484	681	-6,165	-
Net profit / loss for the year	-5,707	680	-6,387	-
EBITDA adjusted	1,002	5,436	-4,434	-81.6
EBIT adjusted	-2,903	1,837	-4,740	-
Equity as of Dec 31	7,270	14,927	-7,657	-51.3
Net financial debt as of Dec 31	29,345	24,175	+5,170	+21.4
Total assets as of Dec 31	65,435	65,828	-393	-0.6
Capital employed as of Dec 31	41,764	42,999	-1,235	-2.9
Return on capital employed (ROCE) (%)	-7.0	4.3	-	-
Debt coverage (%)	0.8	15.3	-	-
Gross capital expenditures	14,402	13,093	+1,309	+10.0
Net capital expenditures	5,886	5,646	+240	+4.3
Cash flow from operating activities	1,420	3,278	-1,858	-56.7
KEY PERFORMANCE FIGURES				
Passengers (million)	2,866	4,874	-2,008	-41.2
RAIL PASSENGER TRANSPORT				
Punctuality DB passenger transport (rail) in Germany (%)	95.2	93.9	-	-
Punctuality DB Long-Distance (%)	81.8	75.9	-	-
Passengers (million)	1,499	2,603	-1,104	-42.4
thereof in Germany	1,297	2,123	-826	-38.9
thereof DB Long-Distance	81.3	150.7	-69.4	-46.1
Volume sold (million pkm)	51,933	98,402	-46,469	-47.2
Volume produced (million train-path km)	677.8	767.3	-89.5	-11.7
RAIL FREIGHT TRANSPORT				
Freight carried (million t)	213.1	232.0	-18.9	-8.1
Volume sold (million tkm)	78,670	85,005	-6,335	-7.5
TRACK INFRASTRUCTURE				
Punctuality (rail) in Germany ²⁾ (%)	94.5	93.1	-	-
Punctuality DB Group (rail) in Germany (%)	95.1	93.7	-	-
Train kilometers on track infrastructure (million train-path km)	1,066	1,090	-24	-2.2
thereof non-Group railways	385.5	368.3	+17.2	+4.7
Share of non-Group railways (%)	36.2	33.8	-	-
Station stops (million)	155.4	156.4	-1.0	-0.6
thereof non-Group railways	44.2	40.2	+4.0	+10.0
BUS TRANSPORT				
Passengers (million)	1,367	2,271	-904	-39.8
Volume sold ²⁾ (million pkm)	4,207	6,462	-2,255	-34.9
Volume produced (million bus km)	1,388	1,554	-166	-10.7
FREIGHT FORWARDING AND LOGISTICS				
Shipments in land transport (thousand)	108,166	107,132	+1,034	+1.0
Air freight volume (export) (thousand t)	1,094	1,186	-92	-7.8
Ocean freight volume (export) (thousand TEU)	2,052	2,294	-242	-10.5
Warehouse space contract logistics (million m ²)	8.8	8.4	+0.4	+4.8

Source: [42].

Having the data from the Annual report 2020 of Kuehne + Nagel, let's compare the key financial numbers of two companies in the table below:

Table 2.5

**Comparison of key financial numbers of
Kuehne + Nagel and DB Schenker**

	Kuehne + Nagel	DB Schenker
Gross profit	7 475 CHF mln.	-5 484 Euro mln.
EBITDA	1 920 CHF mln.	1 002 Euro mln.
Total assets	9 851	65 436
FTEs of employees	72 021	322 768

Source: [42], [71].

As the presented structure of data in two reports differs, we compared only the key and similar data.

It is evident that Kuehne + Nagel has better financial performance and gained more profit than DB Schenker in 2020. Covid-19 pandemic influenced negatively all the logistics providers in 2020, but Kuehne + Nagel could cope with the new challenges and has decrease only by 3,2% in profits in comparison to 2019. Whereas DB Schenker decreased by 10,2%.

The above table shows that DB schenker has almost 50 times higher assets than Kuehne + Nagel. This can be explained that DB Schenker owns almost all transport, vehicles and warehouses in all 90 countries where the company operates. On the same time Kuehne + Nagel doesn't own its transport and ships, and maily rents warehouses where the company provides warehousing and distribution services to its customers.

DB Schenker has also a significant higher number of employees in comparison to Kuehne + Nagel. This can be explained that Kuehne + Nagel cooperates with outsourcing companies for temporary staff in warehousing and also optimizes its personnel structure due to digitalization of its services and providing new technologies to cutomers globally.

Kuehne + Nagel concentrates recent years on launching new softwares, automatization and robotization in warehouses (mainly in US), as well as establishing centralized Shared Service Centers to optimize manual work which is performed locally in its subsidiaries all over the world.

Industry solutions

Being one of the leaders in logistics services globally, DB Schenker has a wide range portfolio of transport and contract logistics solutions that spans multiple industries. The offered solutions are customized solutions to help throughout all stages of customers' supply chain. These solutions covers customers' needs in aerospace, automotive, battery, beverages, cloud computing, consumer, electronics, fashion and retail, healthcare, industrial, marine parts, oil and gas logistics, perishables, recyclables, semicon and solar.

For aerospace-dedicated supply chain solutions, DB Schenker integrates logistics, transportation management, and information monitoring in accordance with Aerospace & Defense requirements. Its end-to-end integrated solutions are designed to optimize supply chain from procurement to distribution: commercial airframe manufacturers, airlines, OEMs, engine MROs, parts distributors, helicopters, government and defense, contractors [40].

For automotive logistics solutions the company offers a range of storage services and transport modes, including road, ocean, or air freight and also provides eco-friendly transport solutions, consulting services, and 3PL/4PL concepts.

The unique selling logistics service of DB Schenker, which is not provided by other global logistics companies, is named battery logistics. Electric vehicles, e-bikes, e-scooters, and other forms of progressive mobility are proliferating in cities all over the world. By 2030, global electric car sales are expected to reach 25 million, with a stock of vehicles exceeding 130 million. Regulations are tight in order to fulfill environmental requirements, and new concepts and rules are constantly developed. In this regard, the company claims that batteries are the primary drivers of the world's ongoing electrification, which is driving up the demand for dependable solutions. Due to their dangerous-goods categorization, however, the procedures for transportation, return, and

recycling are complicated. Individual rules for battery types and transportation modes are combined with broad legal requirements for transportation and warehousing. As an integrated service provider, DB Schenker covers all logistics modes of transport, as well as the complete life cycle of batteries globally. The organization handles everything from material inbound through production, as well as finished items outbound, after-sales services, and reverse logistics such as recycling or disposal. The company provides cross-industrial solutions in automotive, electronics and the semiconductor business. DB Schenker declares it can provide proper packaging to ensure safe transport and storage for all kind of batteries (new, used and damaged ones).

The other unique logistics services are recyclables and semicon & solar solutions. Using secondary raw materials aligns with the global industry's goal of lowering carbon emissions and assisting logistics in reducing the use of primary raw materials. As a result, DB Schenker provides a recyclables service portfolio to help customers manage their recycling operations. Usage of secondary raw materials is a primary way to help reduce the carbon footprint and help minimize the overall consumption of primary raw materials. Similarly to Kuehne + Nagel, within DB Schenker's recyclables service portfolio are specialized services for a variety of products, such as waste paper, waste plastics, timber, logs, sawn, primer paper, pulp, chipboards, laminates, and metal scrap.

Company's services for the semiconductor and solar industry cover all aspects of logistics. DB Schenker optimizes the whole value chain by offering equipment logistics, replacement parts, after-sales services, value-added services such as crating and quality checks, as well as traditional transportation management. The semiconductor and solar supply chains' primary logistics requirements are cost efficiency and supply chain optimization. DB Schenker strives to provide personalized and creative logistics solutions, attempting to respond rapidly to short innovation cycles and the ever-changing demands of its customers' supply chains.

The company is delighted to have worked with OEMs and suppliers in the semiconductor and solar industries for 15 years to provide bespoke logistics solutions that are flexible without sacrificing quality and reliability.

DB Schenker offers temperature-controlled warehousing and transportation, secured rack and bulk storing, case/bottle picking, traceability, and shipment of samples or smaller orders for beverage logistics solutions. The firm offers global, door-to-door import and export services for a wide range of transportation, including ship, train, truck, and plane. If necessary, the organization can provide customs clearance for documents, certificates, and labeling for these logistics solutions.

DB Schenker excels in end-to-end cloud services supply chains that are managed by DB Schenker's 360 Visibility Tool, which allows customers to visualize and manage shipments, inventories, suppliers, operational activities, and a variety of KPIs via online reporting and bespoke dashboards. Component services, assembly & completed goods and services, data center services, and other value-added services are all part of the company's solution portfolio. Life monitoring, configurable dashboards and analytics, control towers, upstream item data matched with customers KPIs, and inventory management are all included in these services.

Unlike DB Schenker, Kuehne + Nagel does not offer customer cloud solutions. But it offers its customers own developed warehouse management system (further WMS) to support all operations in contract logistics for its customers, as well as full data integration from Kuehne + Nagel's WMS to internal customers' system. All large customers of Kuehne + Nagel (including Amazon) are using this system.

DB SCHENKERlife+, logistics solutions for the healthcare industry, was launched in 2020. DB SCHENKERlife+ provides biopharmaceuticals, medical devices, personal protective equipment, and blood plasma to a wide range of industries, including biomedical, pharma, animal care, medical technologies, and consumer health and nutrition [38].

DB Schenker tailors its maritime logistics solutions to the needs of ship owners, ship management firms, shipyards, offshore operators, towed and barge contractors, manufacturers, and suppliers.

DB Schenker pioneered integrated multimodal transportation methods for oil and gas logistics. The company's hubs, regional hubs, and warehouses are available to provide oil and gas logistical solutions.

