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CEO Publication
G 90-4 (166)

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DEVELOPING STRATEGIC INTERNATIONAL HUMAN RESOURCE MANAGEMENT: PRESCRIPTIONS FOR MNC SUCCESS

ABSTRACT

Many U.S. multinational corporations (MNCs) have experienced difficulties in their overseas operations, due in part to ineffective international human resource management (IHRM) practices. This paper uses a product life cycle (PLC) approach to develop a two-step contingency model of the strategic and operational levels of MNCs. Effective IHRM practices which are tailored to the specific characteristics and needs of the MNC and its environment are discussed. Propositions on the effectiveness of IHRM practices are developed based on the PLC and contingency model. We believe that the adoption of this contingency approach can be critical in enabling U.S. firms to create the level of cross-cultural managerial effectiveness needed at each phase of production and ultimately create a global vision which will be necessary to compete in many highly competitive and rapidly changing industries.

DEVELOPING STRATEGIC INTERNATIONAL HUMAN RESOURCE MANAGEMENT: PRESCRIPTIONS FOR MULTINATIONAL COMPANY SUCCESS

INTRODUCTION

The United States' international human resources management (IHRM) research (Harvey, 1981; Tung, 1981) and business practices have not kept pace with the rapid changes occurring in an increasingly competitive global economy during the past two decades (Adler & Ghadar, 1989; Evans, 1987). U.S. firms have relatively high failure rates of expatriate assignments (Conway, 1984) and far fewer formal selection and training programs than either Japanese or European companies (Mendenhall & Oddou, 1985; Tung, 1988). Evans (1987) cogently noted that a review of the literature from the late 1960's reveals virtually no change in the IHRM strategies of MNCs. These trends remain despite the fact that HRM practices have increasingly been viewed as a critical factor in the success of the both the domestic industries in Japan (Davis, Kerr, & Von Glinow, 1987) and the U.S. (Peters & Waterman, 1982) as well as in international operations (e.g. Adler & Ghadar, 1989; Pucik, 1984; Rugman, 1988; Tung, 1988).

Ironically, it is much easier to prescribe what organizations should do then it is for firms to implement effective IHRM practices within the framework of their global strategic thinking (Rugman, 1988). In order to facilitate more effective IHRM practices this paper has three major objectives. First, to develop a two-step contingency model involving both the strategic and operational aspects of how U.S. multinational companies (MNCs) can develop and implement effective IHRM practices. Second, in order to make this contingency model sensitive to the firm's environment, a product life cycle (PLC) approach is employed to show how IHRM practices and cross-cultural interactions will vary at different times with the development of its products and operations.

Third, to further develop the practical value of this contingency model a number of IHRM practices are suggested. This contingency model is a first attempt at modeling strategic and operational differences across a MNC's PLC and serves as the basis for some of the critical research propositions offered later. Further, this model should assist MNCs in developing IHRM practices which are sensitive to their particular needs, but also ultimately result in the creation of a cadre of managers with a global vision to guide the firm in an increasingly competitive and rapidly changing world economy.

OVERVIEW OF IHRM CONTINGENCY MODEL

To accomplish an effective international orientation, research and anecdotal data suggest that the MNC must take two major discrete, yet connected steps. These steps are predicated on an articulated global strategy of the MNC. First, the MNC's global strategy must be carefully translated into specific IHRM objectives and goals (Miller, Beechler, Bhatt, & Nath, 1986; Pucik, 1984). Second, on an operational level specific IHRM practices and decisions must be developed (Tung, 1988). Figure 1 illustrates a summary overview of this process, which we model within a contingency framework.

Insert Figure 1 About Here

This model illustrates how IHRM decisions can be effectively formulated and implemented. As depicted in Figure 1, the first stage of this model represents a product life cycle (PLC) approach. This PLC model, first espoused by Vernon (1966) has been regularly used to describe how MNCs have evolved since World War II. Originally used to describe trade and investment, MNCs were said to evolve along predictable lines depending upon the particular products they produced. Vernon (1966) portrayed the international PLC as three distinct phases: high tech, growth and internationalization, and maturity. These three phases generally took between 15 to 20 years to complete.

Adler & Ghadar (1989) have shown how an accelerated PLC approach can be useful in understanding the evolution of the MNC. Their contention is that such an approach can be helpful on shedding light on the nature of firm's operations, environment, and its strategy. We expand on the early work of Vernon (1966) and Adler and Ghadar (1989) in this manuscript by refining the accelerated PLC approach at the operational level of the MNC. As such, we suggest that the business objectives and strategy of the organization must then be subsequently translated into strategic IHRM objectives (Miller, Beechler, Bhatt, & Nath, 1986). The IHRM strategic goals may then be used to inform the MNC's managers and Personnel Department on criteria for making decisions at an operational level. The specific characteristics of the task or project in conjunction with the criteria for decision making dictate specific IHRM practices. These IHRM practices and decisions should be evaluated and the feedback used to alter strategic IHRM objectives. This model will now be developed more fully by discussing the PLC in the strategic phase.

STRATEGIC PHASE OF CONTINGENCY MODEL

The PLC Approach and Organizational Strategy

The strategic phase of the contingency model involves how the MNC's PLC affects its overall business strategy and the relationship between business strategy and IHRM objectives. The critical point is that IHRM objectives vary across different PLC phases (Adler & Ghadar, 1989; Evans, 1987). According to Adler and Ghadar (1989) an important step to developing effective managerial practices is linking cross-cultural and IHRM practices to the specific strategies and contextual factors of the MNC: "Discussions concerning the influence of culture on strategic efficacy remain time-lagged, disconnected from other corporate realities. We continue to ask if culture impacts organizational functioning rather than the more relevant when, or under what conditions, does it do so." (p. 3)

Thus, the PLC approach enables us to better understand what critical factors affect IHRM decisions and practices. In essence, the PLC frames the key characteristics and conditions which MNCs typically face over time in both their internal and external environments. The four phase international PLC approach offered as a synthesis of earlier literature by Adler and Ghadar (1989) is briefly summarized below:

(l) Phase 1: Product Orientation

In the first phase the firm develops and maintains essentially a domestic focus which begins by servicing its own internal markets. Slowly it begins to sell its products to foreign nations. The company usually has an ethnocentric and short-term focus and its major emphasis is on product development and research and development (R & D). The company may develop an international division which handles operations for all overseas businesses (Pucik, 1984).

(2) Phase 2: Market Orientation

The firm begins to evolve from a domestic orientation to an international orientation and seeks to establish its operations abroad. Threatened with greater competition and in turn seeking to expand their foreign markets, the firm's primary focus now becomes efficiency of production Initially the firm may develop overseas sales offices and assume a polycentric view on crosscultural issues. At some point the organization is likely to develop international product divisions (Adler & Ghadar, 1989; Pucik, 1984).

(3) Phase 3: Price Orientation

With overseas business now representing a significant if not dominant portion of the MNC's revenues there is greater focus on price competition and production costs. This phase is typically marked by strong multinational competition and competitive advantage is gained by placing production in countries where the lowest costs can be obtained. The firm may establish global lines of business (Adler & Ghadar, 1989) or a global matrix structure (Pucik, 1989) which coordinates and controls foreign operations in the firm's overall (global) operations.

(4) Phase 4: Price Competition

In an era of increasing internal competition and rapid change the MNC faces two simultaneous challenges: it must be highly sensitive to the host country and culture (differentiation), and it must manage the overseas operations within the firm's overall global strategy and objectives (integration) (Von Glinow & Mohrman, in press). This phase can involve the development of a complex set of new organizational forms representing multicentric interests such as cooperative alliances, consortia, networks, joint ventures, and other non-traditional structural forms (Galbraith, in press). To compete more effectively within these new global alliances, existing IHRM practices need to be redefined (Lorange, 1986), and newer more innovative practices must be devised.

