Horizons and team building

1

Life within horizons

- Our genes, parental and educational training, societal rules shape our horizons

- We can broaden them by living in other countries, learning foreign languages and reading books about other cultures, cultivating empathy, standing in the shoes of others
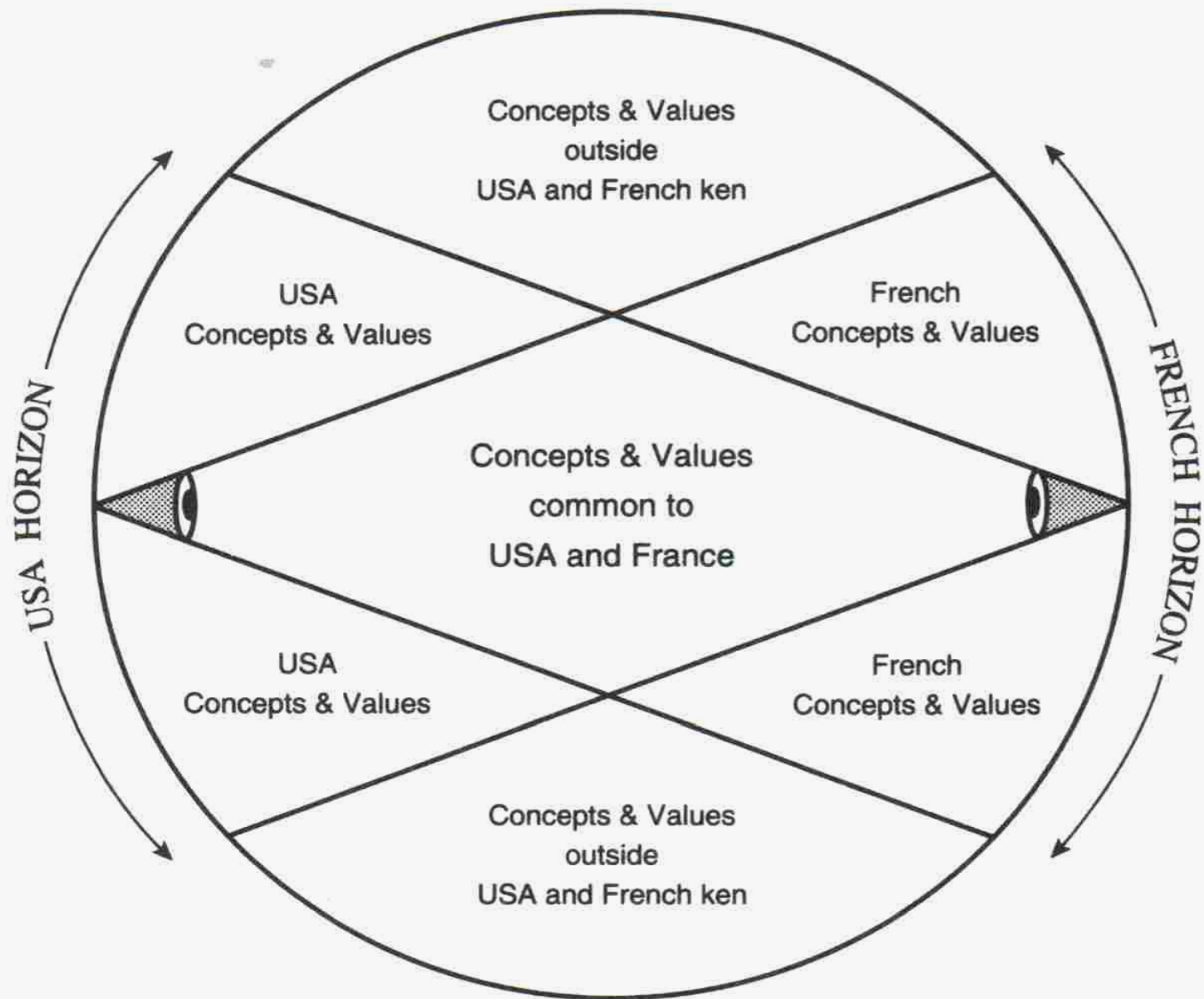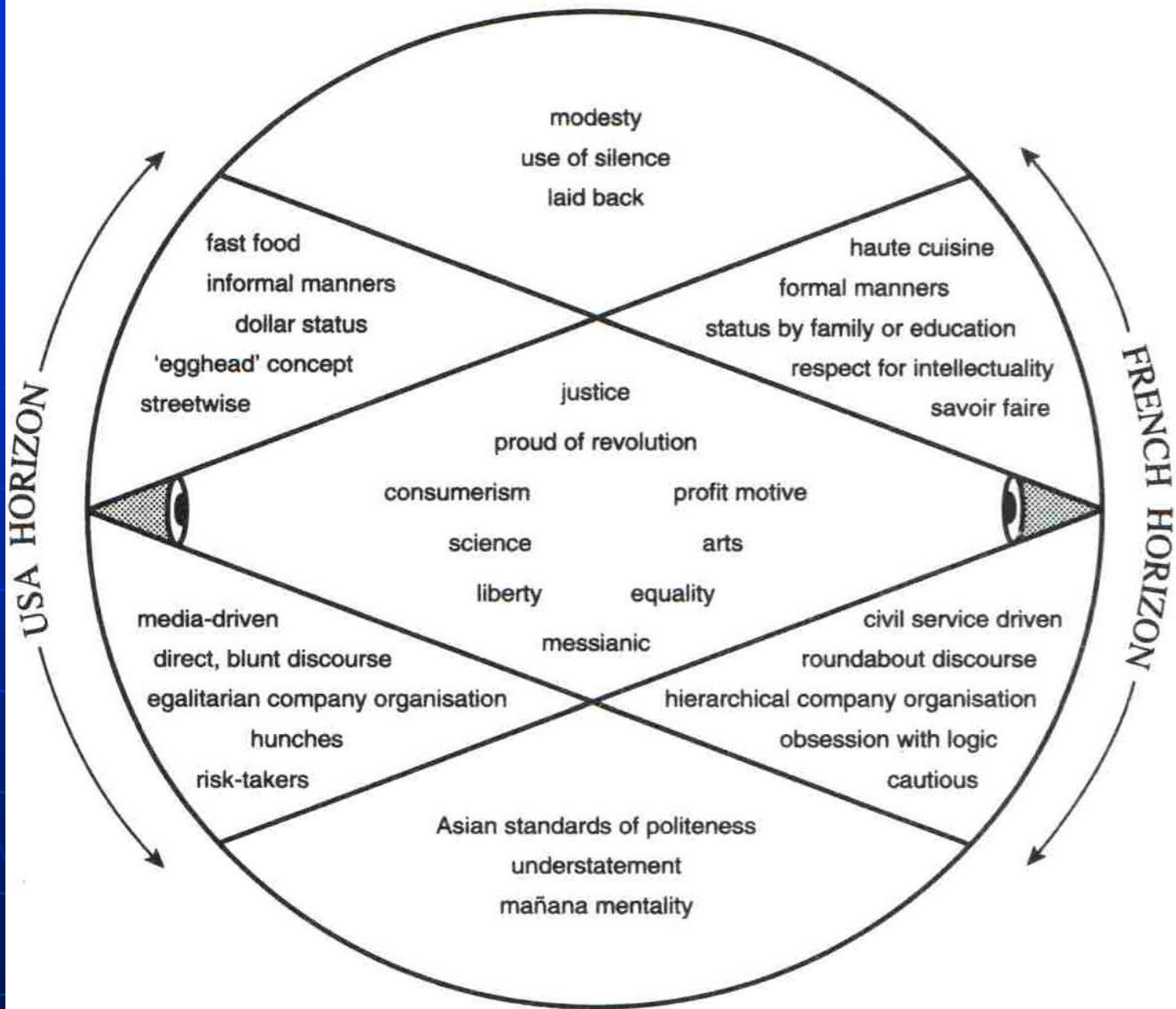
Concepts & Values
outside
USA and French ken