Perishable goods including such meat, produce, poultry, fish, and dairy products are shipped door-to-door by DB Schenker through land, sea, and air. And it keeps them in the right environment, with a tracking system that allows consumers to track their shipments during the entire process.

Table 2.6.

Comparison of solutions for industries by Kuehne + Nagel and DB Schenker

Industry solutions	Kuehne + Nagel	DB Schenker
Aerospace & Defense	Yes	Yes
Automotive	Yes	Yes
Battery	No	Yes
Beverages	Yes	Yes
Cloud Computing	No	Yes
Warehouse robotization	Yes	No
Consumer	Yes	Yes
Electronics	Yes	Yes
Fashion & Retail	Yes	Yes
Healthcare	Yes	Yes
Industrial	Yes	Yes
Marine parts	Yes	Yes
Oil & Gas logistics	Yes	Yes
Project logistics	Yes	Yes
Perishables	Yes	Yes
Recyclables	Yes	Yes
Semicon & Solar	No	Yes

Source: [40], [72].

Innovation and Digitalization

When Kuehne + Nagel is world well known for its strong warehouse software programs and robotization, DB Schenker is appreciated for its focus on innovation and digitalization. DB Schenker accelerates the shift to a data-driven company culture by developing analytics and artificial intelligence based solutions. It offers various digital services, such as platforms and mobile applications as well as new IT solutions to take customers further. To improve efficiency and sustainability, the organization questions its own processes and implements lean methods. By examining trends and technologies, launching experimental projects, and discovering and driving digital and data-related business strategies, it actively transforms logistics. The firm publishes the Innovation Insights magazine, which features the latest news on DB Schenker's innovative projects, initiatives, solutions, and success stories. The International Data Space Association, IDG (International Data Group), HOLM (House of Logistics and Mobility), CIMT (Cross-Industry Maker Tank), and the Deutsche Bahn Group provide various logistics podcasts and run innovation workshops by involving in innovative network systems different experts, customers, suppliers, and partner organizations from various areas such as the International Data Space Association, IDG (International Data Group), HOLM (House of Logistics and Mobility), CIMT (Cross-Industry Maker Tank), and the Deutsche Bahn Group to discover new possibilities in cooperations [40].

Schenker Ventures was recently formed to encourage and educate young entrepreneurs to turn their ideas into industry-changing businesses, while also providing them with both the power of a worldwide logistics provider. Schenker Ventures provides money, functional assistance, and a global industry network to help business founders achieve their ambitions. Schenker Ventures claims to provide early-stage capital, industry's best expertise, and functional support to help companies design and launch the bare minimum viable product (MVP). Venture Studio and Venture Capital are two divisions of Schenker Ventures, which work together to develop new ventures and invest in early-stage companies.

DB Schenker also engages in collaborations with innovative start-ups. Partnerships with logistics start-ups are encouraged to challenge the company's current processes and reinvent logistics services. Start-ups develop individual programs and swiftly put them to market as market niche identifiers, filling market gaps with creative solutions. Rather of competition, DB Schenker forges important synergies that benefit both the company and innovative start-ups. By partnering with DB Schenker, start-ups gain first-hand knowledge of the logistics sector, the ability to test products in a real-world setting, and the ability to expand their services as standard product offerings to the company's global internal and external networks.

Schenker's start-up management is also used as another collaboration platform with its customers. With dozens of start-ups on its radar, Schenker shares insights, ideas, and particular expertise about solutions for logistics processes all around the world with its customers. Company assists its customers in locating appropriate start-up solutions to address specific business and functional issues, as well as the exploration of new improvement and business models. Schenker collaborates on cooperative pilot initiatives and encourages an innovative mindset. The company offers a customized Logistics4Startups solution to assist startups in focusing on their main product while ensuring that logistics are managed efficiently.

DB Schenker's Enterprise Lab for Logistics and Digitalization, which focuses on innovation, develops and tests the technologies that will shape tomorrow's logistics. In 2015, the company formed a partnership with the renowned German research center Fraunhofer IML in Dortmund, Germany, to bring together knowledge from several industries and academic research. The DB Schenker Enterprise Lab for Logistics and Digitization is distinguished by strong collaboration and interaction between Fraunhofer researchers and DB Schenker, and it provides a site and resources for developing, testing, and innovating innovative logistics solutions.

In its daily operational activity, the company uses data analytics and Artificial Intelligence. It connects with internal and external partners to improve supply chains and

provide new data-driven services – internally and for its customers. Based on newest machine learning and data mining technologies, as well as prescriptive and predictive analytics, Schenker identifies optimization potential, cost-saving opportunities, and develop innovative services. The company has gained a strong worldwide presence beyond the traditional logistics industry by providing data-driven supply chain management solutions and decision support tools in fields such as demand forecasting and network and resource planning.

This approach allows for rapid acquisition of practical insights regarding technology maturity, adaptability, and implementation capability.

Sustainability

Following the global trends, DB Schenker adheres to main sustainable world principles. In this area both comparable companies have very similar approaches in their announced strategy, actions and attitude. DB Schenker declared publicly its commitment to become the leading green logistics provider striking a balance between its economic, social and environmental pillars. Company added customer satisfaction as a top priority into its 2020 strategy. In its new strategy, company focuses on three aspects to improve quality:

- Culture of quality: consistent focus on customers and operational excellence,
- Digital expertise: use innovative solutions in the core business and to generate new business,
- Increasing performance: responsibility and increased output.

DB Schenker cooperates with independent market research institutes to measure customer satisfaction 6 times a year involving approximately 140 000 passengers and 1 800 business partners. In comparison to DB Schenker, Kuehne + Nagel used to run customer survey on an annual basis for the last 10 years. In 2020 Kuehne + Nagel launched internal project CARE, where employees of the company ran by themselves customers' surveys what significantly increased customer satisfaction, as well as employees' engagement.

Both compared companies announced reducing emissions as one of their main goals. DB Schenker supports to reduce specific CO₂ emissions by 30% until 2020 and CO₂e emissions by 50% until 2030 compared to 2006. To reach this goal, the company launched a variety of initiatives and continues to expand its range of green logistics products. The company seeks to reduce transport miles by consolidation, shift to the most environmentally friendly mode of transport and increase efficiency by continuous fleet renewals. It is focused on developing environmentally sustainable logistics solutions.

DB Schenker offers eco solutions for every mode of transportation, allowing customers to reduce or compensate for CO₂ emissions along the entire supply chain. The company cuts CO₂ emissions by up to 20% in air freight and up to 50% in ocean freight. Land transportation also has environmentally friendly options, such as innovative engines and fuels, as well as the use of energy-efficient, sustainability management in all of its buildings. The firm analyses and reports the Carbon foot print of its customers' supply chains, as well as making recommendations for improvement.

In its turn, Kuehne + Nagel puts higher focus on sustainability. Except for announcing it target to reduce its CO₂ emissions to zero by 2030, participating in numerous external ocean friendly events, cooperating on global sustainable goals with its customers, the company launched in 2020 big internal project CareForCommunity where all employees can contribute to environmental protection by bringing into life their own eco-friendly initiatives.

Human Resources practices

DB Schenker aspires to be one of Germany's and the world's best employers. The company aspires to be a respected member of society that supports social programs in its communities, as well as to comply with providing a high standard on labor and workplace conditions. Its employee retention efforts are supported by company's commitment to sustainable staff development and a strong corporate culture [52]. DB Schenker tries consistently to further improve employee satisfaction by setting clear satisfaction goals and regularly evaluating itself using a recurring worldwide employee survey. Company has made sustainable human resources development a company priority. A healthy

organisational culture is necessary for committed and satisfied employees, so the company seeks to integrate a diversity of cultures and establish a common identity by cultivating a culture where employees from various backgrounds feel at ease and collaborate to achieve the company's goals and visions. In addition to employee retention, the company recognizes employee recruitment is an absolute necessity to build a successful, global organization. Each year DB Schenker competes with Kuehne + Nagel in every west European country for a reputation as top employer in the transportation and logistics industry. Achieving this aim for both companies is challenging in light of demographic change and the current battle for qualified and talented employees. DB Schenker also provides a variety of educational and graduate admissions with the goal of attracting competent and motivated personnel. DB Schenker works together with colleges and organizations such as the BVL (Berlin Logistics and Supply Chain Management Network) (Bundesvereinigung Logistik e. V.). Kuehne + Nagel, in its turn, launched 20 years ago its own KN Logistics Akademie in Hamburg, from which specialists from any logistics companies can graduate [41].

Diversity & Inclusion became one of the top priority topics for leading TNCs in recent years [83]. HR functions of both companies are responsible for leading their companies towards this direction and commit to developing a fully inclusive organizations with respect to the diversity of people and their thoughts. As to HR of both companies, it can be achieved this by providing fair work opportunities for our people.

One of the HR slogans at DB Schenker is: “We’re driven by a combination of perspectives, work and life experiences, ethnicity, gender, age, social origin, physical and mental abilities, sexual orientation and identity, religion and many more. To us, diversity embodies Diversity of Thought”. The company declares its priority for empowering people to thrive, collaborate, build, and ultimately innovate sustainable solutions for customers by creating an inclusive work environment. DB Schenker sees inclusion as shaping fair work opportunities, establishing a culture of trust, enablement and belonging, to empower employees to be their authentic selves and achieve greater impact. To create inclusive workplaces HR of DB Schenker launched 2 projects – Living Diversity of Thought and Raise Your Voice [40].

The company believes that for diversity and inclusion to take place, it must be a daily practice. It built a network of Game Changers for this goal, a platform for all colleagues across the organization to communicate, exchange ideas, and learn from one another. Employees can also interact and encourage themselves to take the organization to the next level through monthly calls and webinars.

For the second project, the company started the Sounding Board program to get a mix of insightful views from millennial employees. To make strategic decisions, 10 to 14 young professionals from around the firm interact with different types of projects owners on various projects. The Diversity Board Game enables participants to discuss many themes such as equality, handicap, cultural diversity, and discrimination in an open and honest manner. Players face real-life challenges that they must debate with their teammates.

