4-15-1994

Human Resource in International Business

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HUMAN RESOURCE IN
INTERNATIONAL BUSINESS

Cynthia Cerqueira
April 15, 1994

Lynn University
Graduate Project
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ABSTRACT

The purpose of this study was to try to pinpoint what makes an overseas assignment successful. Using studies conducted in the past, I discovered that human resource has a lot to do with the success or failure of an assignment. The information here may not be the solution for everyone, but it does offer some alternatives. I guess the one thing to remember is that we all have different values and beliefs that make us individual; so do organizations around the world have their own missions and strategic plans.

INTRODUCTION

Businesses have started looking at the world as their marketplace. In order to keep up with the competition, many companies have become multinational. These organizations must make many changes in the type and manner of its human resource activities. In the past when international assignments failed people blamed the employee who was sent abroad. They claimed the employee either lacked skills or cultural awareness. Now research shows that most failures could have been prevented by making a few changes in human resource. Executives need to realize that human resource is not restricted to large private sector corporations operating in one country.

"There is also a fair amount of agreement as to the two principle causes for these failures. The first is the lack of preparation generally made for overseas assignments. The second is the poor
selection process companies use to identify candidates. try to become successful within your own culture is difficult. it should not be surprising to anyone how challenging it can be to perform in other cultures. when choosing candidates for foreign assignments the logical thing to do would be to choose the employee with the best record. this may not always be the correct thing to do. "the skills and attitudes needed in new york rough-and-tumble financial community, for example, might well lead to frustration and failure when applied in bangkok."^2

"for hr practitioners, the key international issue is one of complexity and flexibility. their major concern is ensuring that a carefully planned hr strategy, devised from the corporate business strategy, is really effective abroad."^3 "trying to manage a regional hr function by remote control simply will not work."^5 one secret to remember is that hr managers should travel to and understand the countries in which they are doing business. "based on the number of unsuccessful adjustments and early returns of american business expatriates both government and private studies agree that more than 30 percent of the u.s. corporate overseas assignments fail."^6

"human resource managers in multinational corporations face great challenges in the future. changing demographics, family work patterns, organizational needs, and employee attitudes all

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2 marquardt and engel, p 59.

3 de lacy, geoffrey n. "pacific rim hr challenges". hr magazine. september 1993, p. 150.

5 de lacy, p 150.

6 marquardt and engel, p 60.
conspire to make it difficult for companies to find and retain highly skilled managers."7 The four major challenges corporations will deal with are

1. "recruiting people of sufficient quality in sufficient numbers;
2. deploying managers around the world;
3. developing new kinds of managers; and
4. keeping good people".8

Many Human Resource executives "say globalization is one of their most challenging HR issues".9 "Global leaders recognize that diversity isn't only a gender - and - race issue, but a cultural matter as well."10 "Going global requires tremendous flexibility. Companies are players in an international contest, not just U.S. enterprises that are spending time overseas." 11

Hypothesis 1: MNC cannot always maintain consistency. They must sometimes follow local practices.

In 1969, Perlmutter wrote a paper in which he characterized three types of MNCs.

"According to this typology, the management practices in foreign affiliates of MNCs could

8Vanderbroeck, p 95.
11Solomon, p 76.
resemble those of the MNC's home country (ethnocentric), could confirm to local practices of the affiliate's host country (polycentric), or could adhere to a worldwide standard (global)."¹²

To keep up with the local competition most affiliates will follow local practices. Practices that involve a high degree of parent interaction will bring pressures to follow parent procedures. In a study conducted (Rosenzweig & Nohria, 1994), the following six areas are ones that will not resemble parent procedures:

"1. Time Off;
2. Benefits;
3. Gender Composition;
4. Training;
5. Executive Bonus; and
6. Participation."¹³

The reasons for conforming to local practices include legislation and customs. Time off and Gender Composition are usually outlined by law. Most countries are not accustomed to women running companies. This causes the compliance of local practice. Benefits and training in my opinion are open. Rosenzweig study states that "local firms usually have greater discretion, giving the MNC more room to choose"¹⁴. The organization chooses what level of training they want their employees to receive. The pressure for training comes from the ability to compete effectively. Executive Bonus involves internal equity allowing for consistency across the board. Participation must follow local customs. Going against local practices may cause confusion


¹³Rosenzweig, p 232.

¹⁴Rosenzweig, p 232.
among local employees. The above information treats all associates alike. In reality they are not, there are certain factors that will tend to turn an affiliate toward local practices and parent practices.

**STAFFING**

Organizations that become multinational will go through some expansion. "HR managers have spent years trying to develop screening and selection procedures for identifying global managers."¹⁵ Since part of expanding is staffing, one area for human resource to change is their process of selecting their staff. "Corporations will employ more highly skilled staff people in the future, if not in absolute numbers, certainly in proportion to the total of number of staff."¹⁶ Coca-Cola's "philosophy toward staffing is to employ as many nationals in its international business as possible"¹⁷. Jeff Peeters, director of HR for corporate finance and human resource in Atlanta says,

"We strive to have a limited number of international people [in the field] because generally local people are better equipped to do business at their home locations." ¹⁸

There are three classifications of individuals that companies can hire to send abroad:

1. An Expatriate - is a person working in a country who is not a national


¹⁶Vanderbroeck, p 95.


¹⁸Anfuso, p 116.
citizen of that country.

2. A Host - Country National - is an employee who is a citizen of a country in which a branch of plant is located, but the organization is headquartered in another country.

3. A Third - Country National - is someone who is a citizen of one country, working in a second country, and employed by an organization headquartered in a third country. 19

All three types introduce distinctive HR management challenges. Human resource professionals must learn about the laws and customs in each country. Surveys have shown that companies are reducing the use of expatriates and turning to host - country nationals. One major reason for this is expense. Expatriates need many accommodations and many times they change their minds. If they decide they are not happy and go home, the company can lose lots of money. To reduce the failure rate of expatriates, "the selection process should provide a realistic picture of the life, work, and culture to which the expatriate may be sent". 20 A good place to start is to provide a thorough description of the job to be done. During selection interviews human resource managers need "to assess and adapt to different customs, management practices, laws, religious values, and infrastructure conditions". 21

Expatriates are needed for two reasons:

"1. to fill a need for a specific set of skills that may not exist at a particular location


20 Mathis, p 532.

21 Mathis, p 532 - 533.
"For Americans to work effectively with others, language training and cultural education are essential."\(^ {22}\) Jeff Peeters believes that before taking on big responsibilities managers should acquire international experience. "Coca-Cola associates do that by being part of the company's service program, a system that focuses on the development of a core group of workers for international mobility."\(^ {24}\) The professionals and managers in the program "add value by the expertise they bring to each assignment and enhance their contribution to the company by having that international experience."\(^ {25}\) An important part of using expatriate is repatriation. "When expatriates ain't integrated back successfully, companies lose a valuable resource."\(^ {26}\) Many expatriates feel that their global experience is not being put to good use.

"In selecting trainers for overseas assignments, Nancy Gallo, associate director of management and professional development for Reader's Digest, looks for people who have 'a genuine liking for the new and different'."\(^ {27}\) Curiosity and Enthusiasm is not everything. "Through interviews with scores of successful HRD practitioners, we have identified sixteen competencies that can contribute to the success of an HRD professional working in virtually any cross-cultural..."
"5 Attitudes for Global HRD Success

- respect for the values and practices of other cultures
- tolerance of ambiguity
- commitment to HRD principles and practices
- initiative and persistence
- a sense of humor

5 Skill Areas for Global HRD Success

- cultural flexibility
- communication skills
- HRD skills
- creativity
- self-management of learning

6 Kinds of Knowledge for Global HRD Success

- knowledge of the home culture
- knowledge of the target culture
- knowledge of the theory and practice of HRD
- knowledge of the language of the target cultures
- knowledge of the relevant corporate cultures
- a global perspective"

Susan Jones is qualified trainer in the U.S. She was very successful in Boston but this was not the case in Thailand. She asked them to call her by her first name. This made them very uncomfortable. Susan's method of training included participation from the participants. Part of her training session includes role playing. When she requested volunteers, no one wanted to participate. Realizing things were not going well, she decided to ask for some feedback. This confused her even more. The trainees who spoke up said everything was fine. With eleven

\[28\] Marquardt, p 60.

\[29\] Marquardt, p 60, 63, 64.
months remaining in her assignment, Susan asked to be relocated.