Numerous researchers have observed that today's greater competition and faster changes make the PLC phases much shorter than they were before (Riggs, 1983). In the post-World War II era, as was mentioned, it was not uncommon for a firm to go from the first phase, product orientation, through to the price orientation of phase 3 in 15 to 20 years. At present, it is not unusual for firms to move from the initial phase to phase 3 or 4 in three to four years (Adler & Ghadar, 1989). And in the case of high technology firms that time period is severely reduced (Von Glinow, 1988).

These rapid PLC changes have two major consequences for U.S. IHRM activities. First, U.S. IHRM practices often lag a phase to each PLC stage. For example, phase 1's IHRM practices focusing on technical work skills and product development are often continued during phase 2's marketing orientation or phase 3's price orientation (Adler & Ghadar, 1989). Second, many MNCs simply have not developed the advanced IHRM systems and processes necessary to meet the demands of the firm and its environment in PLC phases 3 and 4. Accordingly, the relationship between the organization's PLC and business strategy to IHRM objectives must be addressed.

Strategic IHRM Characteristics

A critical aspect in the success of the MNC is the translation of its business objectives into strategic IHRM objectives and practices (Miller, Beechler, Bhatt, h Nath, 1986). One limitation of the extant literature noted earlier is that IHRM lacks currency. While Lorange (1986) notes that newer and more innovative practices are required, the literature is imprecise in describing these new innovative practices. We assert that much of the research on the nature of IHRM practices revolves around the following four core issues: timing, cost versus development, integration, and differentiation.

Timing

Timing is one of the most important of the core elements and underlies to some extent, the other fundamental issues. Timing involves whether the MNC has a short-term or long-term orientation in its overseas business strategy and IHRM objectives. A short-term orientation requires that the company implement its IHRM practices more quickly. A longer term orientation involves more formal commitment to expatriates and overseas operations and ultimately can result in more effective overseas operations (Tung, 1988). Thus, a careful assessment of the short-term and long-term perspectives should be made, to facilitate the establishment of later priorities.

Cost Versus Development

Similar to the timing orientation, the emphasis on cost versus development indicates whether the MNC's priority is to incur initial lower operating costs in selection and training or to focus on the longer-term development of the firm's overseas operations and the career paths of its expatriates.

Integration

Integration involves the degree to which the organization seeks to achieve a corporate global orientation with strong linkages between the corporate and overseas offices in two ways. One is using tight controls exercised by the corporate office. A second is control created through informal organizational culture via international staffing practices (Adler & Ghadar, 1989; Doz & Prahalad, 1981; Edstrom & Galbraith, 1977; Jaeger, 1982). Ondrack's (1985) detailed study of four European and U.S. MNCs supported the contentions of these authors that international staffing practices can provide them with a cadre of managers who can implement an informal control system for diverse operations.

Differentiation

The firm's major IHRM objectives should also dictate differentiation or the extent to which the company will overtly seek to understand the host country's culture. To achieve differentiation the MNC must continuously involve a number of host country nationals and a three-way congruence between management, societal values, and organization structure is needed to make cross-cultural management practices effective (Davis, Kerr, & Von Glinow, 1987). An experienced network of parent country and host country managers can also facilitate communication to and from overseas units to corporate headquarters (Ondrack, 1985). The next section illustrates how each of these major strategic IHRM criteria vary with the PLC of the international firm. Table 1 depicts these relationships.

Insert Table 1 About Here

Phase 1 Product Orientation

In PLC phase 1, the product orientation, the MNC has a short-term view on its IHRM practices as it is focusing on domestic R & D and just beginning overseas sales. Most selection and IHRM practices during this phase are conducted on an ad hoc basis; expatriates are usually selected for their technical work skills and usually they possess little intercultural training (Adler & Ghadar, 1989; Pucik, 1984; Tung, 1988). Similarly, MNCs will usually value cost reduction over long-term development and will not have a strong need for corporate management integration or differentiation since they are just beginning overseas operations.

Phase 2 Market Orientation

Firms in the market orientation phase are in the process of establishing their overseas operations and are beginning to think in more global terms. For this reason MNCs in phase 2 are still likely to value short term cost savings over longer term career development of expatriates, although in general they will begin to place a greater emphasis on their overseas managers. Similarly, MNCs probably do not see a strong need for integration since the international divisions are just being established. Nonetheless with more advanced operations the firm must be much more sensitive to the needs of the host country and will seek to develop some level of intercultural sensitivity and language skills of its expatriate managers. The cultural orientation of the firm is likely to change from ethnocentric in first phase to either polycentric or regiocentric in phase 2 (Adler & Ghadar, 1989).

Phase 3 Price Orientation

In the third phase, the MNC is now well established and thus has both a long-term perspective and is concerned with the tight integration and control of its overseas operations (Adler & Ghadar, 1989). Established MNCs frequently focus on global strategy implementation and the transfer of expatriates and organizational culture to their foreign offices (Edstrom & Lorange, 1984). However, because the firm is concerned primarily with cost efficiency of production it will still continue to value cost efficiency over long-term career development and not have a overriding interest in cross-cultural sensitivity and differentiation (Adler & Ghadar, 1989).

Phase 4 Price Competition

In this phase the MNC faces increasing competition and change and thus to survive must develop a long-term view and a cadre of expatriates who can guide the firm with a global vision. The modern MNC must have the ability to have both an overall global strategy (integration) as well as be highly sensitive to the host country and culture (differentiation) to maintain competitive advantage (Adler & Ghadar, 1989). The MNC will need to evolve a global multicentric perspective on cultures which includes sensitivity to both national cultures as well as their subcultures in each of its overseas offices.

In the next section of the paper the second stage or operational phase of the contingency model is developed to illustrate how specific IHRM practices and decisions should be made.

OPERATIONAL PHASE OF CONTINGENCY MODEL

Once the critical strategic IHRM criteria have been formulated they must be carefully translated into specific IHRM decisions to ensure effective implementation. In this section the operational phase of the contingency framework will be presented for the following major aspects of IHRM policies: selection and recruitment, training and development, spouse and family considerations, performance appraisals, compensation, and expatriate career issues. Three major themes mark this section: First, U.S. IHRM practices typically lack sufficient sophistication to deal with the increasingly competitive and complex environment of the MNC. This problem is easily demonstrated by illustrating how U.S. IHRM practices lag the PLC phase of the international firm. Second, U.S. MNCs need to improve the linkages between their strategic IHRM goals and specific practices. Third, U.S. international firms can learn a great deal about how to conduct more effective IHRM operations by reviewing the experiences of European and Japanese MNCs who have more advanced overseas practices (Tung, 1988).

Selection and Recruitment

Perhaps the most critical IHRM practice an MNC undertakes is its selection and recruitment of expatriates and/or host country nationals in the overseas operations. Tung (1981; 1988) proposes a selection process we incorporate into our contingency model on developing effective IHRM practices. Although Tung develops these factors primarily for selection, they are generally applicable to all major IHRM functions.

Tung (1981; 1988) notes five aspects should be considered in the selection process: the nature of the job, the degree of cultural differences, ability and willingness of expatriates and their families to work overseas, and consideration of hiring host country nationals. To these five criteria we add a sixth -- the need to consider the career plans and development of expatriate and host country nationals.

It is important to recognize that the importance of these operational criteria stem from the four strategic IHRM components noted earlier -- timing, cost versus development, integration, and differentiation, all of which must be considered in conjunction with each other. In turn these strategic factors influence the six operational criteria which also must be evaluated in relation to each other.

