

## **REGIONAL INTEGRATION AND FRAMEWORK AGREEMENT**

Regional Integration is a process in which neighboring states enter into an agreement in order to upgrade cooperation through common institutions and rules. The objectives of the agreement could range from economic to political to environmental, although it has typically taken the form of a political economy initiative where commercial interests are the focus for achieving broader socio-political and security objectives, as defined by national governments. Regional integration has been organized either via supranational institutional structures or through intergovernmental decision-making, or a combination of both.

Past efforts at regional integration have often focused on removing barriers to free trade in the region, increasing the free movement of people, labour, goods, and capital across national borders, reducing the possibility of regional armed conflict (for example, through Confidence and Security-Building Measures), and adopting cohesive regional stances on policy issues, such as the environment, climate change and migration.

Intra-regional trade refers to trade which focuses on economic exchange primarily between countries of the same region or economic zone. In recent years countries within economic-trade regimes such as ASEAN in Southeast Asia for example have increased the level of trade and commodity exchange between themselves which reduces the inflation and tariff barriers associated with foreign markets resulting in growing prosperity.

Regional integration has been defined as the process through which independent national states “voluntarily mingle, merge and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflicts among themselves.” De Lombaerde and Van Langenhove describe it as a worldwide phenomenon of territorial systems that increases the interactions between their components and creates new forms of organization, co-existing with traditional forms of state-led organization at the national level. Some scholars see regional integration simply as the process by which states within a particular region increase their level interaction with regard to economic, security, political, or social and cultural issues.

In short, regional integration is the joining of individual states within a region into a larger whole. The degree of integration depends upon the willingness and commitment of independent sovereign states to share their sovereignty. The deep integration that focuses on regulating the business environment in a more general sense is faced with many difficulties.

Regional integration initiatives, according to Van Langenhove, should fulfill at least eight important functions:

- The strengthening of trade integration in the region
- The creation of an appropriate enabling environment for private sector development
- The development of infrastructure programmes in support of economic growth and regional integration
- The development of strong public sector institutions and good governance
- The reduction of social exclusion and the development of an inclusive civil society contribution to peace and security in the region

- The building of environment programmes at the regional level
- The strengthening of the region's interaction with other regions of the world.

The crisis of the post-war order led to the emergence of a new global political structure. This new global political structure made obsolete the classical Westphalian concept of a system of sovereign states to conceptualize world politics. The concept of sovereignty became looser and the old legal definitions of the ultimate and fully autonomous power of a nation-state are no longer meaningful. Sovereignty, which gained meaning as an affirmation of cultural identity, has lost meaning as power over the economy. All regional integration projects during the Cold War were built on the Westphalian state system and were designed to serve economic growth as well as security motives in their assistance to state building goals. Regional integration and globalization are two phenomena that have challenged the pre-existing global order based upon sovereign states since the beginning of the twenty-first century. The two processes deeply affect the stability of the Westphalian state system, thus contributing to both disorder and a new global order.

### **Regional integration agreements**

Regional integration agreements (RIAs) have led to major developments in international relations between and among many countries, specifically increases in international trade and investment and in the formation of regional trading blocs. As fundamental to the multi-faceted process of globalization, regional integration has been a major development in the international relations of recent years. As such, Regional Integration Agreements has gained high importance. Not only are almost all the industrial nations part of such agreements, but also a huge number of developing nations too are a part of at least one, and in cases, more than one such agreement.

The amount of trade that takes place within the scope of such agreements is about 35%, which accounts to more than one-third of the trade in the world. The main objective of these agreements is to reduce trade barriers among those nations concerned, but the structure may vary from one agreement to another. The removal of the trade barriers or liberalization of many economies has had multiple impacts, in some cases increasing Gross domestic product (GDP), but also resulting in greater global inequality, concentration of wealth and an increasing frequency and intensity of economic crises.

The number of agreements agreed under the rules of the GATT and the WTO and signed in each year has dramatically increased since the 1990s. There were 194 agreements ratified in 1999 and it contained 94 agreements from the early 1990s.