As the demand for skilled, educated employees increases the number of available workers in that category decreases. For companies that had an increase in the number of employees in the 1960's and 1970's, loss due to retirement is becoming a reality as we approach the 21st century. The loss of experience has to be made up in some form or fashion. Companies must turn to college graduates. Is this the right thing to do?

"American students tend to prefer nontechnical subjects and foreign students now represent about 40% of the graduate students in the U.S. engineering schools. Moreover, there is a growing concern that cutbacks in government spending on education are affecting the quality of American graduates."\(^{30}\)

(Vanderbroeck, 1992)

To help with the decreasing number of graduates, companies should turn to overseas recruits. Hiring women is another solution. The word to keep in mind is FLEXIBLE. Training existing staff is part of the solution. "Finally, companies might allow a flexible retirement age for key staff, in order to retain high-quality people longer."\(^{31}\) Powersoft's Traci Weaver (Human Resource Director) recommends a thorough investigation of any employee hired to work overseas.

\(^{30}\)Vanderbroeck, p 96.

\(^{31}\)Vanderbroeck, p 98.
STAFFING IN MEXICO

Many expatriates do not want to relocate to Mexico. They worry about things such as pollution, health, not to mention roads, schools and housing. "Recruiting for the low-wage workers is relatively uncomplicated, because these workers constitute the majority of the labor pool." At the U.S. Mexican border about 90% of the working force are low-compensation employees. "One thing to consider here, particularly for smaller companies, is that under current Mexican labor law, no more than 10% of the company's employees may be non-Mexican."  

Kevin Duffy (director of employee relations for Nabisco International) says that if you need to use an expatriate for experience reasons do so, but only for a short-term. During this time, develop the local talent. Expatriates are helpful because they help with training and instill company philosophy. Hiring locals is also difficult because the education level in Mexico is low. Good managers do exist, however; so many companies are opening doors and many others are growing. They are just not enough qualified Mexican managers to go around. 

Just like any other country offering good benefits helps attract talent. Arturo Fisher, the international consultant for Latin America with Hewitt Associates, says "it's very common in staffing in Mexico for one of the best sources to be networking, especially for professionals and supervisor levels, even manager levels. That's because of culture." Human resource professionals need to be more diligent and more creative. Do not take a person for their word or


33 Flynn, p 34.

34 Flynn, p 36.
their resume. Recruiting expatriates from other Latin American countries is beneficial for companies in Mexico. Mexico is looked upon as a stepping stone among Latin American executives. Knowing the language and cultural background makes Latin America more attractive to recruiters.

**HUMAN RESOURCE IN SINGAPORE**

"Employees are represented by a number of employer organizations such as the Singapore Manufacturers Association (SMA) and the Singapore National Employees Federation (SNEF), while the workers are represented by the National Trade Union Congress (NTUC), an umbrella body which encompasses 83 unions."35 The government is very involved in making sure they are attractive to foreign investors. It also plays a role in protecting employees. Knowing that strikes are costly to both the employer and employee, legislation made it so that problems would be solved by collective bargaining. "The system has resulted in an almost strike free record since 1978 (except for a two day strike in 1986 involving 61 workers), steady foreign investment, and economic and social developments for the nation."36

**JAPANESE - STYLE MANAGEMENT IN AMERICA**

"As Japan continues to grow in global economic dominance and the United States continues to decline, the role of Japanese - style management in Japan's economic success has become an

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36Yuen and Tak Kee, p 366.
active area of conjecture and debate for scholars, journalists, and the general public. Now that
Japanese firms are growing at home, they are exploring their talents in the U.S. and people are
interested in how well they are performing. One study conducted involved ten Japanese affiliated
in the United States, five in the service industry and five in manufacturing. The manufacturing
plants were in Tennessee and the service affiliates were located in New York. "In spite of wishing
to do so, a number of the firms, notably those in the services industry in New York, were unable
to transfer parent company practiced overseas and were forced to adapt to an American-style of
HRM system." Beechler and Yangs study found that the Japanese, like any other nationality are
limited by the environment in which they do business along with their own unique background.
Charles Hampden-Turner found in his study that "negligible differences between the attitudes of
Japanese managers and those of managers form other countries - until we began to probe for the
crucial differences in how Japanese managers reconcile competition and cooperation." "We
found that in Japanese companies, a competitive phase designed to contrast two or more ways of
doing something was followed by a cooperative phase in which the more successful practitioners
taught the less successful ones to integrate the superior method."

There are many Americans working for Japanese companies in the United States. However,

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to American Subsidiaries: Contingencies, Constraints and Competencies. Journal of International
Business Studies, Fall 1994, p 467.

38 Beechler, p 488.


40 Hampden-Turner, p 96.
man of these workers are dissatisfied. They complain about the communication and culture gap. Americans are also dissatisfied with the lack of advancement opportunities. On the other hand, Japanese companies are dissatisfied with their U.S. subsidiaries. The reports show that the U.S. affiliates are not bringing in large profits. U.S. companies experienced the same problems in the beginning but in order to help the situation the culture gap must be closed. The language barriers cause problems. It is not even that they speak two different languages. The problems come in when things are said and both sides perceive two completely different concepts.

"Many Japanese multinationals consider language an important criterion in the selection of a candidate for overseas assignment, although its rank ordering has decreased relative to technical and administrative skills."41 The Japanese take great pride in training their employees. Japanese executives also believe in 'in house training programs'.

**NAFTA**

With NAFTA in effect companies operating in two of the three countries (Canada, Mexico, and the United States) will face different HR issues. Below are a few:

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<td>Canada</td>
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<td>United States</td>
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**Benefit Management**

In Canada and the U.S. this is a big issue but for Mexico it is not as important.

**Staffing**

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Canada and the U.S. are populated with a qualified workforce. Mexico, on the other hand, is lacking skilled technical and managerial staff.

Although these differences occur, NAFTA "should produce positive long-term economic benefits for all three countries".\(^{42}\) As long as the employer is aware of the differences, the higher the chance for success.

**RECRUITMENT FOR MCDONALDS AND PEPSI CO.**

With 5,000 of their 14,250 restaurants being outside the United States, McDonald's Corp. "has had to perform a cultural balancing act"\(^{43}\). "Like other U.S. organizations operating internationally, Oak Brook, Illinois - based McDonald's Corp. has had to find a way to maintain its corporate identity around the globe with out trampling on the diverse cultures of the countries in which it does business."\(^{44}\) A survey was conducted on human resource managers by the New York City - based The Conference Board. They discovered that "promotion of corporate values and culture is the top priority of 15% of global companies, compared with only 6% just five years ago".\(^{45}\) Calvin Reynolds (senior counselor with Organization Resource Counselors, Inc.) says that in order to combine their corporate cultures and the cultures of the areas in which they operate, human resource professionals must "establish broad principles, rather than specific

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guidelines". Through recruitment, international corporations balance their own values and culture with those of diverse countries in which they operate.

The company's philosophies are similar around the world claims Amy Boynton (director of international human resource department). The way the employees put into practice those philosophies is what differs. The look for specific characteristics in their managers. McDonalds hires people who:

"* are customer-service oriented;
* have the ability to coach others;
* have individual leadership styles and strategic leadership styles;
* have the ability to solve problems; and
* have the ability to manage business".

The company knows they cannot tell their employees exactly how to do something because the procedure will differ from country to country depending on the culture.