According to the recent Delloite's research of Millenials and Z generations, both generations recognize racism, diversity and inclusion topics as the most crucial and painful. If racism is present in the company and diversity&inclusion are not promoted – employees most often choose to leave the company for better working and emotional conditions for them.

According to the research results (shown in the Figure 2.2.), respondents identified the work as the place where people from minority communities are least likely to be treated unfairly or unfairly. Two-thirds of all those polled who are currently employed felt their company does a good job of creating progressive and inclusive workplaces.

As shown on the figure 2.3., despite this, 34% of millennials and 38% of Generation Z say systemic racism is pervasive in this environment, implying that both companies and employees have much effort to do to guarantee that almost all individuals, regardless of background, are treated with respect and dignity.

Proportion who say systemic racism is “very”/“fairly” widespread within the following institutions in their country

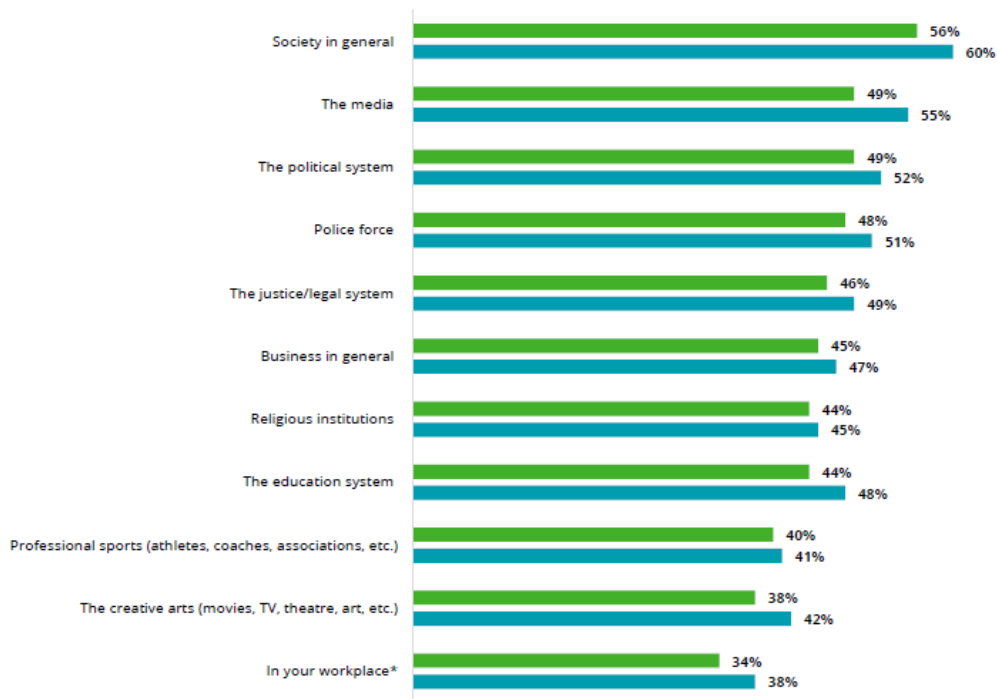


Figure 2.3. Systemic racism as widespread across institutions

Source:[43].

Both Kuehne + Nagel and DB Schenker recognize the importance of these topics contribute to building diverse and inclusive organizations by cultivating fair work opportunities across all countries, regions, business units and supply chains. In this regard, both companies put strong emphasis on gender equity. They set gender diversity targets for higher presence of females on leadership positions, as well respective female development programs and initiatives. These programs consist of female leadership mentoring programs, interactive discussions with female talents around their strengths, career aspirations and development opportunities, learning of goal achievement, reflection, networking, change in perceptions, and articulation of female career ambitions.

In its survey (figure 2.4.), Deloitte discovered also the most crucial characteristics employees see as successful for business and their professional growth. Among the features like Creativity, Technologically savvy, Critical Thinking, respondents chose flexibility and adaptability as the most important characteristic for successful business.

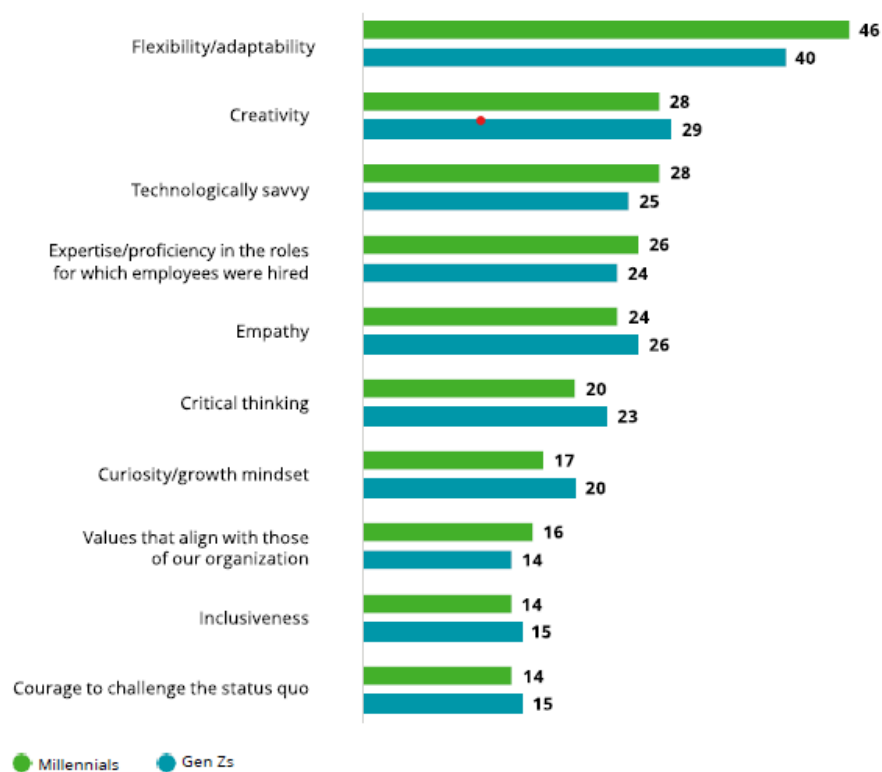


Figure 2.4. Employee behaviors most critical to successful business

Source:[43]

With their ongoing projects, desire to win the first places in logistics business, Kuehne + Nagel and DB Schenker try to develop these characteristics in their employees via role modelling by top-management, constant learning and recruiting right candidates, who meets these requirements.

Anyway, both companies struggled with promoting new flexible way of working and doing business, considering the fact that logistics world is known to be very conservative and very closed.

But COVID-19 pandemic pushed both companies to adapt to new reality quickly in order to stay in the volatile business environment and retain employees during this challenging time. The companies had to reconsider their regular way of working and adopt to new flexible ways of working by launching simultaneously similar projects.

At Kuehne + Nagel this project is called Future Of Work (FOW further), whereas at DB Schenker such project was named New Ways Of Work (NWOW further). Both projects incorporate in them compatible approaches:

- flexible working hours,
- hybrid work (part of week - work from home, another part of week – work from office),
- digitalization of obsolete processes,
- innovation in software,
- e-paper flow,
- offices optimization (flexible work stations, single-person conference rooms, updated IT equipment purchasing requirements).

DB Schenker has the similar corporate management structure as Kuehne + Nagel. Its executive board consists of Chief Executive Officer, land transport board member, contract logistics, air and ocean freight, information technology and digitalization, Chief Finance Officer and Human Resources.

Schenker's HR structure is very similar to any other international TNC's structure. This can be explained by the logic that logistics business is quite conservative, as well as the current HR structures prove their efficiency.

HR function at DB Schenker focuses on supporting and counseling business, covering:

- recruitment,
- compensation and benefits,
- trainings and development,
- employee and labor relations,
- employee communication,
- safety and employment documentation.

Kuehne + Nagel's HR structure covers all the above mentioned areas except for safety. In Kuehne + Nagel's structure safety belongs to Quality, Safety, Health and Environment.

HR roles at DB Schenker are divided into HR Director's role, HR Business partner, HR Generalist, Compensation & Benefits, HR IS, Training & Development, Employee & Labor relations.

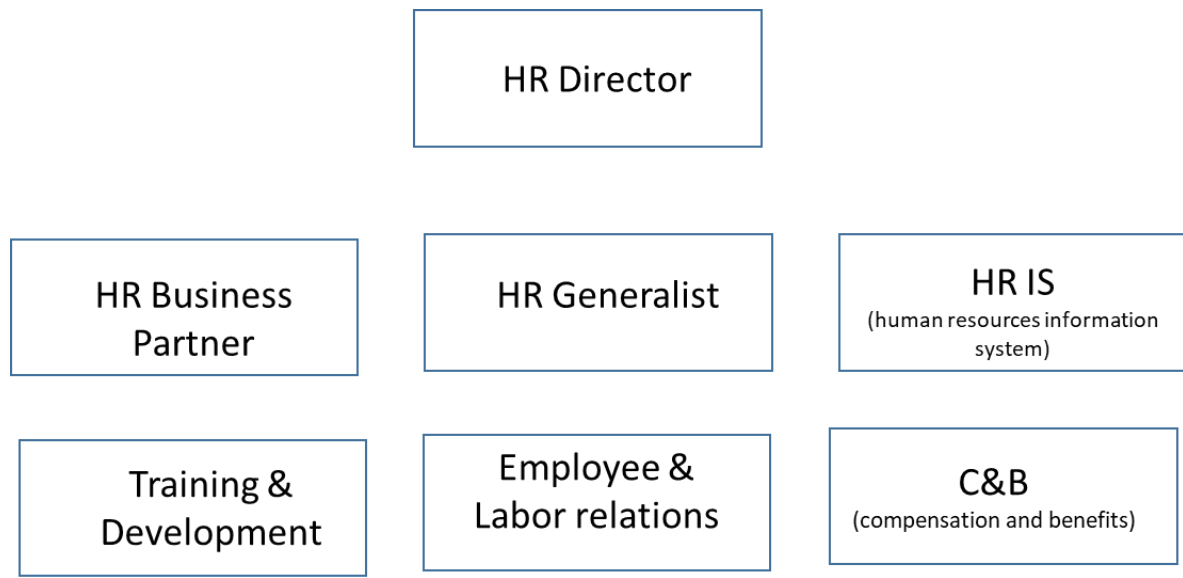


Figure. 2.5. HR structure at BD Schenker

Source: compiled by the author

HR Business Partner ensures that human resource policies and procedures are in line with the company's demands, goals, and objectives, as well as those of its top and middle management. Administration, compliance, and management receive less attention. Rather than handling day-to-day trainings, policy language, or the finer points of compensation packages and recruitment, the HR business partner focuses on the larger picture. HR business partner sets and drives the goals of Schenker's human resources department, focusing more on strategy development than policy implementation. The HR business partner enables that HR strategy is integrated into the broader business strategy of the organization. This position is a consultant who builds relationships and provides resources across the firm.