We now discuss the six selection factors of the operational phase in greater detail. To enhance selection, the MNC should:

(1) Identify the nature of the job to assess the degree of cultural interaction required. For example, higher level managerial positions involve a large degree of interaction with the host country and thus require effective cultural relational abilities. Additional job features which should be considered include the degree the position requires organizational experience, particularly in corporate headquarters (Cullen, 1988) and the extent to which the expatriate candidate's managerial style may match that of the host country (Spruell, 1985). Hays (1974) classifies overseas jobs into four types all of which require different levels of organizational, cultural, and work experience: executive, functional department head, trouble shooter, and rank and file member.

(2) Determine the extent to which the host country's economic, political, legal, and cultural systems depart from those of the U.S., to decide how important it is to consider adaptation abilities in the selection of expatriates.

(3) Assess expatriate candidates in terms of their willingness and ability to serve overseas. It is important to remember that a desire to work abroad does not always transfer to the ability to adapt to an overseas assignment

(Heller, 1980). A greater number of employees are unwilling to disrupt their family, spouses' careers, and their leisure interests for international assignments (Heller, 1980) and thus their motivation to go abroad must be carefully and sensitively assessed. Important factors pertaining to the ability to adapt for overseas positions include flexibility, patience, general adaptability to different cultures (Cullen, 1988), tolerance (Spruell, 1985), and maturity (Heller, 1980).

(4) Assess the ability and willingness of the expatriate candidate's spouse and family to consider living overseas. Failure of the family, particularly the spouse, to adjust to overseas assignments has been found to be the leading cause of expatriate failure (Black, 1988; Stephens & Black, 1988).

(5) Consider local nationals (differentiation). Unless legal or other considerations prevail, Tung (1988) recommends that MNCs hire host or local country nationals assuming equal ability and experience. Hiring and promoting local nationals is often important to their increasing expectations and to prevent resentment of foreign (corporate) domination of overseas operations (Pucik, 1984; Tung, 1979). In addition, the lower salary cost and cultural sensitivity are other reasons firms hire local country nationals (Tung, 1979).

(6) To maximize the motivation of the employee the MNC should also seek to meet career and development needs of the expatriate or local country national job candidate. In assessing local country nationals and expatriates from other nations it is also important to consider how career motivations may vary by country culture (Derr, 1986).

Table 2 summarizes the expected emphasis by the MNC on these six operational criteria for each of the four PLC phases. In general, firms in Phase 1 will focus more on technical job tasks, be less sensitive to cultural differences, and develop short-term focus on the needs and skills of expatriate candidates. In contrast, by phase 4, MNCs should be highly sensitive to host country cultures, require personnel with strong corporate and cultural relational abilities, and emphasize the long-term development of expatriate and host country nationals (Adler & Ghadar, 1989; Pucik, 1984).

Insert Table 2 About Here

Unfortunately, most U.S. MNCs use neither formal selection tests nor criteria for technical, managerial competence, or cultural relational abilities (Cullen, 1988; Tung, 1988). Because U.S. firms generally lack formal selection programs, they tend to base their decisions on technical skills (Cullen, 1988), willingness to go overseas (Cullen, 1988; Tung, 1988), and short-term tax and financial considerations (Pucik, 1984). Some selection decisions to go abroad are even made because of poor U.S. performance; in essence a move on the part of the MNC to shelve or remove the particular individual (Tung, 1988). As can be observed, U.S. MNCs frequently employ early phase IHRM practices when they are engaged in a later phase (e.g. 3 or 4) of business (Adler & Ghadar, 1989).

Consistent with the contingency model, Pucik (1984) makes additional suggestions for improved staffing for firms who face greater competition and change. First, U.S. MNCs should take greater advantage of their competitive advantage of having access to a large number of foreign students in U.S. universities. Second, U.S. firms can benefit by more carefully evaluating their longer term staffing needs and seek to fill future positions in the corporation rather then always hiring for a particular position which is needed immediately. Third, greater consideration may be given in recruiting geographic area specialists and nationals rather than focusing first on technical specialties (e.g. finance, accounting, etc.) as often is the case. Realistic previews of the job have been found to be effective in recruiting in U.S. organizations (Wanous, 1980). Likewise, accurate perceptions of cultural differences of the overseas assignment (Earley, 1987) are likely to improve selection (see next section on training). Such improved programs require that personnel with sufficient international experience and training be utilized in the selection processes (Harvey, 1985).

Finally, MNCs currently have employed very few women expatriates despite the large increase in women in managerial positions and graduate business schools in the U.S. (Adler, 1984a; 1984b; Harvey, 1985). Jelinek and Adler (1988) found that many women expatriates considered their gender created more advantages than disadvantages in overseas assignments. These advantages include higher visibility, better interpersonal skills and sensitivity, higher status, and the ability to collaborate in a non-competitive situation. Furthermore, many foreign workers do not perceive U.S. women in the same restricted manner as women from their own country (Jelinek & Adler, 1988).

The state of current U.S. MNC practices indicates the lack of influence HRM managers have on senior level management and a general lack of executive management orientation towards IHRM issues (Miller, Beechler, Bhatt, & Nath, 1986). In contrast, the underlying theme of these suggestions is for the MNC to take a longer term and developmental perspective of its operations and staffing. In order to retain these employees long-term after they are selected, the MNC will need to develop effective practices in all aspects of IHRM, particularly training and development.

Training and Development

As with selection, Tung (1988) reports that only a small proportion (32%) of U.S. MNCs have formalized training programs for expatriates, a significantly lower proportion than European and Japanese firms. Other data indicate even this U.S. figure may actually be high (Finney & Von Glinow, 1988). Intercultural training can be defined as any program which enhances an individual's ability to live and work in a foreign setting (Tung, 1981) and thus should be tailored to the specific needs of the future expatriate's job and cultural setting.

Selection programs will dictate to a large degree the specific needs for training programs. Hence, the selection contingency framework can be utilized for training and development. The type, number, and intensity of training programs will be dependent on the following for both expatriate and host country nationals: (1) job requirements such as the technical aspects and cross-cultural relational need, (2) how different the culture is, (3) the willingness and ability of the expatriate to adapt different cultural situations, and (4) the need to consider longer term career and development needs for the expatriate. Based on an analysis of these factors, expatriates can obtain training in some portion of five major types of training programs identified by Tung (1981; 1988): area studies, culture assimilation, language training, sensitivity training, and field experience. Additional training needs are dictated by spouse and family considerations of the expatriate (to be discussed in greater detail in the next section).

Little empirical research has been conducted on which type of training program is most effective. In general, it is believed that experiential (interpersonal) training approaches are more effective than documentary (information) methods. However, Earley (1987) found that both a detailed documentary approach and roleplaying exercises were additive and approximately equal in effectiveness. These two approaches were found to be significantly more effective than an approach using only general information on the foreign nation. This finding provides some indication of the effectiveness of using multiple training programs and for utilizing programs which include information on specific incidents and general information rather than programs with just general information (Earley, 1987).

Similar to Earley, Lee and Larwood (1983) found that satisfaction of U.S. expatriates in Korea was related to the degree they adopted Korean attitudes and cultural values. Black's (1988) research indicates that general adjustment of expatriates is related primarily to predeparture knowledge, association with local nationals, and family adjustment.

It is important to remember that cultural adjustment involves a number of dimensions such as language and communication skills, interactions, participation in host country activities, and displaying appropriate behaviors (Benson, 1978). Therefore, training programs in most instances need to address at a minimum a critical core of these aspects. Enabling the expatriate to develop a realistic preview of what the overseas employees and company (Miller, 1977) and culture (Spruell, 1985) is important to ensuring success. Such programs should also assist the expatriate in developing their own coping mechanisms for overseas living (Adler, 1986; Spruell, 1985).