"Pepsi Co. Foods and Beverages has determined four core competencies to be essential in the company's recruitment practices world wide." Pepsi Co's four must haves are:

1. *Integrity* - "defines as honesty, candor, the ability to communicate openly and the ability to deliver what's promised".
2. "Employees who have a drive for results".
3. "People - Respect for others".

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4. "Candidates who are capable of what the company calls business thinking. This includes the ability to break complex problems into solvable ones, the ability to rethink problems in a creative way and the desire to learn". 49

By using these four competencies Pepsi preserves its culture and values globally. "Reynolds says: 'Companies must be sensitive to cultural differences. I'm not suggesting that they compromise their morals, but they must be very aware of the different attitudes around the globe'." 50

**COMPENSATION**

"We (Coca-Cola) try to set up our compensation programs so that we can transfer talent around the world without having significant compensation barriers for international service employees' says Carl Presley, director of compensation." 51 In the past acquiring knowledge on compensation and benefit packages along with hiring consultants to conduct language and cultural training was enough. This is no longer true. "Successful companies require human resources executives who can understand and articulate the business strategy from a global perspective and determine what HR plans that requires." 52 To the Europeans and Asians this is not a secret, it is the Americans who are playing catch up. "More flexible and individualized compensation systems could be a powerful tool to facilitate change, mobility and retention." 53

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51Anfuso, p 116.

52Solomon, p 76.

53Vanderbroeck, p 99.
In 1992 International Orientation Resource (IOR) conducted a survey of 50 Fortune 500 companies. They discovered that "90% of the time, businesses select employees for overseas assignments not for their cross-cultural fluency, but for their technical expertise". Many times the human resource department is not consulted. "And, even after the assignments are made, only 58% of companies surveyed by Windham International and The National Foreign Trade Council provide any cross-cultural preparation." With organizations expanding internationally, training programs need to be adapted to fit international audiences. "One of the fundamental tenets of training is that people learn better when they can connect what they're being taught to their own experiences." Because "one size does not fit all" cultural adaptation is necessary. "Cultural adaptation involves presenting the basic principle, theory or concept of a training program in such a way that people in another culture can understand and apply it." "Adaptation is often confused with translation." In different cultures words can have different connotations. This is essential to remember. There are three types of adaptation often referred to as - 3 Ms

1. Model - foundation of training program

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55 Solomon, April 1994, p 51.

56 Morical, Keith and Benhong Tsai, "Adapting Training for Other Cultures". Training & Development. April 1992, p 65.

57 Morical, p 65.

58 Morical, p 65.
Cultural Adaptation requires that you make a culturally specific analysis of your model's appropriateness. The model must be relevant to the audience. The main idea needs to be fitting and functional across cultures. Having a specialist in the cultural and programming area examine a program guarantees the caliber of the core concept. "Once a program is selected for cultural adaptation the main task becomes this: presenting the model in a way that best fits the culture."

2. "Modularized courses - Modularization of program materials."

When a course is Modularized its parts are interchangeable. "Interchangeability allows specific parts of the program to be exchanged without having to reverse the entire package." Program must be flexible, this allows for custom tailoring within a country as well as adapting for foreign programs. "Modularization saves time and expense." This way companies do not have to create new programs for every country.


"Clear instructions in the trainers manual greatly improve course documentation." Each learning activity should include clear objectives. It should also explain why, what, and how. Including suggestions for alternatives, to the original, in different cultures is a smart move.

"In the past, the very process of adaptation altered many training programs in such a way that their original objectives were lost."

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59 Morical, p 65.
60 Morical, p 66.
61 Morical, p 66.
62 Morical, p 65.
63 Morical, p 66.
64 Morical, p 65.
65 Morical, p 67.
66 Morical, p 68.
Rex Adams is the VP of administration at Mobil Corporation. He ranked number 6 on Personnel Journal 100 Human Resource Executive list. U.S. oil companies have no choice but to be global since most world oil deposits are outside the U.S. "It was to my advantage professionally to have come from the international side instead of the domestic side" says Adams. He's been with the company, in the Human Resource area for twenty-eight years. "According to Adams, there is far less control and greater opportunity to learn overseas." His background has helped Mobil with challenges that include "Mobil's affiliates" and "Mobils plan to create a single European organization".

As part of his job Adams will try to provide opportunities for HR professional. These opportunities will allow them to gain the experience necessary by helping them rotate into international positions. He knows they will not get the great opportunities he had but his job is to make sure they get the best available.

MNCs have a responsibility to their employees. One of these responsibilities includes Host Country Workforce (HCW) preparation. These corporations have certain moral duties. "These moral duties include the responsibility to:

1. assist all employees, including the expatriate manager, in the successful execution of their assignments;
2. avoid the semblance of discriminatory treatment;
3. encourage full status integration into a global economy;

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4. faster personal enlightenment and self-enrichment;
5. help individuals develop useful, marketable skills;
6. contribute to the development of a greater and more functional labor skill base; and
7. encourage a long-term focus on creating an enduring value for a maximum number of stakeholders, rather than upon short-term and shortsighted profit for only a few."

If human resource professionals are confused as to where to begin, the safe way may be to address "areas that have in the past led to culture clashes". Training sessions should involve what is expected of the employee, why he or she may react a certain way and how to deal with cultural differences. The following theories "lend support to the hypothesis that HCW preparation and training would result in increased productivity associated with the expatriate management assignment".\(^{72}\)

Katz and Kahn - 1978 - Systems Theory
Blay - 1964 and Thibaut and Kelley - 1959 - Exchange Theory
St. John - 1983 and Rogers and Farson - 1976 - Communications Theory
Huse and Cummings - 1985 and Bennis - 1969 and Beckhard - 1969 - Organization Development


\(^{71}\)Vance, p 636.

\(^{72}\)Vance, p 636.
"Assist expatriates in succeeding in their assignment."

MNC's have ignored the importance of HCW preparation. Many felt that it was not necessary. Although expatriates have succeeded in the past without it, it has not been easy. Why not take the time out to help make the assignment a little smoother? Who's responsibility is it? Should the expatriate be held responsible to learn the culture before departing? The proper HCW preparation can help save money on mistakes that take can cause the assignment to fail.

"Avoid semblance of discriminatory treatment."

By neglecting such training managers are saying that the success of an expatriate is motivated by his/her ability to adjust and understand different cultures. The failure to offer HCW preparation may be seen as racial or ethnic prejudice or discrimination. "According to Donaldson (1989), this violate a fundamental international right."

"Encourage full status integration into global economy."

MNC's cannot segregate, but by neglecting HCW preparation, that is exactly what they are doing. "Those who have influence over the success of the expatriate assignment will receive training and preparation. Those who have no influence will receive no training and preparation." (Vance, 1993) This only proves that only those with power get special treatment which does not allow for global integration.

"Personal enlightenment and self-enrichment."

Individuals are entitled to self-enrich themselves through cultural training. It is not the place of MNC's to choose who receives training and who does not.

"Individual skill development."

As mentioned before the responsibility lies on MNC's to provide the training necessary. However; it is beneficial to the individual to receive training if not for added success of the assignment than for improvement of individual skills.

"More functional national labor skill base."

73Vance, p 638.

74Vance, p 638.
"In addition to providing HCW individuals themselves with enhanced ability and marketable skills that can better serve personal career development, the collective effect of the cross-cultural awareness training can result in a national labor force with greater capability in cross-cultural understanding, tolerance, and managing workplace diversity."\(^{75}\)

"Creating enduring value for maximum number of stakeholders."

Kenneth Andrew (1986) "strongly recommends that managers enlarge their strategic focus to include careful planning for effective long term strategy implementation and investment in resources, including human resources".\(^{76}\)

These responsibilities are good but now lets consider another issue. Should managers assume that individuals can be "expected to gain greater awareness and broaden their perspective"\(^{77}\). The pressure may cause either no effect or worse a negative effect. Realizing all the cultural difference may clash with all the commonalities.