The Human Resource Generalist is in charge of the HR department's everyday operations, which include hiring and interviewing employees, handling compensation, benefits, and vacations, and enforcing business regulations and procedures. Safety courses, anti-harassment training, professional licensure, and aptitude testing and certifications are among the mandatory and non-mandatory training, ongoing training, and job evaluations that are reviewed, tracked, and documented. This professional recruits, interviews, and supports the recruitment of job candidates for open positions, and works closely with the company to understand the skills and competences required for the positions. HR Generalists are more focused on everyday activities like as remuneration, benefits, and leave, as well as disciplinary concerns, disputes, and inspections, performance and talent development, efficiency, recognition, and morale, and employee health & safety.

HRIS – Human Resources Information System.

In line with the Schenker's innovation and digitalization direction, HR incorporates the similar role. This is an intersection of human resources and information technology through HR software. A human resource information system (HRIS) specialist is responsible for the support and maintenance of a company's HR systems. He/she is charged with processing employee data, generating HR-related reports, managing system upgrades, and maintaining data integrity. HR expenditures are successfully planned, managed, and controlled by HRIS without requiring excessive resource allocation. This position is responsible for program planning, preparation, and deployment of HR Time & Attendance and Payroll systems, project management, time, budget, and quality monitoring, providing knowledge and supporting demand forecasting and engineering, and installing new HR IT platforms [41].

Compensation & Benefits specialist (C&B further) is responsible for ensuring fair and accurate compensation, including regular salaries, bonuses, stock options, pensions, and any additional types of employee benefits. C&B specialists analyze

market pay rates for employees, evaluate every internal role, and calculate the right market worth for that position. Compensation survey results and statistical analysis are commonly used to assess what the market value of each job is. C&B is also in charge of the company's pay bands, job evaluations, internal equity and analytics, bonus systems, retirement plans, health insurance, and other perks given by the corporation.

Overall the Training & Development role is responsible for improving the productivity of the company's employees. This job evaluates company-wide development needs in order to drive training programs, as well as discovers and coordinates appropriate training solutions for staff. This job actively seeks for, designs, and implements necessary educational, performance-enhancing, and performance-recognition approaches. Training and development specialists assess the company's annual training and development needs, develop training and development opportunities and goals, train and coach executives, supervisors, and others relating to employee future development, plan, organize, facilitate, and purchase orders for employee education and training events, and model the company's desired culture and philosophies.

Employee and labor relations professionals help with labor relations and personnel issues, as well as acquiring, collecting, and preserving papers and information needed for contract and policy formulation, investigations, and negotiations. These specialists help with recordkeeping related to hiring, termination, leave, transfer, and promotion, especially as linked to Equal Employment Opportunity (EEO), civil rights, and diversity initiatives. They also keep up with labor relations and human resource inquiries related to policies, processes, and collective bargaining agreements, refer complex matters to appropriate management levels, and assist with recordkeeping associated to Equal Employment Opportunity (EEO), civil rights, and diversity initiatives.

The latest results of Employee Satisfaction Survey in Kuehne + Nagel on the figure 2.6., showed high eNPS (employee net promoter score) and proved that the Company choosed correct ways to develop itself and personnel trying at the same time satisfy and meet employees' needs.

How likely are you to recommend Kuehne+Nagel as a place of employment to a friend or family member?

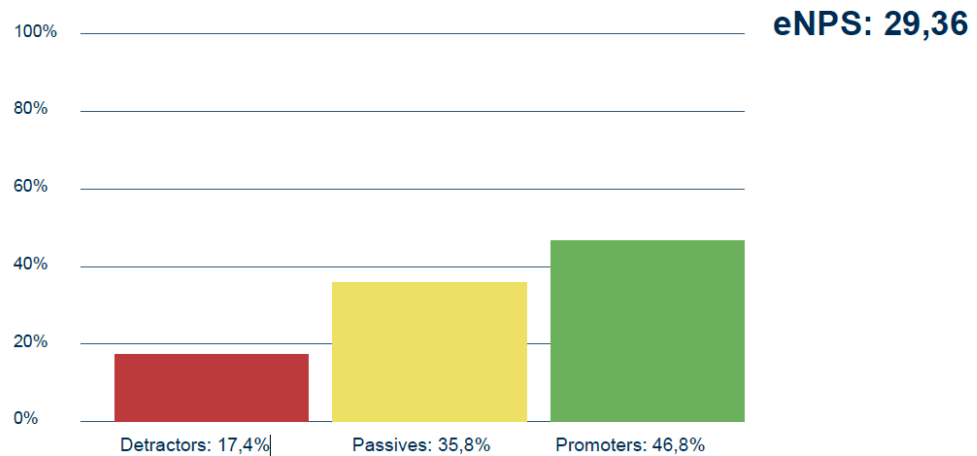


Figure 2.6. Promoters vs. Dectrators - Kuehne + Nagel Ukraine.

Source: Kuehne + Nagel Country report, "Employee satisfaction survey 2020"

Detractors are identifies as respondents who answered between 1 to 3 on the scale from 1 to 10 and would not recommend the company as an Employer.

Passives are identifies as respondents who answered between 4 to 7 on the scale from 1 to 10 and would recommend the company as an Employer or be rather neutral in their recommendation.

Promoters are identifies as respondents who answeere between 8 to 10 on the scale from 1 to 10 and would highly recommend the company as an Employer

Conclusion to the Chapter 2.

Both companies Kuehne + Nagel and DB Schenker have very similar business and organizational structures. We identified though several differences:

- Kuehne + Nagel had a better financial performance in 2020 in comparison ot DB Schenker,

- DB Schenker has stronger positions in innovation and digitalization, although Kuehne + Nagel has more reliable and trustful by customers warehouse software program,

- Kuehne + Nagel puts stronger emphasis on sustainability by participating in various external and internal communities' events,

- Both companies announce their employees as one of the main assets, focusing on fair work relations, diversity and inclusion.

- Both companies search for new ways of better work now and in the future investing in the development and satisfaction of their employees.

CHAPTER 3. OPPORTUNITIES TO BUILD EFFECTIVE HUMAN RESOURCES STRATEGY TO INCREASE COMPETITIVENESS ON THE GLOBAL MARKET

3.1. Improvement of Performance Management System

Human Resource Management is crucial to the success of Kuehne+Nagel's management and governance, particularly when transferring policies and practices from the headquarters to all the subsidiaries overseas. The strategic goals of HRM are also closely linked with the performance of Kuehne+Nagel. These are local responsiveness, efficiency and integration, respectively.

For Kuehne+Nagel the priority is given to the global competitiveness in order to survive in the global market, so it is crucial to achieve main goals of HRM in the process of this operation. First of all, as the implementation of human resource practices in the Company is realized with the consideration of the local characteristics such as the culture, the concerns of Kuehne+Nagel need to be locally responsive. Secondly, in order to ensure the effective delivery of all logistics services across the world, it is necessary for Kuehne+Nagel to apply the most appropriate methods and processes. Thus, the Company should give preference to the efficiency. Finally, in order to pursue the total quality management which is closely relating to the improvement of the global competitiveness, Kuehne+Nagle should be aware that an integral and systematic approach is significant to develop its human resource policies and practices. It is crucially important for the Company that its HR practices should not be independent from each other, but integrated vertically and horizontally to attract, develop and maintain the organisation's integration. The purpose of HRM in Kuehne+Nagel is to ensure the balance between headquarter and the subsidiaries in all 109 countries where the Company operates.

The headquarters of the Company should focus more on HRM systems that are more flexible and responsive to the local environment. Through the recruitment of more local HR practices, especially in the top management positions, emphasis should be given to the local differentiation than to organisational integration.

On the same time, the Company should deploy the 'best' practices of HRM ('best practice sharing' project) to establish and strengthen its global system. Thus, the characteristics of HRM system in the origin country will be linked with those of the foreign subsidiaries. So the transfer of HRM policies and practices in Kuehne+Nagel will be implemented in any direction: from headquarters to subsidiaries and vice versa.

So, in order to ensure high performance and competitiveness in the global market, Kuehne+Nagel has to strike the balance between organisational efficiency and subsidiary responsiveness.

As an example of subsidiary responsiveness, Kuehne + Nagel may consider the main challenges in local labour markets and act upon them.

In 2020 EY conducted a research on main challenges in people management in Ukraine in 2020, figure 3.1.

Due to COVID-19 pandemic, challenge in remote working for people management scored the highest responses. The other problem of Ukrainian market which is the lack of staff was named the second main challenge. Despite the pandemic both qualified and non-qualified workers relocate to EU and US for higher salaries, better living conditions, more career and professional opportunities and confidence in the future.