Because selection and training are so tightly linked a summary of the expected practices for these two IHRM functions are shown for PLC phase 1, product orientation, to phase 4, price competition, in Table 3. This continuum involves going from emphasis on the short-term and minimal selection criteria and training in phase 1 to more formal and sophisticated approaches in phase 4 which involves evaluation of long-term technical, corporate, and cultural attributes as well as consideration of the expatriate's family and local country nationals.

Insert Table 3 About Here

Thus far, the U.S. does not appear to be applying this type of contingency framework as readily as other nations. Tung (1981, 1988) reports that in general, European and Japanese programs tend to be longer, more in-depth, and more customized than those in the U.S. Furthermore, European and Japanese training programs utilize greater on-job exposure and involve emotional aspects, not just intellectual.

In terms of foreign language skills there are disagreements among researchers on exactly how essential or to what extent it is necessary for the individual expatriate and the MNC overall to develop extensive foreign language skills (e.g. Adler, 1986; Cullen, 1988; Heller, 1980) and this remains an important empirical question. It is clear however foreign language skills are important and that a decreased U.S. emphasis in this area can be observed: More Europeans have multilingual skills and place a greater importance on speaking a foreign language than Americans (Tung, 1988). Second, many U.S. MNCs place excessive emphasis on English as the only language in the corporation which decreases sensitivity to local country cultures (Adler & Ghadar, 1989; Pucik, 1984). A third difference lies in the approach to teaching a foreign language. The leading Japanese training institutes (e.g., Institute for International Studies and Training (IIST), Japanese American Conversation Institute (JACI), School of International Studies) believe that fluency in foreign language requires deep understanding of the foreign culture.

Regarding attitudes toward different cultures there are indications that U.S. expatriates have improved their understanding of other cultures (Cullen, 1988), but are still often viewed as being less tolerant of foreign practices than nations with greater overseas experiences such as Britain (Tung, 1988). Americans tend to have neither the multi-national experience, historical perspective of different cultures, nor the extensive formal training of some cultures, and thus are often ill-prepared for overseas assignments. Furthermore, only about one-third of MNCs that do have formal training programs actually evaluate the effectiveness of them (Tung, 1988). Clearly critical self-appraisal and feedback is needed before U.S. MNCs can develop effective international training programs.

In addition to training expatriates on local country languages and cultures it is critical for MNCs to develop the corporate orientation and long-term strategic and global orientation of its managers and professional staff (Adler & Ghadar, 1989; Lee & Larwood, 1983; Pucik, 1984). One of the current problems of U.S. international firms is that they develop too few expatriates with broad global perspectives and fail to orient the development of expatriates specifically to the strategic objectives of the MNC (Pucik, 1984). Similarly, another need is for U.S. MNCs to implement global information systems on market and organizational factors. A worldwide development emphasis is needed to create a common global perspective on the organization's strategy (Pucik, 1984).

U.S. MNCs tend to neglect the training of not only expatriates, but also local country nationals (Pucik, 1984). It is critical for international firms to develop their local country nationals to provide for effective integration with the corporate overseas headquarters. It is critical for training and development programs to be culturally sensitive or else transfer skills may not be effectively developed or desired by the trainees (Putti & Yoshikawa, 1984). Furthermore, in terms of long-term development, most executives and senior managers of MNCs continue to come from the corporate headquarters in the U.S. (Ondrack, 1985; Pucik, 1984) as well as Japan (e.g. Tung, 1982). This ethnocentric perspective is likely to hamper the motivation of host country managers and limit the global vision of the MNC (Ondrack, 1985).

Tung's (1988) survey shows that U.S. firms with specific selection criteria and formalized training programs have significantly lower expatriate failure rates than firms without these practices. Failure rates occur when poor performance or personal reasons force the company to recall expatriates early or fire them from their overseas assignment.

One suggestion for improving training is for corporations to send some younger employees when the compensation requirements and needs are much lower than those of older, more established expatriates (Pucik, 1984). Another possibility is to emulate the approach taken by the U.S. Peace Corps. The Peace Corps has developed a comprehensive four-step training process which involves a sophisticated assessment method for assigning candidates, preservice training of 10-14 weeks in the host country, in-service training while the individual is abroad, and a close-of-service training workshop prior to returning to the U.S. (Barnes, 1985).

Another interesting alternative in training programs is for MNCs to develop arrangements where employees are trained overseas in other independent foreign companies (Pazy & Zeira, 1983; Zeira & Pazy, 1985). Zeira & Pazy (1985) studied 17 MNCs who used this joint venture technique and found that this method of on-the-job, in-house training is particularly effective in developing crosscultural awareness and sensitivity and in decreasing their own cultural biases. Furthermore, organizational change and development can occur when a group of employees are sent to an overseas company for training. While this approach may be useful only to certain MNCs it certainly possesses a number of advantages over more traditional training programs such as developing long- term relationships between companies, on-the-job training, and potential for organizational development and learning.

In considering training programs it is important to remember that more formal selection and training practices are costly (Pucik, 1984) and MNCs need to carefully evaluate the short-term costs versus long-term benefits. Thus far most U.S. MNCs have focused more on the costs of expatriate training programs which are known and not on the benefits which are difficult to quantify. Again, the focus is more on the symptoms of the problem than on the source of the problem (Harvey, 1983). However, in the future the extremely high cost of expatriates (Cullen, 1988; Pucik, 1987), estimated high failure rate of expatriates of 30% (Henry, 1965) and 10-20% (Tung, 1982), and the reduced effectiveness of expatriates who stay on, should provide greater incentive for U.S. firms in the future to conduct more systematic selection and training procedures. Another facet of training is how well the expatriate's spouse and family adjust to the overseas assignment which will be discussed next.

Spouse and Family Considerations

One of the central reasons for expatriate failure is due the inability of the expatriate's family and spouse to adjust to the overseas setting (Adler, 1986; Hays, 1974; Stephens & Black, 1988; Tung, 1988). In most cases overseas placements are more difficult for the spouse than for children who are younger and more adaptable. Similarly, it is often easier for the expatriate to adapt since he or she often is in a work setting which involves the use of some English and is shielded to some degree from the surrounding environment. Spouses often face greater difficulties and culture shock because they have to deal more extensively with the foreign culture and do not have extensive contact and friendships which are developed by the working spouse with English speaking people at work (Adler, 1986; Harvey, 1985). Frequently overseas assignments are difficult in the early stages, but the excitement of being in a foreign country often produces initial positive feelings. After the initial transition, the more difficult task of facing the realities of overseas living emerges. Later more positive feelings develop once the expatriate and his or her family more fully adjust (Adler, 1986; Harvey, 1985; Stephens & Black, 1988).

The need for specific selection and training programs for the spouse and the family is dependent on the following factors (1) how different the culture is, (2) the ability and willingness of the spouse and family to live overseas, and (3) the perceived need of the company to invest in the longer term development of the expatriate. Unfortunately, few U.S. MNCs have formal policies on training spouses or families for overseas placement (Finney & Von Glinow, 1988; Stephens & Black, 1988; Tung, 1988). Most companies do not offer training programs and those that do generally provide only language training classes, not cultural adjustment programs (Adler, 1986). However, about 50% of U.S. firms now recognize that interviews with spouses of potential managerial expatriates need to be included in the selection process (Stephens & Black, 1988).