The involvement of the company in the managers training is important. HR professionals must learn to listen to managers suggestions from his or her visits abroad. It also would not hurt to speak with other HR professionals in the country. Decisions can not be made from a home office perspective. Future development of the present staff by means of training and job rotation is what most young executives are looking for.

"For some time, a number of industry leaders have been exhorting American business schools to train their students in the aspect of international business."\(^{78}\) They believe students should be

\(^{75}\)Vance, p 639.

\(^{76}\)Vance, p 639.

\(^{77}\)Vance, p 639.

\(^{78}\)Ball, Donald A. and Wendall H. McCulloch, Jr. "The Views of American Multinational CEOs On Internationlized Business Education For Propective Employees". Journal of
trained to think internationally. Due to this request along with the recent awareness of business educators, of international business, "the American Assembly of Collegiate Schools of Business (AACSB), in 1974, broadened its standards to require that business curricula reflect the worldwide as well as the domestic aspects of business". Thirteen years later, leaders believed 'business schools must internationalize the entire course of study' in order to regain a competitive advantage.

The big question is - Do CEO's realize how beneficial it is to them to hire graduates who have had international training? The following studies have been conducted in this area:

- **Nehrt's Study - 1977** - "Seventy percent of the respondents disagreed with a statement that 'business graduates can learn all of the international aspect of business on the job'."  
  Ricks and Czinkot Study - 1979 - "International business executives were in agreement on the importance of international business education, but admitted that 'this opinion might have been influenced by their position'."  

- **Kobrin Study - 1984** - "Only twenty seven percent of the international executives of Fortune 500 firms that responded, state that university education contributed to international expertise." The twist here was that respondents believed they were speaking about the knowledge of a specific country.

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79 Ball, p 384.

80 Ball, p 384.

81 Ball, p 384.

82 Ball, p 384.
Kobrin's study took part in Southeastern United States. Of the respondents, 78.8% rated an international business background as "very desirable, 39% desirable. In second place was the business major without international orientation with a 6.2% rating for "very desirable. Those with courses in such areas as History and Political Science with no language were third (69.7%).

- Reynolds and Rice Study - 1985 - They found that American firms preferred graduates with International Finance and International Marketing as part of their educational preparation. "The authors also concluded that 'respondents generally valued overseas experience more than university education or executive development programs'."\(^{83}\)

- Beamish and Calaf Study - 1988 - They surveyed Canadian firms. Although the question was different the answers were quite similar with International Marketing taking first place followed by International Finance and International Trade/Export Management.

- Ball and McCulloch Study - 1991 - This study involved "CEO's of the Forbes '100 Largest Multinational Firms" and "Fortune's 50 America's Biggest Exporters".\(^{84}\)

When questioned about the importance of courses offered, the top three for undergraduate were Introduction to International Business (93%), International Marketing (88%), and International Finance (87%). At the graduate level the top runners were International Marketing (93%), International Finance (88%), and Seminar on Europe (87%). The numbers were consistent to Nehru and Reynolds and Rice studies.

"Perhaps the response of the executive from one of the major automobile manufactures helps

\(^{83}\)Ball, p 385.

\(^{84}\)Ball, p 386.
to interpret these sometimes conflicting results, 'While we do not require international business training for our new college graduates, some familiarity with international business practices would be desirable in view of our ever expanding global markets.'

**TRAILING SPOUSES**

Spouses are not giving up easily. A spouses' career can cause the entire assignment to crash, not to mention cost a fortune. "Working partners accounted for 23% of refusals to transfer in U.S. companies in 1980. Although almost 80% of expatriate men are still accompanied by their wives, less than 25% of expatriate women are accompanied." The trailing spouse not only needs to be included but they may need training. Only half of the 21% of spouses who are included in pre-selection interviews receive cross-cultural training.

When UNUM Life Insurance Co. began expanding globally they knew moving to Canada would be their easiest move. That is compared to the move to Japan. Of the expatriates transferred to the UK three were females, two of which were married. Dual careers are not popular there. While the women worked the men cared for the children. "One of the spouses became a minor celebrity when he became the first male Brownie leader." Japan was their biggest challenge. UNUM provided "cross-cultural training for employees and spouses".

The office in Tokyo is bilingual, this made things a little easier.

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85Ball, p 391.

86Vanderbroeck, p 96.

87Overman, Stephenie. "You Don't Have To Be a Big Fish To Swim in International Waters". HRMagazine. September 1993, p 48.

88Overman, p 48.
"The Japan project is one of the most challenging our business has ever done. We're learning something almost on a daily basis that causes us to think about what we're doing in a new way."
- Robert C. Cornett (second VP of human resource and related businesses groups for UNUM)

**FAMILY**

Twenty to twenty-five percent of assignments fail. "The IOR survey discovered that about 60% of them fail because of family difficulties." Many companies forget about family members. In the past few years professionals have chosen to have both a career and a family. Companies must keep in mind that some managers will demand good schools for their children. Many demand that the education their children receive be in their own language. Other managers might request services for their aging parents. Some cultures believe in caring for the elderly. These are just two reasons that can cause a transferring manager to turn down the position. Human Resource Departments must be careful. Offering expatriates more money to make up for family can be a drawback. "Managers may not want to trade their families' stability for the raises and advancements that expatriation can bring." However; offering more money to make up for the quality of life is reasonable.

**RETENTION**

Another area of challenge is retention. Four factors to consider are *Unexpected Competition*,

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90 Vanderbroeck, p 96.
Compensation, Mobility, and Career Satisfaction.

1. "Emerging business sector are taking new graduates away from industries that are perceived as dying." Some simply prefer small companies to large multinational organizations.

2. "Companies must offer an internationally competitive remuneration package to attract and retain staff in the international job market." Executives must consider the country in which an employee is working. Some countries are more inviting than others. In cases of less popular countries an increase in salary is necessary to retain the skilled and talented.

3. Not everyone is willing to relocate. Employees will tend to choose companies that will allow advancement without a change of address.

4. "Plateaued managers may be tempted to leave for organizations with more vertical progression opportunities." "In short, retention of high-quality managers will be an important challenge." In order to retain a talented staff and attract new talent companies should find out what is being offered by others. "Corporations will also need to develop horizontal and diagonal career lines in order to reward staff and to avoid career plateauing."
COMMUNICATION

Communication is critical, whether it is oral or written. No matter how talented an individual may be, managers must consider language. The English language is becoming popular throughout the business world. Along with cultural training HR professionals should take a look at language training. It is not rare to come across countries where people find it insulting if business cannot be conducted in their native tongue.

"Staying in close contact with employees across time zones is probably the most important factor to successful international management, according to Webster, who relies mainly on electronic mail to stay in touch." 96 Organizations can take their home office systems of communication and set up similar systems overseas. This is what Mark R. Nechita of FMC Gold did. Expatriates need to know that the home office is there for them. Gary M. Zieses (senoir director of human resource and staff development for SatoTravel) believes this is important. It is not unusual for companies to send someone overseas to keep an eye on expatriates. This is just one step in making the transition easier.

"We have to show them it's not just words, it's real. Each step of the way we've kept them in the loop. We've involved them in the process, we have a strong partnership," he says. "We feel we do a lot of things right, but we don't know what is necessarily right for them. We want them to see this is more than just lip service." 97 (Zieses)

Another good way to keep in touch with the expatriate is through a newsletter. Pepsi Co. uses the following methods of communication: newsletter, video conferencing, and internal

96 Overman, p 51.

97 Overman, p 51.
publications. They also have a management conference every few years.

GLOBAL MINDSETS

"Few people have adequate preparation for leading global companies." People going overseas need to have a global mindset. "A 'global' mindset means that we scan the world from a broad perspective always looking for unexpected trends and opportunities to achieve our personal, professional, or organizational objectives." Stephen J. Kobrin performed a study on the relationship between a geocentric mindset and multinational strategy. His group concluded "that while a geocentric mindset is definitely associated with broad geographic scope, it does not appear to be a function of length of international experience, strategy or organization structure." The absence of a relationship between GEOCENTRIC and strategy is important: firms that are global in geographic scope and have a geocentric mindset can be found at any point on the multinational strategic continuum.