USA
Concepts & Values

French
Concepts & Values

USA HORIZON

FRENCH HORIZON

Concepts & Values
common to
USA and France

USA
Concepts & Values

French
Concepts & Values

Concepts & Values
outside
USA and French ken

ure 24

3

USA HORIZON

FRENCH HORIZON

modesty
use of silence
laid back

fast food
informal manners
dollar status
'egghead' concept
streetwise

haute cuisine
formal manners
status by family or education
respect for intellectuality
savoir faire

justice
proud of revolution
consumerism   profit motive
science   arts
liberty   equality
messianic

media-driven
direct, blunt discourse
egalitarian company organisation
hunches
risk-takers

civil service driven
roundabout discourse
hierarchical company organisation
obsession with logic
cautious

Asian standards of politeness
understatement
mañana mentality

ıre 25

4

Language gap

ure 25

French subjunctive
French 'past historic'
Indonesian prefixes
Basque polysynthesism

long words
reported speech
case-endings
prepositions

honorifics
adjectives with tenses
classifiers

GERMAN HORIZON

JAPANESE HORIZON

numbers
nouns
past tense   adjectives
verbs
pronouns

gender
articles
subjunctive
No!

'female' speech
word-thought order
postpositions

idioms
English phrasal verbs
Finnish 14 cases
Navaho

ure 26

5

Taoism
German *Pflicht*
fatalism

work to live
class system
political sophistication
conservatism
old money

new money
hype(rbole)
anything is possible
extroversion
'tough talk'

UK HORIZON

USA HORIZON

justice
liberal democracy
consumerism   humour
English language   Show Business
aspiration to world leadership
self-determination
freedom of speech

understatement
nobility/titles
support underdog
equanimity
reserve

political naïveté
over-simplification
dollar-based social status
live to work
new is best

ancestor worship
Tongan respect language
Feng shui

6

Managing the horizons – team building

- The challenge of managing across cultures boils down to *philosophies and systems* used to manage people

- The way a company organizes its international operations influences the type of managerial and human resources issues it faces

- Team building involves *recruitment, selection, development and compensation* of employees working in an international setting

Issues for international management

- It is not enough:
- To put a "global patina" on a manager who spent 20 years in a single country
- To create a global business team where members come as representatives of their particular geography
- to develop cultural 'chameleons' who adapt easily to national conditions

The goal must be to:

- Create managers with the capacity to transcend culture
- Find the universals and build multi-billion dollar business around them
- Access and integrate a set of differentiated national skill sets
- Carry the least national baggage!

Types of international organizations

- ***International corporation*** – domestic firm that uses its existing capabilities to move into overseas markets (Honda, Procter&Gamble)

- ***Multinational corporations*** – firm with independent business units operating in multiple countries (Shell, Phillips, ITT)

- ***Global corporation*** – firm that has integrated worldwide operations through a centralized home office (Panasonic, Nokia)

- ***Transnational corporation*** – firm that attempts to balance local responsiveness and global scale via a network of specialized operating units (Ford, British Petroleum)

Advantages of TNCs

- Production and distribution extend beyond national boundaries, making it easier to transfer technology

- They have direct investments in many countries, affecting the balance of payments

- They have a political impact that leads to cooperation among countries and to the breaking down of barriers of nationalism