With the increasing number of women in the workforce another concern is how to accommodate dual career needs of expatriates. Most U.S. companies do not have formal policies to assist spousal employment abroad. This is true even though research indicates dual career couples adjust as well overseas as single career couples (Stephens & Black, 1988) and that spousal discontent can affect the repatriation process (Harvey, 1989).

It is clear that more formalized programs for selection, training, and coordination of spouses and families overseas is warranted for more effective expatriate adjustment and may be the most effective way for MNCs to decrease expatriate failure (Hays, 1974). The single most important goal of such programs should be to create a meaningful life for spouses during their stay abroad (Adler, 1986). For example, some European companies have formal processes where returning expatriate families discuss their experiences and give advice to outgoing expatriate families (Tung, 1988). Helping spouses to continue developing their careers while overseas is also receiving new emphasis (Adler, 1986). Thus, it is critical to assist the adjustment of the spouse and family before arriving in the foreign nation (Harvey, 1985) as well as upon return to their home country (Harvey, 1989).In addition to developing effective selection and training programs for expatriates and their spouses it is also important to implement performance appraisal systems which allow for adequate adjustment to the overseas assignment.

Performance Appraisal

As in selection and training programs for expatriates and their families, the MNC's performance appraisal system needs to be flexible and adaptable. This flexibility can be developed by incorporating the operational contingency advocated previously. First, the nature of the expatriate's job tasks and must be carefully considered. Expatriates often have much different greater work responsibilities and autonomy abroad than they do in the U.S. In addition, many expatriates go from more technical positions in the U.S. to overseas positions which require greater strategic management, diplomatic, and interpersonal skills (Phatak, 1983; Pucik, 1984). Second, the extent of differences in culture requires varying degrees of adjustment. Third, people possess different timetables for adjusting to overseas assignments; some adjust more quickly than others.

The combination of dealing in a new cultural setting and having expanded work responsibilities creates a situation where expatriates frequently do not perform effectively for the first year or even longer. Generally, corporate headquarters are not sensitive to the special problems faced by expatriates (Spruell, 1985) and expect performance similar to what would be in the U.S. (Harvey, 1983). Thus, performance appraisals should often be conducted well after the first year of duty (Pucik, 1984; Tung, 1988), carefully reflect the strategic nature of the position

(Pucik, 1984), and adjusted periodically over the expatriate's tenure overseas.

The difficulty in accurately assessing the contribution of the expatriate managers arises in how to define and measure the performance. Pucik (1984) observes it is frequently difficult to measure the financial performance of an overseas subsidiary due to difficulties in exchange rate fluctuations, special financial considerations involved with new subsidiaries, long distances, and infrequency of contact between overseas offices and headquarters. Ultimately appraisal systems must be tailored to the special needs of expatriates and their overseas situations and involve a careful blending of short-term and long-term goals (Pucik, 1984).

An additional set of considerations involves the integration and differentiation needs of the MNC. Appraisals need to be similar enough across the MNC for equity and comparison purposes. On the other hand, appraisals should be sensitive to cross-cultural differences. For example, U.S. appraisals tend to formal and explicit, while in Japan performance evaluations are informal and implicit (Pucik, 1987; Von Glinow & Chung, 1989). Many other nations lack sophisticated appraisals altogether. Thus, appraisals must be must reflect the specific needs of the expatriate, organization, and host country culture.

Compensation and Reward Systems

Appraisal systems play an important role in determining compensation in U.S. international firms and should ensure that performance is linked to corporate strategy so that employees receive appropriate levels of rewards (Pucik, 1984). Complicated and intricate financial compensation packages for expatriates have been developed by many MNCs (e.g. Phatak, 1983). These formulas are beyond the scope of this paper. For this reason we will not make an extensive discussion of compensation at this time except for how the different problems and features relate to the contingency model.

Four factors which play a major role in determining compensation schemes include the nature of the expatriate's job responsibilities, how different the host country culture is, spouse and family considerations, and salary levels of local nationals. A critical challenge is to develop a compensation system which is both equitable to local nationals, expatriates, and parent country employees, and has sufficient incentives to attract, motivate, and retain candidates to overseas settings (Phatak, 1983; Pucik, 1984). In general, a centralized compensation administration is more effective in developing an equitable and consistent system, while a decentralized program is more likely to be sensitive to local conditions (Toyne & Kuhne, 1983).

Toyne and Kuhne (1983) found that most U.S. MNCs use a centralized compensation administration structure for policies, procedures and control. However, the compensation administration is generally geocentric or sensitive to the overseas offices. Furthermore, certain aspects of compensation which are more sensitive to local environments, such as financing, tended to be delegated more to the overseas subsidiary. Overall, there is a trend toward greater centralization of compensation programs in the corporate headquarters (Toyne & Kuhne, 1983), a finding which is suggestive of MNCs moving towards at least PLC phase 3.

In the long term (e.g. PLC phases 3 and 4) a sophisticated global compensation system will probably be most effective (Phatak, 1983). The global compensation system involves having the same pay for the same job in all countries regardless of whether the position is staffed by an expatriate from the nation of the MNC, local country national, or expatriate from another country (third country expatriates). Compensation differentials are then added to the base pay based on the country. However, most MNCs are not currently at this level of sophistication (Phatak, 1983).

As with performance appraisal, a crucial issue in compensation is how to reward performance when expatriates make strategic contributions to the subsidiary and MNC. It is particularly difficult to achieve this linkage when MNC appraisal systems must deal with such factors as cultural differences, difficulties in determining the strategic and financial performance of the overseas units, and the large physical distances to the corporate or divisional headquarters (Pucik, 1984).

Another problem is that most MNCs do not offer effective nonfinancial reward programs (Pucik, 1984). For example, most MNCs still rely on promotions as the critical reward, but these are often only provided to parent country expatriates (Pucik, 1984) and ignore the fact that many employees desire different types of rewards other than upward movement (Adler, 1986; Derr, 1986). Thus, when positions for upward movement are limited it may be useful for MNCs to offer challenging lateral moves for expatriates to enhance their motivation and long-term development (Pucik, 1984).

Developing culturally sensitive reward systems is particularly important for the employment of local country nationals and expatriates from other countries. Hofstede (1980, 1984) has found that motivation varies significantly based on two of the four work dimensions: masculinity versus femininity and low versus high uncertainty avoidance. For example, employees in Sweden tend to score high on the femininity side and thus desire non-financial rewards such as autonomy, interpersonal relations, and time off. In contrast, nations like the U.S. which score higher on the masculinity scale, place a higher value on financial incentives, status, and job challenge.

Thus, reward systems must be tailored carefully to meet equity, development, and cross-cultural needs within the MNC. These various needs will be discussed in further detail in the following section on meeting the career needs of expatriates and host country nationals.

Career and Repatriation Needs

Career and repatriation considerations are closely linked to those of reward systems and all of the other IHRM programs. Effective IHRM policies need to be developed for the entire period of overseas duty as well as repatriation. In selection and recruitment, both assessing and meeting career needs can assist the individual employee and organization in achieving a better person/organization fit in U.S. firms (Schneider & Schmidt, 1987) as well as international firms (Kanungo & Wright, 1983). As noted earlier expatriates often have much greater work responsibilities and autonomy abroad than they do in their home countries resulting in adjustment difficulty. One way to facilitate work adjustment is to provide a comprehensive network of overseas contacts with incoming and outgoing expatriates (Black, 1988; Tung, 1988). Because of the great changes in overseas assignments it is important that expatriates find there own unique way or receive training to manage stress effectively for both work and personal living situations (Adler, 1986).