Through his research, Rhinesmith has found that employees with a global mindset confront the world in six individual ways:

"People with global mindsets:
1. drive for the bigger, broader picture;
2. accept life as a balance of contradictory forces"

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98 Rhinesmith, p 68.
99 Rhinesmith, p 63.
101 Kobrin, p 507.
that must be appreciated, pondered, and managed;

3. trust original processes rather than structure to deal with the unexpected;

4. value diversity multicultural team work and team play as the basic from within which to accomplish their personal, professional and original objectives;

5. flow with change as opportunity and are comfortable with surprises and ambiguity; and

6. continuously seek to be open to themselves and others by rethinking boundaries finding new meanings and changing their directions and behavior.\(^{102}\)

**HYPOTHESIS 2 : Taking your time when expanding globally does not always work.**

UNUM Life Insurance Company took their time when they began globalization. As a large organization they had the luxury. On the other hand, small companies like SatoTravel cannot do this. "Some small companies find that when they go global, they go global in a big way."\(^{103}\) They entered seven countries at one time. "We've had a very short time period in which to do this; there's been tremendous extra time spent at work. We're tired, but excited. It's a good feeling." says Gary M. Zieses, (SatoTravel)

**LEGAL AFFAIRS**

Setting up shop outside the U.S. means being familiarized with legislation in other countries. Check and double check; executives should make sure things are legal. One way to prevent

\(^{102}\)Rhinesmith, p 64.

\(^{103}\)Overman, p 48.
breaking the law is to follow local practices. This is what Al Smith of NATCO has done. Zieses (SatoTravel) meets with labor attorneys that are capable of informing him as to what is proper and what is not. Having legal council explain the do's and don'ts of compensation is not enough. This could prevent an organization from becoming competitive. Zieses also recommends to check with others in the industry. He was intrigued by the social programs in other countries and their cost. The U.S. has a single policy for everyone unlike overseas. They have triple and quadruple standards.

As part of the overseas challenge Human Resource professionals must do their homework. They must familiarize themselves with the do's and don'ts of the different cultures. Mark R. Nechita (director of human resources and public affairs for FMC Gold Co.) says "one can't walk in saying we're the Americans, we're here to help". UNUM has had a positive experience. They have allowed the local U.K. people run things. Understanding the culture is not enough. Zieses recommends becoming familiar with the labor environment.

**WOMEN ON INTERNATIONAL ASSIGNMENTS**

In the past women managers have not been popular which is a good reason why organizations are questioning the ability of women to succeed abroad. There are three myths on which employees base their reasoning on. Managers assumption are referred to as myths because no one knows if they are true or false.

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104 Overman p 51.
1. "Women do not want to be international managers."\(^{105}\)

This myth was tested by surveying more than 1,000 graduate MBA's. The results revealed that both men and women "MBA's display equal interest in pursuing international careers." \(^{106}\)

2. "Companies refuse to send women abroad."\(^{107}\)

"Almost four times as many firms are reluctant to select women for international assignments as are hesitant to promote women into domestic management positions." \(^{108}\)

When asked why - most responded because foreigners are prejudiced against women especially women managers.

3. "Foreigners are prejudiced against women expatriate managers."\(^{109}\)

This myth was investigated by surveying more than 100 female managers. The females were from North American firms.

"Ninety percent of the women expatriates are 'first' - only ten percent follow another woman into the international position."\(^{110}\)

On an unexpected note almost all women expatriates are successful in their assignment.

There are both advantages and disadvantages to sending a female on an assignment. The first advantage is visibility. Foreign clients enjoy looking at women. They also often receive special treatment and local men find it easier to relate to females. The disadvantage is one that home companies create. They will not allow women employees to go on foreign assignments.


\(^{106}\) Adler, p 52.

\(^{107}\) Adler, p 52.

\(^{108}\) Adler, p 52.

\(^{109}\) Adler, p 53.

\(^{110}\) Adler, p 53.
Local managers see women expatriates as foreigners who happen to be women, not as women who happen to be foreigners. The difficulty, I think, comes when females are sent to countries where females are not accepted. Accepted that is in authority positions. This thinking can cause the failure of the assignment which cannot be blamed on the expatriate. The only myth which proved to be true was number two. "In selecting women managers for international assignments, companies need to approach the decision in new ways." Here are some suggestions for companies:

- Assume that it will work.
- Do not confuse the role of the spouse with that of a manager?
- Do not assume that women managers will not want to go abroad?
- Offer flexible benefits packages; and
- Give women every opportunity to succeed.

In my opinion managers must ask themselves - Can they risk not choosing the right person because of gender or misconceptions of gender?

THE EXPATRIATE POLICY MANUAL

Once a candidate has been chosen, the Human Resource director should put together an expatriate policy manual. This manual needs to be flexible to deal with a realm of situations that may occur. It should also be comprehensive. Paul M. Elmer (Corporate director of International Human Resources for Motorola, Inc) prepared a policy manual for his company. The terms and conditions of the transfer should be discussed prior. "Cultural and language - training programs

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111 Adler, p 54.
112 Adler, p 54.
113 Adler, p 54 - 55.
for both the employee and family members help smooth the adjustment to the new environment, but often there is little money or time for expensive training." The manual should address items such as "compensation packages, and tax reimbursement policy".115

" 'A manual avoids people using leverage to cut their own deal, which would create problems with morale in the host locations,' says Per A. Thorsrud of KPMG Peat Marwick. 'It's very important.' "116

Elmer suggests a pre-move visit. Many companies do not realize is that this can save them money in the future. With pre-move visits it is essential to go through the details such as, is the spouse invited. Once an expatriate has accepted the assignment it is important to spell out a few items:

* What can be shipped and stored at the company's expense?
* What arrangements will be made to help the employee sell or rent his or her house and or car?
* What relocation allowances will be provided during temporary living arrangements?
* What school expenses will be covered, if any?
* When is the expatriate eligible for leave time and how long does he or she have?
* During emergencies (death or illness) will the company cover transportation expenses?

A pre-move visit advances the transferring procedure. "In true expatriate situations, the

114Overman, p 50.
115Solomon, April 1994, p 56.
116Solomon, April 1994, p 56.
employee is expected to return to the home country."\textsuperscript{117} Policies such as disability insurance and vacation can be similar to those at home. Holidays, on the other hand, depend on those observed in the individual country. Compensation is difficult especially since some employees will have to pay taxes in both host-country and at home. Elmer recommends getting good tax advice, it can save you money in the long run. The policy manual does not end with the assignment. The future must be kept in mind. When the expatriate returns, household and personal items must be brought back as well. According to Elmer this repatriation begins before the expatriate is ready to return. "All too frequently, expatriates leave the company after they return to the U.S. Often, this is simply due to lack of planning and communication by management."

\textbf{EXPatriate Turnover}

MNCs suffer from a high expatriate turnover rate. The problem is larger among U.S. based companies. In 1992 the turnover rate was 20\%-50\%. "The extreme expatriate turnover rate results in high direct and indirect costs to U.S. MNCs."\textsuperscript{119} There are six types of turnover:

\begin{enumerate}
    \item External turnover occurs when an individual leaves an organization to seek employment elsewhere.
    \item Internal turnover occurs when an individual changes positions but remains in the same firm.
    \item Voluntary turnover occurs when an employee quits or requests and receives a transfer.
\end{enumerate}

\textsuperscript{117}Overman, p 50.

\textsuperscript{118}Solomon, April 1994, p 54.