Figure 3.1. Top 10 challenges in people management area in 2020

Source: [51], EY Ukraine labor market trends 2020

The result of the Survey 2020 shows that the “new reality” significantly changed top challenges in people management area. HR management while working remotely, and ensuring safe working conditions for employees replaced high salary expectations of candidates and high turnover rates in top-3 challenges compared to 2019.

Although Kuehne + Nagel put a lot of attention and forces to cover the topics of remote and flexible working, ensuring safe working conditions, adaptation to the “new norm”, anti-crisis measures and business management under uncertainty, there is still a lot work for improvement in employees motivation, staff involvement and high turnover.

As stated in Chapter 2, Kuehne+Nagel pays a lot of attention to its performance management process to ensure the Company’s goals are achieved in a timely and effective manner. To do so, Kuehne+Nagel developed the internal cultural attitude towards the performance management. All the employees in the company, starting from the senior

management position and finishing with the labor workers in the warehouses, are a part of a global performance management review.

The process starts beginning of each year and is run on an annual basis. Each employee is given a number of targets to be followed and met by the end of the reporting year. Targets depend firstly on the main goals of the organization and are specified to the each employee's role, position and function in the company. Targets are set and discussed with the line manager. During the target setting process the manager describes which outcomes and what behavior is expected by the employee during the year. The targets may also be exceeded and such outstanding performance is linked directly to the employee's rewarding and further career promotion and development.

As a rule, the targets are firstly evaluated and can be adopted after the 6 months. This is done to track the employee's performance, change the direction and behavior when needed as well as adopt to the business environment which is not stable and sometimes cannot be predicted even in a short-term perspective.

For enacting goals and targets of performance management, line managers and employees work together to develop the goals and ensure the direction to achieve them all the way. They seek to show positive attitudes on staff and to encourage them. They also try to improve their skills for intercultural negotiation, conducting meetings, communicating decisions or making presentation. Employees will be more likely to build confidence and potential as a result, making the targets easier to achieve. Then, to monitor the process of target implementation, regular feedback from line managers to staff is present. Line managers need to understand the situations and feelings of employees and give them feedback in order to make sure they are working on the correct direction for the targets. Matrix management is also a good method to monitor and give suggestion in the process of target achievement.

In the reviewing process of performance management, line managers need to respond to others and make judgements in an objective way, so that standardizing of assessment can be achieved with potential rewards or penalties. In this process, managers also ensure the balance between relationship and target-achievement [26]. In other words, a good

working relationship in the organization through teamwork and cooperation can facilitate the achievement of the goals, instead of highlighting self-centered performance.

Overall, Kuehne+Nagel provides at least as much, usually even more, training for its employees in all 109 countries as its local national competitors. Because of its size and international character, Kuehne+Nagel is able to offer formal and non-formal training programs that are, usually, better than those provided by many local companies, especially in developing host countries. Kuehne+Nagel in larger countries, such as United States, United Kingdom, Germany, France and Italy, establishes training centres and use in-house and external expertise to provide off-the-job trainings for the employees. Large, as well as small (Croatia, Japan, Finland etc.) and medium-sized countries (Ukraine, Poland, Turkey, United Arab Emirates etc.) send their employees to their operations to their regional headquarters (Hamburg, New York, Singapore etc.) for experience and training on the job, while large countries managerial employees should also be rotated to different sites for development. Kuehne+Nagel frequently uses expatriate employees as a mechanism for skill transfer. Human resource development through training is especially crucial in increasingly advanced logistics and service activities, where training is a primary means of transferring soft technologies.

Kuehne+Nagel's international structure, as well as its scale and scope, provide exceptional opportunities for employees' skill and knowledge growth, as well as the further diffusion of these competencies in an economy via strong linkages.

This is important since Kuehne+Nagel has a global focus which involves engaging with actors from very different cultural backgrounds, and yet the Company seeks to retain its own corporate identities and determine its own strategic orientation. Engaging with diverse actors and cultures unlocks new opportunities for Kuehne+Nagel, particularly if the Company can successfully embrace the variety of capabilities across its foreign subsidiaries. When these capabilities are successfully refrained within Kuehne+Nagel's strategic goals, then this enhances Kuehne+Nagel's growth and development.

Each country in which Kuehne+Nagel operates, for example, does have its own cultural heritage, language, tastes, and other intrinsic qualities, most of which are related

to the legislative framework and policy. Kuehne+Nagel must properly adjust to each one in order to be effective on a worldwide scale, while remaining conscious of its broader global strategy.

Generally, strategic decisions governing Kuehne+Nagel's strategic direction are made in the the Corporation's headquarters. Such decisions are implemented across Kuehne+Nagel by managers in foreign subsidiaries. However, operational decisions that affect the daily management of individual subsidiaries, including those relating to local human products and industrial, or short-term strategic planning in specific overseas markets, are typically taken at the subsidiary level.

In the numerous international marketplaces where Kuehne+Nagel competes, it will frequently face both quite diverse domestic competitors and, in many cases, familiar global rivals. Dealing with different competitive environments requires very different managerial strategies and responses. For instance, Kuehne+Nagel not only faces competition from local logistics companies but also from other major global players such as DHL and DSV in the various foreign markets it operates in, which also have facilities in these supraregional locations. Such familiarity leads Kuehne+Nagel to recognize its global interdependence and the global oligopolistic nature of its industry. Thus, while some Kuehne+Nagel's strategies are be tailored to respond to competitive threats at the local level, these are also a part of Kuehne+Nagel's more generic global strategy.

As HRM practices are properties Kuehne+Nagel and not national systems, these practices are not a random list. As stated in the Chapter1, the good way to capture this consensus is the Abilities, Motivation, and Opportunity (AMO) framework [Boselie et al. (2005)]. Thus, a set of best HRM practices for Kuehne+Nagel can be improved. Abilities embraces the skills and competencies that workers possess. Motivation addresses the factors that give work-ers incentives to deploy their abilities. Opportunity covers means through which the resulting commitment can be put into practice [18].

Any HR system needs discipline and control, as generations of labor process scholars have pointed out (Edwards 1979): Managers need to regulate workers so that they work in ways consistent with organizational goals. The specific control elements of high performance systems, such as the demands that they can put on workers, are also well

established (Thompson and Harley 2009). Therefore we refer to the Motivation, Opportunities, and Control dimensions of HR practices.

We surveyed two groups of Kuehne+Nagel employees separately: managers and the largest functional areas (LFA further). Managers were defined as those in managerial positions above the level of first-line supervision and the LFA as a specifically nonmanagerial group.

During this survey, we discovered most popular HRM practices that reflect best HR practices model and specifically illustrate the motivation, opportunity, and control aspects of an HRM system in Kuehne+Nagel. Table 4 shows the full list in relation to managers and the LFA.

Table 3.2.

HRM Practices in Kuehne+Nagel

Practice	LFA	Managers
Motivation		
Salary: median pay in Ukraine	-	Y
Use of share-ownership schemes	-	Y
Use of profit sharing	-	Y
Use of share options	-	Y
Communication: use of briefing groups	Y	Y
Communication: 2 way	Y	Y
Communication: newsletters, etc.	Y	Y
Information provision: financial plans	Y	-
Information provision: staffing plans	Y	Y
Information provision: investment plans	-	Y
Opportunity		
Short-term international assignments	Y	-
Long-term international assignments	Y	Y

Global management training	-	-
Team working	Y	Y
Problem-solving groups	Y	Y
Control		
Performance appraisal	Y	Y
Variable pay	Y	Y
Distribution and ranking in appraisal	Y	Y
Assessment against set of global competencies	Y	Y

Source: internal survey of working employees at Kuehne + Nagel

There is a clear line saying that HRM practices in Kuehne+Nagel are well developed globally, because these practices promote the sharing of resources across all subsidiaries.

Kuehne+Nagel tends to follow global best practices, especially in relation to the development of skills.

Nevertheless, Kuehne+Nagel can further improve its performance management system and make it more flexible. To improve the staff performance and to achieve the organizational strategies by setting up targets, tasks, direction and key points in the process of result achievement [5].

The performance management system can be divided into the following main pillars:

- Target Setting
- Performance Coaching
- Performance Evaluation
- Performance Application and Communication.

The first step Target Setting will remain a top-down approach designed by managers from a higher level to allocate targets to employees at lower levels based on their own personal capabilities together with their team KPIs.

New targets are to be set up for a year or depend on specific projects or positions. However, as a result of the importance of achievement, flexibility should be incorporated in the process. Staff employees will now have a helicopter view of the entire company's targets and will also see their individual ambitions as a route to development if the target is changed substantially over the year. As a result of such goal-setting, all staff may be inspired and committed to their jobs and obligations at the company with complete integrity and sincerity.

Performance Coaching should be the next stage. Following the establishment of goals, line managers and employees should engage in frequent and ongoing coaching and evaluation to verify that the processes are on track to reach the goal. Especially for key topics leading to the targets, line managers should provide employees support to achieve the goals. They should encourage staff for their good performance and advise them for further improvement. Employees can also ask for the help from their line managers to facilitate target achievement. Performance coaching and guiding is the most important and communication plays a significant role. With communication, managers are able to know the problems and requirement of employees and give them appropriate suggestion in the processes to achieve the targets [1, p. 56]. On the other hand, employees can ask for help and suggestion from managers through proper communication.

Periodicity of the performance coaching should be set in advance, and we suggest to have it on a monthly basis. Such frequency will keep line managers as well as employees in the loop of their own and Company's development. It will also discipline employees and prepare them beforehand to fulfill the targets or think the ways how to adopt or improve them.

The third step is the Performance Evaluation, which includes two main parts, self-assessment and comprehensive assessment. Employees continue developing a self-assessment in the performance management e-based tool grounded on their target achievement and line managers cooperating with other peers do the comprehensive evaluation based on employee's personal indicators and achievement on the team's KPIs.