In terms of development and reward systems, one of the most fundamental issues facing U.S. companies is how to integrate the personal and career needs of expatriates with the longer term goals of the MNC (Pucik, 1984). As mentioned earlier, promotions for local country nationals and third country expatriates still lag substantially behind those of home country expatriates. As a result, the MNC gradually loses the most effective local personnel over time, or those who stay have declining organizational commitment. Partly as a result of this, MNCs are occasionally required to quickly hire ineffective local employees at an increased wage rate (Pucik, 1984).

A related issue is that long-term expatriate stays are still often viewed as harmful to career mobility in U.S. organizations (Cullen, 1988; Phatak, 1983; Stephens & Black, 1988). This is known as the "out-of-sight, out-of-mind" syndrome (Tung, 1987). Expatriate experiences are still often not valued highly by U.S. firms; overseas assignments place the individual outside the traditional promotion route and contacts at the company headquarters.

Oddou, Mendenhall, and Bedford (1988) studied the careers of over 100 expatriates and found that expatriation had a very positive impact on their careers, while repatriation often had a neutral or negative effect. Only about one-half of returning expatriates are promoted upon return (Adler, 1986). Frequently, expatriates are placed in mediocre positions upon return to the parent country and typically experience difficulties such as working under tighter organizational constraints of the parent country, loss of status, excitement, and authority, new financial burdens, and reentry adjustment (Adler, 1986; Harvey, 1989). These factors can create executive stress and psychological tension (Harvey & Lusch, 1982), but many MNCs are not aware of these problems and issues (Tung, 1987).

Typical reentry problems occur because the employee, country, and company have all changed and some describe repatriation as being more difficult than going overseas. Frequently, it is difficult for the expatriate to apply his or her knowledge and experience from overseas because other employees in the parent company have not had a cross-cultural experience (Adler, 1986). Often the employee finds that his or her technical skills are now obsolete (Tung, 1987). Often spouses have a difficult time readjusting as well upon return. For these reasons approximately 20 percent of expatriates desire to leave their company upon repatriation (Adler, 1986) which is a significant loss of investment and experience for the firm. Unfortunately, poor experiences with repatriation are often magnified across the company, creating even greater concerns and anxieties about international assignments (Tung, 1984; 1988).

Harvey (1986) surveyed personnel administrators on their repatriation policies and found that only 31% of the MNCs had formal programs. The major reasons cited for the lack of such activities were the lack of expertise in establishing the program, cost of program, and no perceived need for such training by top management. Many of the personnel administrators were not certain how to develop a repatriation program and who should be involved in it. It also appears that MNCs whose operations require less involvement and sensitivity to foreign cultures (e.g. industrial products companies) were less likely to have formal policies (Harvey, 1986).

These problems again poignantly illustrate how MNCs are still at PLC phase 1 or 2 thinking, despite the fact that they are facing phase 3 or 4 problems and situations. One recommendation is for MNCs to consider adopting some of the policies of European companies such as charging Personnel Department professionals with overseeing the career concerns of the expatriates or develop a mentoring system where the expatriate is paired with a superior at corporate headquarters (Phatak, 1983: Spruell, 1985; Tung, 1988). Other practices for facilitating repatriation include written agreements to limit the number of years spent abroad and promising promotions upon return, taking additional measures to keep the expatriate in contact with corporate headquarters by scheduling regular meetings with travel to corporate headquarters, and to assist in paying real estate and legal fees to decrease the financial burden (Phatak, 1983).

Adler (1986) recommends that companies provide debriefing sessions, reentry training programs, identification of specific skills learned abroad, and recognition of the expatriates work overseas and future value to the company to facilitate repatriation. Spruell (1985) notes that sending only top performing employees abroad helps ensure that expatriates will be promoted and valued upon repatriation. Tung (1987) recommends that MNCs develop an integrated career planning program which functions from prior to the overseas assignment through to repatriation. Recommendations by MNC personnel administrators on developing ideal repatriation programs include financial and tax assistance and career path assistance (Harvey, 1986). It is important to note that these MNCs placed less emphasis on the psychological aspects of reentry despite their importance.

Ultimately, the key is for MNCs to place a greater emphasis on the value of overseas assignments for the organization and the individual. For the organization it is important that overseas experience be viewed as important to its long-term and strategic needs. For the expatriate the overseas assignment should be valued in terms for both the development and career path of the individual and not seen as just a mechanism to serve the immediate job needs of the company (Adler, 1986). At a time when the MNC's competitive advantage may well be its human assets, it is noted that expatriate assignments often allow greater challenge, responsibilities, and decision-making opportunities (Cullen, 1988; Stephens & Black, 1988) as well as potential to affect the company (Tung, 1988) than positions in the U.S. The inconsistency in the U.S. MNC's treatment of expatriation must be addressed. If expatriate assignments are viewed as attractive (as they are in Japan and Europe) productivity increase and repatriation problems lessen.

The long-term employment orientation in many European and Asian companies assists in making overseas positions highly valued because employees are more willing to travel for the company when they see overseas assignment as instrumental to promotion. This spirit of internationalism also benefits the MNC by creating a greater dedication and loyalty of employees to company objectives (Tung, 1988). In addition, an experienced group of expatriates can help the company obtain a global vision and orientation which will be increasingly important in the future (Pucik, 1984).

Because of the high costs associated with expatriation it is clear that companies will gain in both the short and long-term by carefully developing formal, systematic programs for the selection, training, and ongoing career needs of expatriates. There is a great deal of common ground for such activities to meet the needs of both employees and the organization.

IMPLICATIONS FOR MNC SUCCESS

As U.S. MNCs face an increasingly competitive and changing environment, they need to more quickly adapt many critical aspects of the company, particularly their IHRM practices. A two-step contingency model is proposed showing how the MNC can develop effective strategic and operational IHRM practices. A detailed illustration of this model is shown in Figure 2. In the strategic phase, the international PLC is shown to influence the major environmental and organizational factors of the MNC which in turn affects the firm's strategy. The role of senior management and the Personnel department is then to translate the MNC business strategy to strategic IHRM objectives (Miller, Beechler, Bhatt, & Nath, 1986; Pucik, 1984). Four fundamental strategic IHRM objectives involve short-term versus long-term planning, cost versus development, and the need for integration and differentiation.

The operational phase of the contingency model involves translating the strategic IHRM objectives into specific decisions. Based on the work of Tung (1988) a formal and systematic contingency framework is developed at the operational level using the following six criteria: nature of job or task, how different the host country's culture is, the ability of the expatriate to adapt, spouse and family considerations, consideration of the use of host country nationals, and the need for longer term development of expatriates. As shown in Figure 2 it is also important for the MNC to continually assess the effectiveness of these various IHRM programs and adjust them to changing conditions accordingly.

Insert Figure 2

Not only is it is essential for firms to develop IHRM strategies appropriate to its specific PLC phase, it is also important to realize that the rapidly changing and competitive global economy is pushing many U.S. firms quickly into advanced PLC stages where high degrees of both integration and differentiation are required (Adler & Ghadar, 1989; Galbraith, in press; Schoonhoven & Jelinek, in press; Von Glinow & Mohrman, in press). One clear implication is that U.S. IHRM practices need to be more formally and systematically developed. Accordingly, a number of suggestions for the improvement of IHRM practices at the operational level were also offered in this manuscript. These suggestions which pertain to selection, training, spouse and family, performance appraisal, reward systems, expatriate career, and repatriation aspects are summarized in Table 4.