The last few years have experienced huge qualitative as well as quantitative changes in the agreements related to the Regional Integration Scheme. The top three major changes were the following:

- Deep Integration Recognition
- Closed regionalism to open model
- Advent of trade blocs

## **Recent regional integration**

Regional integration in Europe was consolidated in the Treaty on the European Union (the Maastricht Treaty), which came into force in November 1993 and established the European Union. The European Free Trade Association is a free trade bloc of four countries (Iceland, Liechtenstein, Switzerland and Norway) which operates in parallel and is linked to the European Union. In January 1994, the North American Free Trade Agreement was formed when Mexico acceded to a prior-existing bilateral free trade agreement between the US and Canada. In The Pacific there was the ASEAN Free Trade Area (AFTA) in 1993 which looked into reducing the tariffs. The AFTA started in full swing in 2000.

## **Alternative Regional Integration**

In the last decade regional integration has accelerated and deepened around the world, in Latin America and North America, Europe, Africa, and Asia, with the formation of new alliances and trading blocks. However, critics of the forms this integration has taken have consistently pointed out that the forms of regional integration promoted have often been neoliberal in character, in line with the motives and values of the World Trade Organization, the International Monetary Fund and the World Bank – promoting financial deregulation, the removal of barriers to capital and global corporations, their owners and investors; focusing on industrialisation, boosting global trade volumes and increasing GDP. This has been accompanied by a stark increase in global inequality, growing environmental problems as a result of industrial development, the displacement of formerly rural communities, ever-expanding urban slums, rising unemployment and the dismantling of social and environmental protections. Global financial deregulation has also contributed to the increasing frequency and severity of economic crises, while Governments have increasingly lost the sovereignty to take action to protect and foster weakened economies, as they are held to the rules of free trade implemented by the WTO and IMF.

Advocates of alternative regional integration argue strongly that the solutions to global crises (financial, economic, environmental, climate, energy, health, food, social, etc.) must involve regional solutions and regional integration, since they transcend national borders and territories, and require the cooperation of different peoples across geography. However, they propose alternatives to the dominant forms of neoliberal integration, which attends primarily to the needs of transnational corporations and investors. Renowned economist, Harvard professor, former senior vice president and chief economist of the World Bank, Joseph Stiglitz has also argued strongly against neoliberal globalisation. Stiglitz argues that the deregulation, free trade, and social spending cuts or austerity policies of neoliberal economics have actually created and worsened global crises. In his 2002 book *Globalization and Its Discontents* he explains how the industrialized economies of the US, Europe, Japan, South Korea and Taiwan developed not with the neoliberal policies promoted in developing countries and the global South by the WTO, IMF and World Bank, but rather with a careful mix of protection, regulation, social support and intervention from national governments in the market.

## **GLOBAL UNIONS**

Global Union Federations (GUFs) seek to build international co-operation, joint action, and global solidarity among trade unions in different countries that share common employers. There is a growing global trade union recognition by multinational enterprises of GUFs at the headquarter levels, and beyond, and of the work that they do, as well as an important increase in social dialogue. In some cases, this interaction has resulted in the negotiation of International Framework Agreements (IFAs), also known as Global Framework Agreements (GFAs).

Who are Global Unions ? Global Unions are international trade union organisations working together with a shared commitment to the ideals and principles of the trade union movement. They share a common determination to organize, to defend human rights and labour standards everywhere, and to promote the growth of trade unions for the benefit of all working men and women and their families."

## **INTERNATIONAL STRATEGIC HUMAN RESOURCE MANAGEMENT**

Broadly speaking, **strategic international human resource management (SIHRM)** is about the **management of human resources** consistent with the **strategic** direction of the multinational enterprise in a dynamic, interconnected, and highly competitive **global** environment

### **NEED FOR SIHRM:**

Rather than focusing on internal issues of **HR**, SHRM focus on addressing and solving problems what effect people **management** related issues in the long run globally. So the main **importance** of **strategic human resources** is to increase employee skills by focusing on business problems that happens outside of **human resources**

### **AIM OF SIHRM**

The **aim of strategic human resource management** is to:

Advance flexibility,

innovation,

competitive advantage.

Develop a fit for **purpose** organizational culture.

Improve business performance

### **ROLE OF SIHRM**

Reaching ultimate business goals requires leadership. **Strategic human resource management** encompasses the traditional **human resources functions** of recruiting, screening, interviewing, and hiring employees, but also works with the overall organizational **strategy** to achieve success