4. Involuntary turnover occurs when an employee is fired or transferred at the will of the organization.

5. Functional turnover is typically viewed as beneficial to the organization.

6. Dysfunctional turnover damages the firm in some way by having a valued employee quit or request an early transfer.\textsuperscript{120}

**MULTINATIONAL INSTITUTIONS AND STRIKE ACTIVITIES**

HR professionals should remember that there are local unions that are involved with businesses. Having these unions can mean strikes at times. Studies were conducted on the effect of multinational institutions on strike activity in Canada. The results:

- "Ng and Maki in 1988 found significantly greater levels of strike activity in national than international unions." \textsuperscript{121}

- "Cousineau et al. in 1991 found that foreign-owned firms were less likely than domestically owned firms to incur a strike." \textsuperscript{122}

"In contrast, the present study, which controls for the effects of several possible strike determinants besides the provenance of firm ownership or of union control, uncovers no statistically significant differences in either the incidence or duration of strike between domestically owned and foreign-owned firms or between national and international unions in Canadian manufacturing between 1965 and 1985." \textsuperscript{123} These findings help in the understanding of

\textsuperscript{120}Naumann, p 504 - 505.

\textsuperscript{121}Budd, John W. "The Effect of Multinational Institutions on Strike Activity in Canada". *Industrial and Labor Relations Review*. April 1994, p 414.

\textsuperscript{122}Budd, p 414.

\textsuperscript{123}Budd, p 414.
labor relations. "Finally, the results confirm the widespread belief that the Canadian labor movement is more militant than the U.S. labor movement."124

This proved that workers belonging unions connect to Canadian union federation were as likely to strike as workers connected with the AFL-CIO (American Federation of Labor - Congress of Industrial Organizations).

Although things usually run smoothly, some railway workers from European countries stop working in order to protest. Their protest was against plans to deregulate Europe's rail industry. This incident brought about the idea of work councils. "The idea of work councils worries companies that remember a draft directive for a European company statute drawn up by the European Commission in 1990."125 This type of committee is merely an avenue that management and employees can take when discussing business concerns. French firms, such as Groupe Bull and Thomson Consumer Electronics, like the idea of work councils. European organizations fear that work councils can bring about strike actions. They need to realize that these committees do not have complete power.

**REPATRIATION**

Many companies have taken advantage of global opportunities. However, not many are re-orienting their people when returning from assignments.

Ben D. White (CEO of The World Group) "maintains that, until now, most companies have been reluctant to take full advantage of their repatriated employees' knowledge, partly because of

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124Budd, p 414,

the inclination to look elsewhere for answers and partly because of realization that business in the future will be conducted globally, "in a free - for - all context', as White calls it."126 ( Ettorre, 93) HR professionals should realized how beneficial it is to combine international practice.

Expatriates return with knowledge about language, customs, trade rules and regulations, and business practices. This knowledge could have only been acquired though a long stay in the country. The success of an assignment is measured by the length of time the expatriate remains in the country.

**HUMAN RESOURCE MANAGERS**

"Today's global economy has presented U.S. managers with a tremendous variety of career path options and professional opportunities that would have been impossible in the lock - step environment of the traditional corporation."127 The department of human resource must keep in mind motivation. Motivation leads to job enrichment. The more enriched an employee becomes the more they grow. The growth leads many to opportunities in the global business world. "The personnel executive's role becomes more important than ever as he or she is challenged to meet the new demands created by a cross - cultural workplace."128 Not only is it essential for expatriates to become culturally diverse but managers must do the same. A combination of operational, systematic and political skills and experience can be extremely helpful. Managers and


128Gemmell, p 20.
employees need to be "internationable". Lennie Copeland and Lewis Griggs describe the characteristics of an internationable employee. Internationable employees:

* have geocentric attitudes;
* think in world terms;
* sees opportunities, not constraints;
* obtain multilevel communications expertise;
* establish trust and respect with people of different cultural backgrounds.

One more function human resource departments must take on is communicating the organizations mission not only at home but abroad. The mission must be flexible to allow for fine-tuning in order to address local issues. A personnel manager's job is like one of a parents. They need to watch over their employees at home and overseas. Employees need guidance and nurturing.

"Expanding career paths for multinational employees is in the '90s promise to bring a fresh outlook to employers, employees and companies alike."\(^{129}\)

**THE WORLD OF COCA-COLA**

Coca-Cola operates in more than 195 countries worldwide. How does one company handle the human resource for so many countries. "Though a decentralized system that's tied together by a shared vision and central support."\(^{130}\) Even though Coca-Cola is headquartered in Atlanta, Georgia, it does not matter where the home office is located. "Nearly 80% of the company's

\(^{129}\)Gemmell, p 23.

\(^{130}\)Anfuso, p 112.
operating income comes from its businesses outside the U.S.\textsuperscript{131} The Coca-Cola producers, marketers, and distributors are split into twenty-five operating divisions in six regions. Coca-Cola shares the mindset to "think globally and act locally."

The one thing that is common among all locations is the product. Coca-Cola officials realize that cultural diversity is key and they allow local people to implement the culture. Each division has a HR director which is supported by the home office. "Peeters refers to the global human resources practitioners as custodians for international equity' who make decisions for such issues as benefits, compensation, and training based on corporate philosophies.\textsuperscript{132} The company comes up with the philosophies but it allows the different locations to apply them as they see fit.

Executives at Coca-Cola feel it is essential to support their HR staff. For this reason they hold an orientation twice a year in Atlanta. "The two - week orientation is for people who have recently joined Coca-Cola as HR representatives or for longer - term associates who can benefit.\textsuperscript{133} It offers information on philosophies, programs, finance and other business aspects. Participants do a lot of networking during the orientation. An HR development committee is also available to provide support. "The role of the committee is to identify talent within particular functions and then take the steps necessary to make sure that that talent achieves its potential.\textsuperscript{134}

\textsuperscript{131}Anfuso, p 112.
\textsuperscript{132}Anfuso, p 115.
\textsuperscript{133}Anfuso, p 118.
\textsuperscript{134}Anfuso, p 118.
Jerry Torma is the director of compensation and international human resources for Nordson Corporation. He believes that "globalization is no longer a program: it’s now part of Nordson’s culture". He developed a list of features of a globalized company. Figure 1

Torma realizes that hiring and training are just the beginning, making sure employees are doing their jobs well is essential to the assignment. "Performance management is one of the most challenging aspects of international business," says J. Stewart Black, associate professor of international management at Glendale, Arizona-based Thunderbird (The American Graduate School of International Management). Armstrong World Industries Inc. is also a strong believer of performance management. It is important to match the strategic goals of the position with the expatriate on the assignment. Very often domestic managers do not understand the requirements of an assignment, or the environment. Even if the manager knows one and not the other, it does not facilitate the situation.

At Nordson employees are assessed by someone close to them. In other words, local employees are evaluated by the local managers. This makes sense because how can you have someone who does not understand the operations value performance. "Torma also manages performance form the overall corporation perspective."

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SAMPLE MULTINATIONAL CORPORATIONS

Ferro Corporation is an international enterprise with operations in twenty-two countries. Locations in Europe and Latin America have been operating anywhere from fifty to seventy years. "About two-thirds of its employees are non-U.S. nationals and more than 60% of its revenues and profits are derived from foreign operations." Although they have been around, Ferro has just recently become global. They share a lot of information but each division operates independently. Ferro has developed global strategies and realizes that they need to train and develop the right people. Ferro's HR department came up with a checklist of ways it can help managers become expatriates.

Hamilton Oil Corporation has less than 500 full-time employees. Ralph W. Stevens (VP of personnel and employee relations) claims "his department has the ultimate responsibility to recommend, oversee, and implement human resources policies for the company". Although Stevens believes that the locals are the experts, the human resource management team of Hamilton is integrating. They are communicating and by next year they will all be linked by computer. He (Stevens) is the only HR executive at Hamilton that travels a lot, but he meets on a quarterly basis with other international personnel managers from the U.K. and Asia. One from each country.