Cultural environment effect
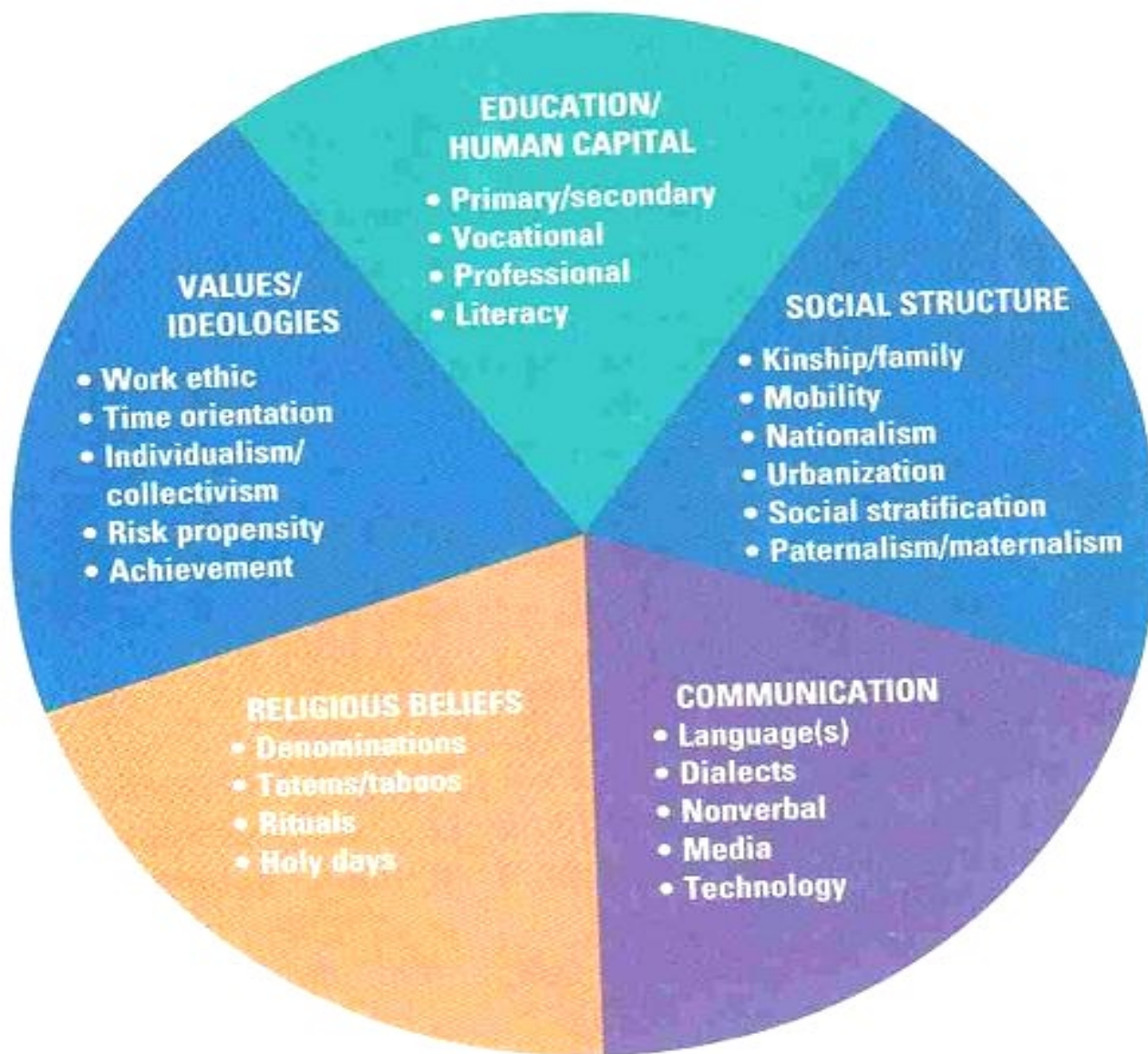
IHRM

- Different cultural environments require different approaches to human resource management (HRM)

- Strategies, structures and management styles that are appropriate in one cultural setting may lead to failure in another

HR issues of EU: staffing

- The right to move freely throughout Europe opens labor markets

- Unemployment rates vary dramatically across countries (Spain – 25%; Norway and Switzerland – 10%) due to political systems, sociocultural differences and worker training

- Under a unified Europe, every worker has guaranteed access to vocational training

- Need for *Euro executives* – who speak many languages, are mobile and multiculturally competent

HR issues of EU: productivity and motivation

- Europeans work fewer hours, take longer vacations, enjoy far more social entitlements than employees in the US and Asia

- Wages differ substantially across Europe

- Need to bring compensation levels more in line with productivity

- Equal pay for work of equal value

- Equal rights to social security (occupational safety and health) benefits

- www.europa.eu.int

International HRM vs domestic HRM

- IHRM places greater emphasis on *relocation, orientation and translation* services to help employees ***adapt*** to a new environment

- Assistance with tax matters, banking, investment management, home rental, coordination of home visits

- HR dpt must be particularly responsive to the local standards of cultural, political and legal environments

International staffing

Expatriates (home-country nationals), host-country nationals, third-country nationals-comparison of advantages

HOST-COUNTRY NATIONALS	HOME-COUNTRY NATIONALS (EXPATRIATES)	THIRD-COUNTRY NATIONALS
Less cost	Talent available within company	Broad experience
Preference of host-country governments	Greater control	International outlook
Intimate knowledge of environment and culture	Company experience	Multilingualism
Language facility	Mobility	
	Experience provided to corporate executives	

Why host country nationals?

- Hiring local citizens is less costly because the company doesn't have to worry about the costs of home leaves, transportation, and special schooling allowances

- Since local governments usually want good jobs for their citizens, foreign employers may be required to hire them

- Using local talent avoids the problem of employees having to adjust to the culture

Recruitment

- Different governmental regulations regarding recruiting foreign labor, physically disabled, war veterans or displaced persons (work permit or visa restrictions) - use of search firms

- Recruitment of guest workers involve lower direct labor costs but higher indirect costs (language training, health services, transportation, etc.)