Insert Table 4

Getting U.S. firms to employ the above advocated contingency framework and to begin addressing deficiencies in their IHRM practices is a difficult proposition. A shift in this direction will probably not occur until three events transpire. First, senior u.s. managers must experience sufficient discontent with the results of the current system. Second, a sufficient number of employees must possess certain minimal levels of international experience and abilities (Phatak, 1983). Third, the firm naturally evolves a greater cross-cultural customers, operations, and products which in turn demand a more culturally diverse orientation (e.g. a shift to PLC phase 3 or 4) (Adler & Ghadar, 1989). This may precipitate a basic paradigm shift on how they manage human resources in general and how they fundamentally view the role and importance of their international operations. Figure 3 illustrates how this shift can come about.

Insert Figure 3

As shown in Figure 3 as the MNC senior managers experience fundamental problems they begin to place greater emphasis on IHRM and the development of business from an international perspective. As this perspective begins to emerge, management will create more long-term oriented and effective IHRM practices. As the firm develops a more global perspective it will retain a group of expatriate managers who will return to corporate offices or staff positions in other countries. Sending only higher performers overseas also sends a message throughout the company and increases interest in overseas work (Spruell, 1985). In turn these expatriates can facilitate international thinking, contributing to an organizational culture which values international assignments.

A cadre of experienced global managers can enable the MNC to respond to global threats and opportunities and create a truly global long-term business strategy (Ondrack, 1985; Pucik, 1984). Organizations and management teams with greater cultural diversity can be more creative and effective than those from a homogenous culture if managed correctly (Adler, 1986). The creation of a global vision for the firm requires the development of more effective IHRM practices to compete in an increasingly competitive world economy. The changes discussed are only in their infancy in most U.S. companies at this point.

The above suggestions toward enhancing MNC success through IHRM practices can also serve as a research agenda for scholars and practitioners alike. Very little empirical or theoretical work currently exists on modeling IHRM practices along PLC phases. We believe that effort must be expended in this area, if research is to keep abreast of practice in this complicated international milieu.

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FIGURE 1
SUMMARY OF TWO-STEP CONTINGENCY MODEL
FOR DEVELOPING EFFECTIVE IHRM PRACTICES

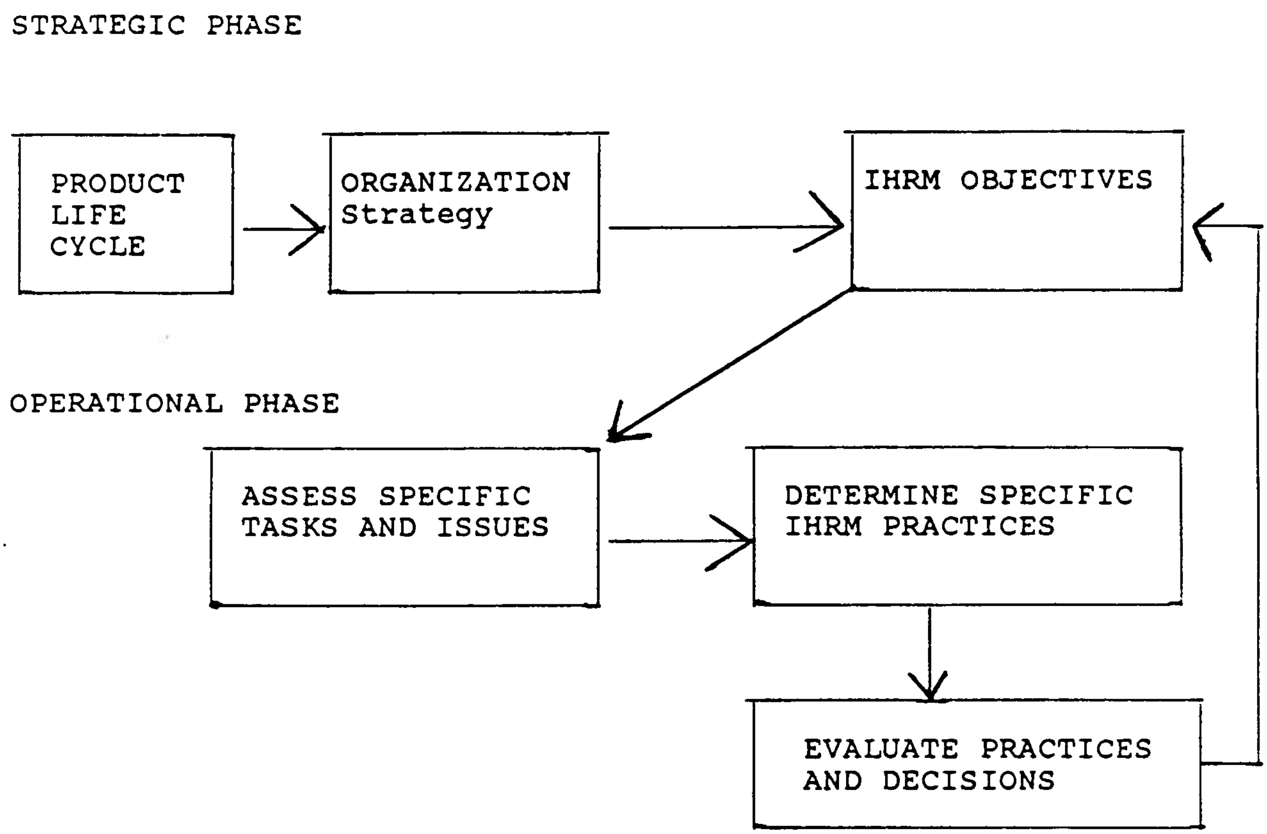

TABLE 1

IHRM STRATEGIC ISSUES AND PRODUCT LIFE CYCLE (PLC) PHASE*

PLC PHASE/ BUSINESS OBJECTIVES	SHORT VERSUS LONG TERM	COST VERSUS DEVELOP-MENT	INTEGRATION NEED FOR GLOBAL STRATEGY	DIFFERENTIATION CULTURAL SENSITIVITY REQUIRED
I PRODUCT ORIENTATION	Short term	Cost	Low	Low
1. Product Development				
2. R & D				
II MARKET ORIENTATION	Medium	Cost	Low	Medium
1. Efficiency				
2. Expand Markets				
III PRICE COMPETITION	Long	Cost	High	Low-medium
1. Price Strategy				
2. Integrate Global Operations				
IV PRICE COMPETITION	Long	Develop-ment	High	High
1. Price & Quality				
2. Develop MNC and Host Country Cultures				

*Adapted from Adler, N. Ghadar. F. (1989) Globalization and human resource management. In A. Rugman (Ed) Research in Global Strategic Management: A Canadian Perspective. JAI Press.

TABLE 2
CONTINUUM OF OPERATIONAL IHRM CRITERIA
AND DECISIONS BY PLC PHASE

CONTINUUM OF SELECTION AND RECRUITMENT PRACTICES

CONTINGENCY FRAMEWORK	PHASE 1	PHASE 2	PHASE 3	PHASE 4
1. Nature of Job A. Task/specialty B. Cross-Cultural Relational Need C. MNC Knowledge & Experience	Task	Task Relational	Task MNC	Task Relational MNC
2. How Different Culture is	Little	Some (Degree of Consideration)	Some	High
3. Ability to Adapt Importance to MNC	Low	Medium	Medium	High
4. Spouse/Family Considerations	Low	Medium	Medium	High
5. Differentiation Consider Local Nationals	Low	Medium	Medium	High
6. Integration MNC need to Develop Cadre of Expatriates	Low	Medium	High	High