Flour Corporation of Irvine, California unlike Hamilton employs over 22,000 employees. Their main branch, Flour Daniel INC., operates in over eighty countries at one time. "According to Tom Blackburn, the company's director of international administration, many of Flour Daniel's

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139 Brandt, p 38 - 39.
long-time employees are truly international business people, spending six months to six years, even decades, going from project to project.\textsuperscript{140} Vice President David Bordages is responsible for over 500 international human resource executives. The company has another group similar in size that handles human resource issues domestically. The human resource department is also involved in the bidding process. Blackburn's group acts as a consultant to the organization on human resource issues. Besides spending two months overseas, he also checks up on operations in Irvine, Houston, Greenville, South Carolina, Philadelphia, and Chicago.

CONCLUSION

In the future corporations will be hiring more highly skilled professionals. To do so, we must work together to develop strategic plans. These plans should be developed with human resource and the organizations mission or corporate culture at the center. I believe this will lead to a new global structure. This is the first step toward enabling global managers to become fulfilled and effective. Not to mention our organizations will be globally competitive.

human Resource must look away from sconsistency and toward flexibility and uncertainty. "Human resource must become the facilitators of change in their organizations."\textsuperscript{141} We can not begin to understand other cultures and business practices if we do not know our own. In order to accomplish long-term management development in MNCs, I believe that continuous change is a must. One reminder here is - always remember to include human resource managers when

\textsuperscript{140}Brandt, p 40.

\textsuperscript{141}Vanderbroek, p 99.
initiating changes.

As mentioned earlier, one size DOES NOT fit all. Just because large corporations have experience does not mean they can go overseas and implement their ideas with ease. Be willing to share. Networking with companies of the same caliber is always helpful. Especially if these organizations have experience in countries you would like to do business in.

"Going global isn't simply taking your business abroad and using the resources. It's learning how to do business in a global way that supports, energizes and empowers people of all different cultures, including yourself." 142

I hope that this is clear with the example used in this paper. There is not just one way of doing things and if you know of a better way - PLEASE share. If we all work toward this goal then the managers of the future will be highly professional, highly qualified, flexible and cross cultural.

* Treats the world as a single market.
* More product sold outside the home country than within the home country.
* Worldwide sourcing of customers, employees, suppliers and technology - sourcing with a total disregard for national boundaries.
* Glocalized, not centralized decision making (glocal is coined word derived from global and local).
* Research and development is implemented regardless of boundaries.
* Non-national executives on the top management fast track.
* Shareholders are spread throughout the world.
* Non-national directors on the companies board.
* Traded on the non-national stock exchange.

Source: Jerry Torma, director of compensation and international human resources a Westlake, Ohio - based Nordson Corporation.
### COUNTRIES WITH THE MOST COMPANIES ON FORTUNE'S GLOBAL 500 LIST

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<thead>
<tr>
<th>Country</th>
<th>Count</th>
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<tr>
<td>United States</td>
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<tr>
<td>Japan</td>
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<td>Great Britian</td>
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<td>Switzerland</td>
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<td>Canada</td>
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Source: Fortune's Global 500
### 10 LARGEST COMPANIES ON FORTUNE'S GLOBAL 500 LIST

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<th>COMPANY</th>
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<td>General Motors</td>
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<td>Exxon</td>
<td>United States</td>
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<td>Ford Motor</td>
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<td>Royal Dutch/Shell Group</td>
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<td>Hitachi</td>
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Source: Fortune's Global 500
CONTEXTUAL FACTORS THAT AFFECT AFFILIATE HRM PRACTICES

**Embeddedness of Local Affiliate**
- Method of Founding
- Age
- Size
- Dependence of Local Inputs
- Unionization
- Local Regulations

**Parent Characteristics**
- People
- Capital
- Information
- Parent Country Culture
- International Experience
- Control Orientation

**Nature of Business**
- Global
- Multidomestic

Source: Journal of International Business Studies
Second Quarter 1994
Here are some tips for maintaining the quality of your training programs as they travel across international borders.

* Use diverse activities to convey key concepts.

* Provide visual models that speak a universal language.

* Reduce slang, local idiom, jargon, euphemisms, and words borrowed from other languages.

* Eliminate ethnic slurs.

* Don't rely heavily on humor; it's difficult to translate.

* Be prepared to change references to local culture, pop culture, and nationalistic icons - including sports heroes and history.

* Don't build an entire course on one case study.

* Provide a glossary of key terms.

* Use plain, precise language.

* Use generic locations and backgrounds for video shots.

* Use a variety of actors and props.

* Use dress that's appropriate for all audiences; it's safer to be more formal.

* In videos, avoid the use of nonverbal behavior that may offend or be misinterpreted, and time clues that may not apply to international audiences.

* Use workplace illustrations and video settings that are authentic and relevant.

This article offers a few myths about why organizations are hesitant to send women overseas. Solutions are offered for both managers and female. The author includes studies that prove that only one of the three myths is true.

Coca-Cola believes in "thinking globally and acting locally". This is probably why they are so successful. The article discusses an orientation program and a committee that exist at Coca-Cola for the support of Human Resource employees. There is a big belief the all locations need the support of the home office in Atlanta.

Ball and McCulloch perform a study to discover how CEO's of Forbes "100 Largest Multinational Firms" and Fortune's "50 America's Biggest Exporters assessed the importance of international business education for their employees and what kind of international business courses they prefer employees being hired to study. They compare their finding with other studies conducted in this area. Their findings are mostly similar to the previous studies.

The author uses companies such as Ferro Corp., Hamilton Oil Corp and Flour Corp., to demonstrate that how far and how fast you globalize depends on the size of the organization. It describes how different human resource leaders deal with their overseas operations. One organization even has a checklist as to how the HR department can help managers becoming expatriates.

The authors cover the transfer of Japanese management practices overseas. The study involved companies in different fields. The findings showed that Japanese organizations
like organizations in other countries are influenced by local environment and their own heritage. The authors feel the study was restricted because they only studied a small number of companies in only two areas in the United States.


Studies have been conducted as to the effect of multinational institutions on strike activity. The results seem to be similar, in that more strikes occur domestically than internationally. Many have conducted studies using different measures. One commonality is that the findings help in understanding labor relations.


The author states that not many organizations are prepared for how different the cultures they will come in contact with are. So to help, he has chosen five countries and has outlined a few items. The article mentions perks, benefits, compensation, vacation, holidays, language and other pertinent information on each country. This is a helpful article for any organizations who would like to enter these countries with business deals.


The author informs us that the issue of international business is flexibility. Organizations must have a hand in their managers training. The employees need to feel that the managers are interested in their feedback. The article uses Asia and Australia as examples.


This article points out the importance that cultural training has on the success of an assignment. People might be motivated but many times feel unprepared. Derderian offers a solution as to how HR can help with this process.


The article touches on the importance of repatriation. Expatriates return with so much knowledge that can be put to use. Yet, HR professionals do not take advantage of this situation. The problem with this is that expatriates are looking for jobs elsewhere because they do not feel useful. The author points out that the success or failure of an assignment is based on whether an expatriate remains in the country.
"Europe trade unions Unite and rule". The Economist. October 1992, p 70 - 72 (3).

Due to an incident with railroad workers some European employees are joining to support the idea of work councils. Many companies are not happy with this decision because they feel that this will increase the probability for strike activities. The author points out that these committees do not have direct power but serve as an avenue for employers and employees to discuss any concerns they may have.


This article touches on human resource issues in Mexico. It covers staffing, compensation, retention and training. This gives us an ideas as to how another country deals with the same issues that American human resource departments must cover when globalizing.


Motivation is the theme for Human Resource. It drives employees. This article tells us about motivation and enrichment. Gemmell also gives us the characteristics of an internationable employee. This also reveals the responsibility of HR managers for multinational corporations. In this article managers are assigned another job. They must communicate the mission of the organization to all employees. This may involve restructuring it to address local issues.


This article uses two major corporations to demonstrate their recruitment practices. It is important for organizations to maintain their own values and cultures when doing business in another country. Part of doing business this way is realizing that there is a difference and not avoiding it. Managers need to find a happy medium with cultural difference.