Line managers' collaboration with peers will provide them with a comprehensive perspective as to how their subordinates collaborate with other departments, allowing them to avoid subjective evaluations from narrow supervisors.

Team's KPI should be added to the personal employees' KPIs as the team work is crucial to achieve Kuehne+Nagel's ambitious targets and should decrease the internal competition and also improve cooperation. Application of team targets might be challenging in some situation as not all team members might put forces in their achievement and thus result in frustration and disappointment of other members. We suggest to practice the second step Performance Coaching on a regular monthly basis to assess and discuss with the entire team the fulfillment of the team's KPIs. Whereas necessary adjustments can be implemented and open topics discussed and acted upon.

The Performance Evaluation process is the influence of the team KPI on individual employee's assessment. To avoid disappointment and frustration by separate team members, who achieved their personal targets but the team KPIs were not achieved, the line manager should regularly evaluate the team's KPI and communicate to the whole team the status and ways to improvement [75]. It is the responsibility of the line manager to run such communication in an open and transparent way, so all the team staff can participate in the discussion and make appropriate steps to improve the situation.

The fourth step is the Performance Application and Communication is the performance management process. It refers to further capability improvement and development for employees based on their performance evaluation. In this process, line managers and staff communicate and estimate their advantages and disadvantages according to the target achievement. They should create plans or programs for skills or abilities improvement and development in future, such as language skills, operation of standardizing procedures or presentation on new services.

The role of performance application and communication is closely related to the future development of the employees. It can also be regarded as an incentive and retention policy to staff with the career development planning. As a result of this step the further

job plan should be evaluated and promoted, a preliminary career path can be built. This step will be a logical continuity for focusing on individual learning needs which play a significant role in the achievement of team KPI.

After all the four steps are implemented, we suggest adding Human Resources department to the performance management process and involve HR to the employees' potential assessment. HR will assess employees' potential through interviews, appraisals, and coaching. Appraisals will provide an objective evaluation of the employee's potential. Through interviews and coaching HR will estimate the employee's potential effectiveness in various types of tasks. Appraisals will show how well people are performing in their current employment, while evaluations will show how well they are doing in their future jobs. The employees' level of interest for the job will be determined by interviews and coaching for particular careers and how they might be used to fill other positions at Kuehne+Nagel.

Based on the appraisal results the career development programs for each employee should be created. Such programs may incorporate horizontal or vertical career moves as well as keeping employee on the existing positions indicating their sides which should be developed more. A lot of employees are not willing to change their positions and the Company should agree with them meanwhile supporting their qualification level and keeping employees motivated and satisfied.

The above-mentioned process focuses on the correct building of the performance management in the Company. To our understanding it should lead to the transparency inside the Company where all employees are aware of the mission and targets which should be met.

However, it is important to mention that despite of differences in the employees' roles and their targets which are to be achieved, all the staff should incorporate the goal or an element in their goals which would focus on the sustainable development. Besides the criteria and indicators for short-term results or targets to assess performance in the performance management system, factors influencing long-term and sustainable

development for the organization and society are required to be considered as well. Performance assessment for employees needs to include their contribution to the organization and human resources and local community in the long-term instead of only focusing on their short-term target achievement.

As it was stated in Chapter 2, Kuehne+Nagel towards its whole activity on the global and local communities' wellbeing and prosperity. Due to the dramatic climate change in recent decades, the Company, being the global leading logistics provider, decided and declared to the world its aim to reduce CO2 emissions by zero by the year 2030.

Only the combined efforts of all Kuehne+Nagel employees will be able to meet this lofty goal. As a result, personnel should have not only a compelling view of how to achieve the goal, but also be driven and incited to do so.

In order to do so, the sustainability targets should be set for all senior and top managers in the company. Afterwards the targets should be lowered and distributed top-down. They should be relevant for all divisions so that employees would be able to achieve them and understand that their skills, experience and power would be enough to influence the targets' implementation.

Kuehne+Nagel already has a global program called BlueforGreen which aims to fulfill 14 sustainable goals. This program is lead by so called Captains from each of 109 countries. The Captains gather local teams of enthusiastic employees to jointly help the Company achieve the CO2 emissions reductions. The project's teams launch different eco-friendly initiatives and try to involve in them as much participants from each country as they can. The projects are focusing mainly on garbage sorting, less meat consumption, electricity savings, less fashion consumption, purchase of company electro and hybrid cars.

The participation in this project is supported by the Company's top management through constant general communication, appreciation and best initiatives announcement.

Employees are motivated as well by gifts, in case the initiatives were successfully implemented.

In our turn we suggest making an additional step and to incentivize employees monetary, not only for participation in the project, but also if eco-friendly steps were taken outside the company. Such incentivizing might be transformed into a special compensation system, such as fuel-efficiency car incentive program that gives certain monetary rebate for all employees who purchased hybrid cars or refused using cars for riding bicycles.

3.2. Improvement of Reward Management System

Performance management has also a very tight relationship with another HRM practice which is the reward management. The use of appropriate reward management is recognized as a critical tool to increase staff motivation and performance [11]. Rewards have a significant influence in encouraging employees and increasing their performance. Reward management allows the company to offer different types of rewards to different people, making it easier to recruit and retain top talent. The effectiveness of performance management is directly influenced by good incentive management.

Financial rewards, on one hand, influence employees' decisions on joining or staying in the organization. It can also improve their performance integrated with other HR practices, such as recruitment and retention. On the other hand, non-financial rewards provide intrinsic or extrinsic motivation to employees, which makes impact on their engagement and enhance their performance [86].

Reward management refers to the strategies, policies and processes to improve the value of people and the recognition and encouragement of their contribution to the achievement of organizational and team targets.

The fundamental principle of reward management is aiming people to achieve personal targets as well the targets of both the organization and other stakeholders in a

fair, equal and consistent way. It can be financial rewards, such as salary raises, bonus plans or stock options, and non-financial as well, such as recognition, career development opportunities, learning and increased job responsibilities. Through system design, implementation and maintenance, reward management makes job assessment and evaluation, designs grade and payment systems, facilitates performance management processes and provides benefits to employees based on their contribution to the team or organizations [36].

Ghoshal and Bartlett (1995) pointed out that the main objective of reward management is to add value to people. It is also applied to facilitate the achievement of organizational goals, the development of organisational culture, the satisfaction of employee needs and the engagement and retention of high-quality employees.

Considering the diversity of staff member in Kuehne+Nagel, on a worldwide and local scale, the organization should develop appropriate incentives policies and procedures to ensure that it complies with various local cultures and situations. In order to offer value to employees, companies should build integrated rewards with technology solutions to improve employee accountability, flexibility, attractiveness, and retention based on the company's business goal.

Having said that, we recommend that Kuehne+Nagel supports the implementation of reward systems about every employee in the organization, and that set bonuses be paid regularly rather than annually. Employees will be more motivated to focus on their goals in order to earn the bonus if the incentive is paid on a frequent basis.

As the Company should launch globally such incentive programs, their specifics and rules should be designed locally. As mentioned in the Chapter 1, each country has own culture and own mentality. What might work well for structured employees in China, may have an opposite effect in Africa, due to the cultural difference and local specifics.

The targets, which are incentivized, should be simple for employees' understanding, clear, achievable and measurable. "What gets measured gets managed – and what gets managed gets accomplished." Effective measurement systems serve two main purposes: They guide decision-making throughout the organization, and they serve as a basis for evaluation performance [13, p.138-156].

The activity of each department can be measured and, thus, evaluated. The measurement of each target has a deeper meaning than a bonus payout. It will analyze the gaps in the business activity and, thus, fix them and improve not only the financial targets but increase the customer satisfaction, as well as employees' motivation.

Through the Company's actions after the activity's and target's measurement, employees will see how their own effort influence directly the Company's life and results.

As stated above, the reward management system incorporates intangible factors such as development, engagement, and retention [47].

During the performance evaluation each employees' performance and potential will be assessed. The results of the assessment should be explained to the employee, development program on the specific skills created and data uploaded in the e-performance tool.

Based on the skills to be developed, the tool will automatically gather the required number of trainings and workshops. This trainings variety is to be visible to the line manager and employee where the necessary ones can be chosen. We suggest having such training short in time with a durability of maximum one hour and a half. Thus, employees will keep being interested and there are more chances that employees will pass them.

The training offers should be offered often and automatically to employees, so that, they will have a unique opportunity to learn and develop and not forget about this opportunity during their daily workload. Short and attractive messages should be created by the system and be sent periodically as a 'special offer' to each employee.

The learning path should be designed in a fun and exciting way [68].

We also suggest using at maximum experience and skills of line managers to teach the employees. Such experience can be distributed via mentoring and coaching programs. Meanwhile expanding it through the wider audience, publishing public talks on an internal platform 'myKN' in a recorded way or performed live.

The Company should incorporate and support the culture of constant learning among its staff. Besides the variety of numerous trainings, it is to be obligatory for each team

member to pass 120 hours of trainings per year. This approach is successfully implemented at Google, where the most talented people are employed [75]. The success of Google proves that constant learning and development leads to a Company's success as well.

Among the monetary benefits and learning opportunities, Kuehne+Nagel should identify other non-monetary rewards to engage and retain employees. Such benefits might be flexible working hours, seasonal free of charge flu vaccinations, additional days off for being socially and societally responsible etc. We suggest that the Company runs periodically employees' surveys and make small actions on each response. Thus the employees will see the Company's efforts and return back their loyal attitude and effectiveness as people return back as much as they have received.

Kuehne+Nagel in Ukraine proved such actions to be effective and successful for the Company as well as for employees. National Manager (NM further) and National Human Resources Director (NP further) implemented the flexible working hours for the whole office personal since 2020. Upon the discussion and confirmation of a line manager, the employee (who works as an office staff) can start a working day at 7.00, or 8.00, or 9.00 or 10.00. Thus, the employee finishes the working day at 16.00, 17.00, 18.00 or 19.00 respectively. The main condition is that the office personnel work obligatory in the time frame between 10.00 to 16.00 so that the operational process do not suffer and internal cooperation is aligned. Such flexibility gave employees the desired autonomy and ability to manage the day on their own.