TABLE 3
CONTRAST OF OPERATIONAL PRACTICES IN SELECTION AND TRAINING
PHASE I TO PHASE IV CONTINUUM

CONTINGENCY MODEL CONSIDERATION	SELECTION	TRAINING
PHASE I PRODUCT ORIENTATION		
Nature of Job or Task Demands	Technical or Task Skills	Not required
Assess How Different Culture is	Assume Nations are Similar: Little Impact on Decision	Little impact on training
Assess Expatriate on Ability & Willingness to go Overseas	Willingness to go Overseas is Major Criteria	None
Spouse and Family Considerations	Little Concern: No Formal Process	No Training or Information
Consider Local Nationals for Job	Little Concern: Consider MNC Personnel	None
Need to develop MNC Expatriates	Low Concern: Short Product focus	Minimal Consideration
PHASE IV - PRICE COMPETITION		
Nature of Job Demands	Relational and MNC Experience	Training as Needed for Relational Skills
Assess How Different Culture is	Assume Nations are Different	Customize Culture Training Programs
Assess Expatriate on Ability & Willingness to go Overseas	Willingness to go and Ability to Adapt	Training as Needed for Adaptation
Spouse and Family Considerations	Interview and Assess Ability and Willingness to go Overseas	Provide Training, Information, and Career Assistance
Consider Local Nationals for Job	High Consideration	Evaluate Training needs
Need to develop MNC Expatriates	Consider longer term MNC and Expatriate needs	Provide Training as Needed for the person and firm

FIGURE 2
TWO STEP CONTINGENCY MODEL FOR
DEVELOPING EFFECTIVE IHRM PRACTICES

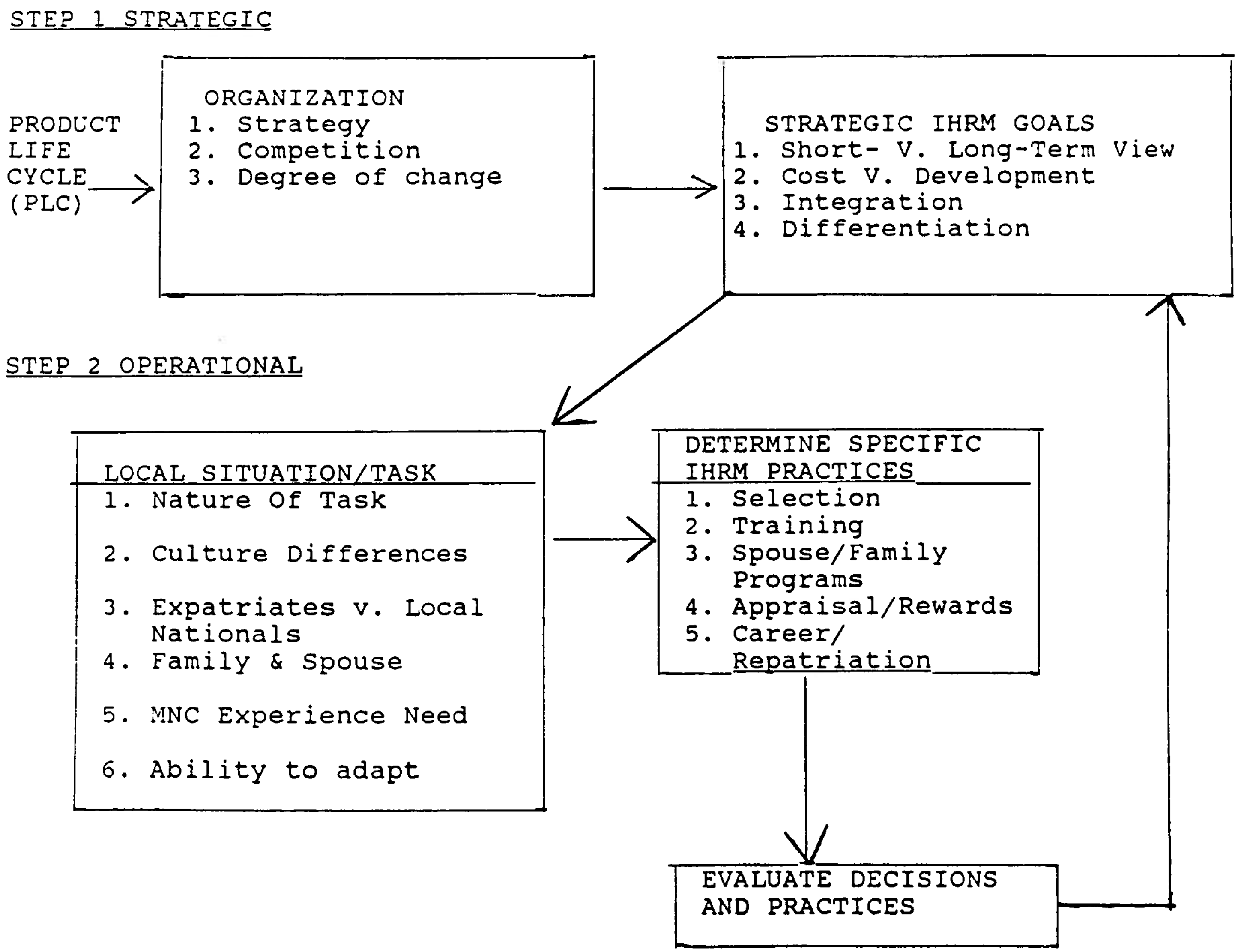

TABLE 4
SUMMARY OF SUGGESTIONS FOR EFFECTIVE IHRM PRACTICES

AREA	POTENTIAL SOLUTIONS
Selection and Recruitment	1. Develop Formal criteria 2. Implement Systematic Process 3. Assess Willingness and Ability to go Abroad 4. Assess Task and Cultural Relational skills 5. Recruit foreign students from U.S. universities 6. Recruit for general geographic area expertise 7. Realistic Job preview of overseas positions 8. Consider local country nationals 9. Realistic job previews of overseas assignment 10. Consider more U.S. women
Training and Development	1. Consider Five General Types of Training Programs 2. Develop In-depth and Tailored Programs to expatriate and country 3. Utilize multiple training programs 4. Assist Expatriate in Developing Coping Mechanisms 5. Create Realistic Preview of Overseas Assignment 6. Development Programs for Expatriate's Career Needs and for long-term needs of the MNC 7. Training Throughout Overseas Stay, Including Repatriation 8. For Cost Reasons Consider Training Younger Employees 9. Consider Training Employees at Independent Foreign Companies 10. Include Local Country Nationals in Training Programs 11. Evaluate Programs
Spouse & Family	1. Interview for Future Adjustment 2. Consider Dual Career Needs 3. Cultural Training Programs 4. Interact with other Expatriate Families 5. Prepare Spouse/Family for reentry to U.S.
Performance Appraisal	1. Delay Performance Appraisal 2. Consider local country cultures in Developing Appraisals 3. Integrate and Carefully Measure short-term and Long-term Performance Criteria and Goals

TABLE 4 (CONTINUED)

Compensation & Reward Systems	1. Develop Global System of Compensation by Job Titles 2. Consider local country cultures in Developing Rewards 3. Develop non-financial rewards 4. Balance Equity Needs within the MNC and Sensitivity to Local Country Cultures
Career & Repatriation	1. Network of Overseas Contacts 2. Longer-term Stays and Specify Tenure of Assignment 3. Promotions Sensitive to Career Needs of Both Expatriates and Local Country Nationals 4. Mentoring Program to Assist Career Development 5. Corporate Emphasis on Overseas Experience: Integrate Career Plans 6. Personnel Department to Assist in Repatriation 7. Consider Career Needs and Overseas Experience of the Expatriate upon Return to the U.S. 8. Assist Expatriate and Family with Job, Financial, and Psychological Needs Upon Repatriation

FIGURE 3

EVOLUTION OF ORGANIZATION IHRM
PRACTICES AND GLOBAL VISION OF THE FIRM