This author informs us that the HBR World Leadership Survey helps us understand more about American management than about global management. We take what others tell us and adapt it to our own cultures. In this article it is revealed that American managers are by far the most universal. Using Japan as an example, the author shares what he found out about their attitudes. Universalism is a distinguishing characteristic of Americans, says Hampden.

Kobin's study found an index of a geocentric mindset with measures of multinational strategy or organizational structure. He uses Perlmutter's idea of mindsets conflicting with ethnocentric, polycentric and geocentric ways of thinking. Using large American manufacturing firms he hypothesized that the need to communicate information through a global network could lead to organization geocentrism in terms of international human resource management policies.


This article features a talented trainer by the name of Susan Jones. As talented as Susan was at home when she was sent on an overseas assignment she did not do so well. Through interviews with successful HRD professionals the authors have come up with a list of sixteen attitudes that can be helpful in the success of human resource departments. This article helps prove the idea that - just because an employee is number one at home, does not mean they will be number one in another country.


"Mobil's Mobile HR Chief". *Personnel Journal*. December 1993, p 60 (1).

This article is about Rex Adams - VP of Administration at Mobil Corporation. It outlines his past experience overseas. His job now is to provide similar opportunities to the employees of Mobil. Even though he believes they will not receive the same opportunities, they will get the best available.


The author points out the three Ms of cultural adaption. After describing the three, they offer tips for crossing the borders. The idea here is the adaption does not have to alter an existing program so much that the original objectives cannot be defined.


This article explains expatriate turnover. The reason for it and the different types of turnover. The rate is extremely high especially for U.S. based companies. This is a good article for HR professionals who are trying to figure out what it is that they can do to
make overseas assignments more successful. Companies need to try to keep cost down. If executives think turnover is expensive domestically, they will be shock to see how much more it cost overseas.


The explanation along with an example of a human resource directors version of an expatriate policy manual. From what should be offer and how flexible the manual needs to be is described in this article.

Overman, Stephenie. "You Don't Have To Be a Big Fish To Swim in International Waters". HR Magazine. September 1993, p 46 - 51 (5).

This article provides examples by mentioning different companies and how they deal with globalization. It touches on issues such as why go global, how fast or slow should the process be, and some do's and don'ts of going overseas.


Here the author writes about the six approaches followed by people with mindsets. They describe what global mindset is and how global managers should have a global mindset to succeed.


This article informs of the three types of MNCs. Rosenzweig and Nohria's study proved that many times organizations cannot maintain consistency. This help proved one of my hypothesis. They provided six areas in which companies will most likely choose to follow local practice.


Sheridan goes over topics that employees should consider if doing business with Canada, Mexico and or the U.S. because of NAFTA. There are many similarities among Canada and the U.S. Mexico, on the other hand, seems to be behind. They do no have the skilled workers and their payment scale is lower. The earlier the employer realizes that differences exist the better the possibility for success.
This article touches on the demand for diversity. In order to succeed organizations need to head toward global mindset. It is important to remember that the acquiring of cultural skills is time consuming. Expatriates need to be informed that values differ from country to country and that no matter where they go they will be seen as Americans first.

This article covers the view of organizations such as Nordson Corporation, Monsanto, Asea Brown Boveri. Jerry Torma gives us a list of features of a globalized company. Global performance is important but very complex. In performance management it is important to have an employee evaluated by someone at the same operation. This is important because if someone does not understand an assignment or function how can they assess performance.

Successful organizations with overseas operations must employ human resource employees that understand business from a global perspectives. This article points out that the Americans are the last ones to learn this. The Europeans and the Asians have one up on us. The author touches important international topics like cultural diversity and how flexible managers need to be.

Many times corporations hire employees who are technical experts. Citibank is a perfect example of an organization offering human resource support on overseas assignments. They understand the importance of family and the family's role in the success of an assignment. The article points out that many times HR is not consulted with. One reason for this is that some feel that HR professionals do not think in terms of profits and losses.

From this article executives should realize the importance of corporate culture. The stronger the corporate culture, the bigger the advantage of the organization. To help with the corporate culture it is good to understand local practices. The author shows us how
USAir and British Airways used communication to combine their corporate culture.


This article tries to figure out why the Japanese are so successful globally. According to this work the Europeans and Japanese have a higher success rate in expatriate assignments. The JCI was established to provide English-language training to young government employees. Before language was number one, they now realize administrative skills are essential.


Just as Americans have affiliates in Japan so does Japan in America. However, the Japanese are not satisfied with their American employees and the employees are dissatisfied with the lack of opportunities. This is due to the cultural gap. A perfect example is Universal Studios/MGM and Matsushita Electric Industrial. The cultural gap must be closed. The language barrier causes a whole other set of problems.


In my paper I concentrated a lot on training. Vance and Paderon bring up the importance of Host Country Workforce training. This might be an issue that might be forgotten. They pose a good question as to who holds the responsibility. Does the company teach the expatriate about the culture or is it up to the employee?


Mr. Vanderbroeck writes about the four major challenges that MNCs face when expanding overseas. He speaks about the challenges and later offers way to respond to these challenges. Along the way he offers statistics on demographics and families.


This article compares HR in Japan, the U.S and Singapore. Japan and the U.S. were comparable. The government of Singapore is involved with the organizations and this has been helpful. Japan prefers to follow local customs. Americans like variation all around.
The American policies reflect more headquarters and organizational influences and Japan's practices reflect host-culture influences.
To keep up with the competition, many companies are becoming multinational. This has become a reality for many, ever since businesses have started looking at the world as their marketplace. These organizations must make many changes in the type and manner of its human resource activities. For a while many have believed that expatriates have failed due to their lack of skills or cultural awareness. Now research shows that most failures can be blamed on human resource. Executives need to realize that human resource is not restricted to large private sector corporations operating in one country.

If these companies are becoming multinational, then they are going to need to set up their people in different countries and cultures. This is where the Human Resource department comes in. Human resource executives must now think globally. They must choose the right people for the right job. Multinational Corporations can employ three different types of people:

1. Expatriate
2. A Host-Country National
3. A Third-Country National

Once done, it is their [human resource department] job to make the transition as easy as possible. The Human Resource department is responsible for everything from offering an overseas compensation package to helping the trailing spouse get settled.

"Few people have adequate preparation for leading global companies."1 People going abroad need to have a global mindset. "A 'global' mindset means that we scan the world from a broad perspective always looking for unexpected trends and opportunities to achieve our personal, professional, or organizational objectives."2
Each country is different, which means that the more countries a company does business with the more work human resource executives have. They need to become extremely diverse. Every expatriate they help will be a different case. However, with each case things such as housing, schooling, transferring medical records and transferring money into new bank accounts must be addressed. Other things that must be dealt with are language barriers and for some - most important - families. Training and development activities must be tailored to address the situations that will arise while on assignment. For some employees safety will be a major player.

"Human Resource managers have spent years trying to develop screening and selection procedures for identifying global managers. Now it is time to work toward producing strategic plans that describe the human resource and corporate culture implications of new global approaches and designs. "Human Resource managers in multinational corporations face great challengers in the future. Changing demographics, family work patterns, organizational needs, and employee attitudes all conspire to make it difficult for companies to find and retain highly skilled managers."

As some one looking for a job abroad, you should know exactly what to ask for. With this paper I hope to provide solutions or suggestions that will help both top executives and employees. Both parties should be aware of exactly what the Human Resource department was doing wrong and what should be expected of the department in the future. I hope to address most of the challengers listed above along with others. These ideas will come from previous studies preformed and by experiences of other multinational corporations.

2. Rhinesmith, p. 63.


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"Europe trade unions Unite and rule". The Economist. October 1992, p 70 - 72 (3).


Overman, Stephenie. "You Don't Have To Be a Big Fish To Swim in International Waters". HR Magazine. September 1993, p 46 - 51 (6).


The magazines I have considered for submission of my paper are as follows:

**Business Today**
Meridian International, Inc.
ATTN: Editorial Staff

**International Information Associates, Inc.**
ATTN: Richard Bradley (Vice President / Publisher)