Also, NM and NP conduct periodically anonymous employees' survey where the critical questions of the office organization (work conditions, office property, events' arrangements etc.) are asked and employees share their open and honest feedback. Each survey incorporates the questions on what employees would like to improve or change in the way the Company operates. NM and NP took the obligation to act on each response and wish of improvement. Employees then are informed about the steps taken.

The above-mentioned actions allowed Kuehne+Nagel in Ukraine to have one of the highest among 41 European countries (EU region) Employee Net Promotion Score

(eNPS) which equals to 8 out of 10 maximum points [internal Kuehne+Nagel Ukraine data].

3.3. Improvement of Personnel Development Management

The scarcity of skilled managers and staff has become a serious impediment to Kuehne+Nagel's ability to increase its international sales. The rise of the knowledge-based community, along with the pressure to open up emerging markets, has forced multinational corporations, including Kuehne+Nagel, to acknowledge that HR function and intellectual assets are just as important as capital assets in achieving long-term competitive advantage.

Chief executive officers of many TNCs have to bridge the gap between their companies' human resources rhetoric and reality. In Kuehne+Nagel HR is given a prominent seat in the Board.

In a multinational corporation, good HR management entails placing the right people for the right roles in the right place and the right timing and at the appropriate cost [1, p.20]. The worldwide executives must then be immersed in a cohesive network that allows them to swiftly detect and capitalize on brilliant ideas around the globe.

Executive continuity is critical in such a complex network. This necessitates career management to ensure that corporate qualified executives are easily available when vacancies arise throughout the world, and also that good managers do not depart the organization due to a lack of recognition [46].

Kuehne+Nagel came close to achieving this, but still needs to take more actions to improve the current situation with moving expatriates abroad.

Most TNCs lack the leadership capital required to compete effectively in all of their global marketplaces. The absence of management mobility is one of the reasons. Neither

businesses nor individuals fully comprehend the strategic importance of management mobility in ensuring that careers are created for both prosperity and employability [30].

Ethnocentricity is another reason. In most TNCs, HRM development policies concentrate on locals of the headquarters country. Only the best local talents are offered the career leadership skills and international assignments that are required to build an international perspective [29].

High staff turnover, high training expenses, stagnated market shares, sometimes in cases disastrous joint ventures and mergers, and the significant potential costs that undoubtedly follow poor leadership selections around the world are now striking into organizations' bottom lines.

It is now globally discovery for Kuehne+Nagel that finding savvy, trustworthy managers for its world-wide markets is one of the biggest challenges.

The solution for the Company is to find a way to strive all its subsidiaries that have many decades of experience in recruiting, training and retaining good employees across the world. What we observed now is that, that Kuehne+Nagel started leveraging its global HR function as a source of competitive advantage.

For decades, Kuehne+Nagel has placed a high value on human resources. HR has a position on the executive committees of all of the company's boards of directors across the world, and it focuses on cultivating in-house potential and ambitious future leaders in all of its markets.

A lot of of Kuehne+Nagel 's top managers are fully homegrown and this trend is even increasing during the COVID19 pandemic. Kuehne+Nagel tries to bred the internationalization into its managers through job contents as well as multinational assignments. Since 1995, Kuehne+Nagel has sufficiently increased its number of managers assigned abroad, which are called expatriates, or 'expats'.

When managers start working for Kuehne+Nagel, they know from the start that international assignments might be a must r if they wish to build a successful career and to climb high on the corporate ladder. Kuehne+Nagel manages its HR talents through the

one global databases ('KN dashboard analytics' and 'HCMS') which, within hours, provide 'ready and mobile' A-top internal candidates for any assignment abroad.

The created and working pool of fully prepared internal candidates' purpose is to create long-term strategies to attract and develop further the best qualified personnel for each of the Company's markets.

Such strategy demands global HR leadership with standard systems but local adaptation [87]. The main idea if this system is to satisfy Kuehne+Nagel 's global human resources needs via working mechanisms at regional and national levels, and to leverage the current assets to the fulle extent by actively engaging people in developing their own careers.

We suggest to undertake the following steps to build such pool of expatriates:

1. The first step is toward building a global HR program in order to stop all favoritism toward managers who are locals of the country in which the company is based, in our case – Switzerland. Many organizations see nationals from their headquarters location as potential expatriates, whereas everyone else is referred to as "local nationals." However, in modern global marketplaces, such divisions are clearly disadvantageous, so there are compelling reasons to abandon them.

Ethnocentric businesses are often 'xenophobic,' emphasizing the importance of people from their headquarters country. This is why more of these expats gain the finest jobs, ascend the corporate ladder, landing in the Board of Directors. A corporation with such a perception and policy may find itself with a skewed view of the world.

Salary, benefits, and bonuses for expatriates and local nationals differ dramatically, and these disparities send clear signals to the smartest local staff to gain as much knowledge and experience as they can and leave on.

In worldwide markets, less effort is placed into hiring the best young talent than those in the headquarters. As a result, low bench strength exists in fast-growing developing markets.

Assessing, training, and promoting the careers of skilled local nationals currently on the organization's payroll receives little attention and investment.

Nonetheless, there are numerous advantages and disadvantages of using expats vs native nationals. However, as the world becomes more globalized, cultural awareness and accumulated skills are becoming increasingly important. Individuals, not ethnicities, acquire these abilities [95].

2. Based on Kuehne+Nagel's business strategy, the activities that are essential to achieving success around the world should be identified and positions that hold responsibility for performing them specified. Theoretically, they may account for about 15% - 20% of management.

Then, for each essential role, the hard and soft skills required to succeed should be identified. It's critical to comprehend what people require in order to advance to the position of top management. They must be functionally and internationally knowledgeable, as well as knowledgeable within the organization.

This step necessitates the formation of integrated business and HR teams that collaborate. Skills descriptions for any and all company's executive positions should then be established and fixed over time [77].

The above-mentioned processes should be revisited and revised at least annually to ensure they are up-to-date and express the current business strategy.

3. The next stage should be to assess all managers, both in regards of their readiness to relocate and their skills and experience. For the time being, Kuehne+Nagel's HR department considers mobility to be either "mobile" or "not mobile." However, due to various situations in leaders' lives, company possibilities, and the external environment, this concept should be evaluated and understood as a graduated scale in today's global marketplaces. Such an approach will encourage a large number of executives to compete for international assignments, and HR will investigate various options for utilizing internal talent.

Kuehne+Nagel may use the experience of some TNCs, which developed a new type of manager whom they term as 'glopats': executives who are used as business-builders and troubleshooters in short- or medium-term assignments in different markets. Some other TNCs are exploring now the geographical elasticity of their local nationals.

We suggest to consider the five-level mobility structure in Table 6. ‘Mobility Scale’.

To promote management mobility, each personal account in Kuehne+Nagel's database should have a box where leaders and functional experts can specify where and why they want to relocate. When new jobs or projects become available, the organization may immediately pull information from the device to identify who is qualified and willing to take advantage of these chances.

We also suggest that Mobility Scale is flexible, meaning, employees can move up and down a mobility table during different times of their careers, sometimes depending on their family and other obligations. Single or divorced employees, for instance, might well be ready and willing to sign up for employment as global expats, but they may be pushed to the bottom of the league if they want to start or begin a family life. Alternatively, seasoned senior executives may only feel ready to go beyond the regional level once their children have graduated from high school.

Table 3.3.

Mobility Scale

Corporates Frequently on the go, working on short- and medium-term projects
Global expats Relocayion around the globe on mid-term assignments
Regionals Accept mid-, short- and long-term assignments in one corporate geographic regiona and/or to headquarters
Mobile nationals Functional professionals and general managers ready to join cross-border task forces, work on short-term projects, and train in other countries
Non-mobile nationals

General managers and functional professionals who are attached to their homeland
--

Source: compiled by the author

4. Identification of the leadership capital by creation of the Company's ideal profile of leadership skills.

The current personnel database of Kuehne+Nagel can be improved by encouraging people to describe the information in their personal profiles in HCMS their managerial talents and their potential. It should be a top-down approach starting from the senior managers and top-managers to complete the forms first. Gradually other will be added worldwide indicating the potential to move up. Not only managers but functional specialists should be included in the process to show general management potential.

Every executive has to join this global Mobility system. This will complicate national 'diamonds' to be hidden by their local managers. Understanding that people's situations and career preferences change over time, all managers and functional experts are to be responsible for updating their personal profiles and review them at least quarterly during the Performance Coaching and Communication.

Kuehne+Nagel should make it clear that while individual contributions to the system are voluntary, HR and line managers will use the information to plan career trajectories, promotions, international assignments, and training needs. The Company should also be very precise in its communication and actions in the respect to the General Data Protection Regulation valid from 2019 in the European Union.

5. Assessment of strength and skills gaps is a suggestion for the next move.

HR may ask each executive to compare their talents and traits to the ideal requirements set for the manager's present position and preferred future career step during the performance and appraisal processes. Each manager can suggest internal or external training, mentoring, or participation in cross-border projects as strategies to overcome any personal skill gaps.

The announced skills should be put into the HR system and compared with the skills required by the Company. This information will be the basis for the management development and training programs and identify where internal candidates for new job descriptions can be prepared.

6. Regular non-stop external recruitment.

Constant searching for new candidates in every country should be done in a non-stop approach. Each top-management position should incorporate at least two potential successors from the market. Having such ‘succession pipelines’ (both external and internal) will allow the Company to avoid extremely stressful situations when the position of a top-manager is open due to the voluntary or non-voluntary leave, or as is stated above – due to the international assignment.

With a non-stop recruitment process, Kuehne+Nagel will also develop a reputation as ‘the company to join’ among graduates not only of the specialized logistics universities but overall the best universities in the countries.

7. Regular non-stop internal recruitment

Recently Kuehne+Nagel its own global labor market – an internal site ‘KN Careers’ as it is very hard to keep track of the best and potential candidates. For this reason Kuehne+Nagel now advertises many of its office personnel posts on this career site.

We also suggest to use at maximum this opportunity and promote also warehouse workers vacancies on it.

Such internal advertising has a lot of advantages:

- provides for a competitive internal employment market across countries, genders, as well as any cross-functional positions shows people they can make their future in the company
- makes it more difficult for line managers to disguise their talented players retains in the Company the talents who are probably considering to leave the Company
- removes barriers between business and functional departments

- it decreases 'soaking in' by moving managers throughout business and functional departments
- promotes employer brand and gives everyone a sense of belonging
- empowers people to take charge of their own careers.

There are also evident disadvantages to this practice - managers will to fill the positions of those who move, HR may need to settle disputes between divisions, and applicants not chosen might decide to leave the Company. To prevent this, disappointed applicants should automatically be directed to HR to discuss their future career development how their skills and performance align with their ambitions.

8. Building of succession planning. As stated above the succession planning process is ultimately important for the ongoing business operations and development. Every line manager jointly with his or her direct manager and HR have to nominate up to two internal candidates who could take over his or her position in the next two weeks, in three months or within a year or two. This will somehow solve succession questions, but will not resolve them completely.

The problem in large transnational companies, as well as in Kuehne+Nagel, is that many of today's successors may leave the company in the nearest future [99]. Moreover, managers name just those people as successors that they are familiar with. In addition, many TNCs' general managers only have their succession plans in their minds. A better approach is that the succession planning is discussed and built together with HR, put in the HR system, is visible to the regional and global management and is updated on a regular basis, for instance, every quarter.

9. Retention of top talents and key employees.

Individuals contact and continuity are essential in global networks that spread information and best practices [100]. As international competition for talent increases, it becomes even more important to many TNCs and Kuehne+Nagel particularly to retain their talents and key employees. Monetary incentive programs are not enough anymore –

the retention package must include interesting challenges, personal growth and job satisfaction.

In every country where the company operates, a plan should be developed and implemented that encourages employees to develop with the company.

In addition, a career path should be designed for every executive within his or her first 3 months in the organization. Plans should be evaluated and modified on a regular basis to ensure that they remain aligned with the company's vision and the employees' desire for job overall satisfaction and loyalty to the Company.

Cross-border project teams and international assignments are effective strategies to challenge, grow, and retain successful teams. They can be given out in the form of horizontal 'promotions.' This is especially useful since the average age of personnel in the Company is rising and the organization does not have enough levels for hierarchical promotions alone to provide sufficient motivation.

Such policy may be based on the following main principles:

- transparency and honesty with people about the company's assessment of their potential and future
- fair salaries and benefits, even if it appears to others to be a misconception, compensate people with strong potential well above market median.
- fast reaction, or even proactivity in some occasions - no hesitation in promoting those who have demonstrated necessary competences for a long period.

Such approach may have potentially risks with people. However the idea is to enable the Company to place the right people in the right places on the right time.

The proposed improvements have an ambition to affect every executive in every country where Kuehne+Nagel operates. This change to be led by a Company's senior executives, with full commitment from the national top management teams.

HR jointly with the business leaders have to facilitate and implement the proposed steps, but its success will depend on line managers.

International assignments are an important component of the procedure described above.

The main issue of the international assignments is to manage an expat's exit and re-entry as any other appointment by adopting the following steps:

- set for international postings the same high priority as other important business assignments,
- matching the candidates' hard and soft skills, cultural background and interests with the requirements of the vacancy and location,
- provide internal applicants with personal and company training to support their move and adaptation,
- provide cultural and language immersive training to the selected individual and his or their families,
- choose a mentor who would also communicate with the employee throughout the duration of the appointment. Mentors should ideally have similar foreign experience and be able to warn the chosen individual about potential dangers and opportunities.,
- establish specific and transparent goals for the chosen candidate's incorporation further into local business environment;
- continue developing the employee while being on the international assignment.

Conclusions to the Chapter 3

Although Kuehne + Nagel holds leading places in the logistics industry and is attractive as an employer, the Company should improve its process in performance management, rewarding systems, as well as people development in order to retain and attract high-potential employees.

CONCLUSIONS AND PROPOSALS

Globalization plays an important role in organization of labour markets. During the recent years we observe the FDI increase worldwide and rise of employment in foreign subsidiaries of many TNCs.

Together with the globalization, TNCs brought in their foreign subsidiaries' new practices and experience on managing, developing, and training people. These trends transformed dramatically Human Resources function from being purely administrative and support function into the new role of partner and consultant.

TNCs are faced with the challenge of finding the appropriate balance between home-country HRM standards and host-country expectations. Faced with this challenge, TNCs try to create a synergy between home-country needs and host-country perceptions for the best-fit HRM that benefits both the parent business and its foreign subsidiaries. Despite the best-fit HRM policies in place to reduce tension, the parent company has a stronger impact on the end product, which is an exchange between home-country HRM standards and host-country contextual expectations.

TNCs should be aware of the possible challenges as they internationalize and should be aware that though they may build a synergy (a blend of workable headquarters and subsidiary HRM), the final product will continue to favour headquarters' HRM policies and practices.

The researched in this work company Kuehne+Nagel is a bright representative of TNCs with its way to do business, structure the hierarchical subordination and HR policies and practices.

The numerous global researches show that it is vitally important that the organization should be financially stable, competitive with its products and services on the market, have meaningful activity, take care of its employees and adhere to human rights.

In Chapter 2 we proved that Kuehne+Nagel is attractive to its current employees and potential candidates on the labor market. The has a competitive fair compensation as well as creates an environment where everyone is treated fairly and the where the Company

also takes care of the environment and delivers progress to society together with the employees.

However, in order to keep the leading role in the dynamic logistics world, to compete and stay attractive as a Business partner and Employer, Kuehne+Nagel should reconsider some of its current HR processes and practices and improve them.

Talent acquisition - it is critical to acquire the right people at the right time, but finding the right talent became a difficult task during the last years. The company should further develop its Employer Branding expansion, be more present in social media, so that the right candidates can be attracted and approached, onboarding process should be understandable and clear as for the newcomer as well as for the existing employees. Such easiness and transparency will reduce the tension during the trial period and help the adaptation among the team run faster and more comfortably. External succession pool for the key positions should be always ongoing and updated with the new candidates so the vacant positions could be filled fast and efficiently. Constant communication from the top management on the social networks will improve the company's profile and give more importance and sense of urgency to the external auditorium.

Leadership development and the use of agile principles – Kuehne+Nagel must seek to develop flexible leaders who can rapidly respond to changes and challenges that come with working in a globalized world. Inside every country and consumer, they must be able to incorporate the local cultural identities into their activities and connections. Such development can be achieved via tailor-made leadership trainings and workshops, as well through mentoring programs and what is more important through the behavioral example of agile leadership by the Senior management. In this case the aspects of the social learning theory will work and the majority of top and middle managers will copy the behavior and attitude of their leaders as the examples of successful behavior at the workplace.

Sharing knowledge across the countries - knowledge management and knowledge sharing are important. It is critical to make use of all available technologies for cooperation and sharing. The company has already established e-learning portal which is accessible for all employees. To bring more an added value of this portal, the company

should explore constantly the actual learning trends on the global market, explore with the managers the learning needs and gaps and provide necessary learning tools on the portal with a right communication and advertisement so that the employees are aware of new available courses. We also recommend that the courses are translated in all local languages so that all the countries are covered with necessary learning. It's also crucial to create databases that are easily compatible with one another. These can be an integration of the e-learning portal with the global dashboard where all the figures regarding the personnel are visible and can be compared.

For globalization challenges, a communication system should be designed; when events outside the country of origin have a significant impact on the firm, employees need to understand why. For example, if employees are required to work "from tomorrow on" due to the COVID 19 epidemic, the company must be proactive in informing them. This entails significant communication initiatives. A separate corporate communications team and channel should be created which would inform all employees globally about the latest news and necessary implications. As the company is a MNC such communication messages should be very short and be translated to 5-10 most used foreign languages, so all the employees can understand the meaning and their further actions.

Kuehne+Nagel already has a well effective performance management system. Nevertheless, it should be upgraded and set into 4 main pillars where flexibility is present:

- Target Setting
- Performance Coaching
- Performance Evaluation
- Performance Application and Communication.

Although we call it HR practices, the development of people, is the main responsibility of line managers, with the supported of HR as diagnosticians and strategists.

The development planning of each manager and functional expert can lead to turning into 'super-people' which will lead them to the fast burn-out as a result. Instead, NM of each country together with NP should leverage on complementary skills of team members. The 'Mobility Scale' will support them in this process. Kuehne+Nagel can

bring together managers from national and worldwide markets in complementary and mutually supporting assignments to transmit ideas, skills, and technology using the company's database and workers' desire to participate in mobile assignments.

Many TNCs do now a good job of globalizing the supply chains for all their essential raw materials - except human resources. But this situation cannot last any longer. Competition for talent constantly intensifies, and demand far surpasses the supply. Kuehne+Nagel will need to implement programs to attract, train, and retain leaders in all of the company's operating countries in order to have the worldwide skills and vision needed to succeed.

If the Company has to handle the challenges of globalization and shift to a knowledge-based economy, it must develop the appropriate HR systems where people are its most valuable asset.

The suggested upgrades to the Company's existing HR policies will ensure that Kuehne+Nagel has the talented individuals, managers mobility, and cultural combinations to successfully manage all of its international business units and growth opportunities, and that its executives join a knowledge-sharing network with shared values.

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