Cultural models of recruitment

- **Anglo-Dutch model – managed potential**:
- Monitoring of high potentials
- Decentralized recruitment for technical and functional jobs
- No corporate monitoring
- Little elite recruitment

Cultural models of recruitment(2)

- **German model – functional ladders and apprenticeship**
- - functional careers, relationships and communication
- -annual recruitment from universities and technical sector
- -2-year's apprentice trials+job rotation+intensive training

Cultural models of recruitment(3)

- **Japanese model: time-scheduled tournament and managed elites**
- -unequal job opportunities: good jobs to the best
- -4-5 years in a job
- -7-8 years up-or-out
- -job rotation, intensive training, mentoring
- -regular performance monitoring

Cultural models of recruitment(4)

- **Latin model: political tournament, elite entry, no trials**
- -high filters
- -competition and collaboration with peers
- -If stuck, move out
- -Elite pool recruitment: grandes ecoles, MBAs, Scientific PhD's
- -multifunctionality

Selection process

- Various criteria: merit, family ties, social status, language and common origin

- Different employment factors depend on the extent of contact with the local culture and difference (political, legal, socioeconomic and cultural) between foreign and home environment

- Wherever possible, preference should be given to host country nationals possessing necessary managerial abilities and technical skills

Selecting expatriates

- Typically, selection decisions are driven by an overriding concern with *technical competence, professional and international experience, as well as interpersonal skills*

- Satisfactory adjustment depends on *flexibility, emotional maturity and stability, empathy for the culture, language and communication skills, resourcefulness and initiative, and diplomatic skills.*

2 PROFILE OF THE TWENTY-FIRST-CENTURY EXPATRIATE MANAGER

CORE SKILLS	MANAGERIAL IMPLICATIONS
Multidimensional perspective	Extensive multiproduct, multi-industry, multifunctional, multi-company, multicountry, and multienvironment experience
Proficiency in line management	Track record in successfully operating a strategic business unit(s) and/or a series of major overseas projects
Prudent decision-making skills	Competence and proven track record in making the right strategic decisions
Resourcefulness	Skillful in getting himself or herself known and accepted in the host country's political hierarchy
Cultural adaptability	Quick and easy adaptability into the foreign culture—an individual with as much cultural mix, diversity, and experience as possible
Cultural sensitivity	Effective people skills in dealing with a variety of cultures, races, nationalities, genders, religions; also sensitive to cultural differences
Ability as a team builder	Adept in bringing a culturally diverse working group together to accomplish the major mission and objective of the organization
Physical fitness & mental maturity	Endurance for the rigorous demands of an overseas assignment

AUGMENTED SKILLS	MANAGERIAL IMPLICATIONS
Computer literacy	Comfortable exchanging strategic information electronically
Prudent negotiating skills	Proven track record in conducting successful strategic business negotiations in multicultural environment
Ability as a change agent	Proven track record in successfully initiating and implementing strategic organizational changes
Visionary skills	Quick to recognize and respond to strategic business opportunities and potential political and economic upheavals in the host country
Effective delegatory skills	Proven track record in participative management style and ability to delegate

26

Staffing transnational teams

- Transnational teams –members of multiple nationalities working on projects that span multiple countries

- Especially useful for performing tasks that the firm as a whole is not yet structured to accomplish : e.g. to transfer technology to another region, to communicate between headquarters and subsidiaries, to customize a strategy for different localities

- Selection methods: interviews (the candidate and the spouse), assessment centers and tests

Training and development

- ***Skills of the global manager*** (Levi Strauss):
  - ability to seize strategic opportunities
  - ability to manage highly decentralized organizations
  - awareness of global issues
  - sensitivity to issues of diversity
  - competence in interpersonal relations
  - skill in building community

Content of training

- Language training(500 hours, 3 months)
- Cultural training
- Assessing and tracking career development
- Managing personal and family life

"good education" is different in different cultures (French hautes ecoles, German Volkswirtschaftshochschule,etc)

Verbal and non-verbal training

- In UK to 'table" a subject means to put it on the table for present discussion. In US – to postpone discussion indefinitely
- Getting straight to the point or avoiding such directness
- In Japan - 16 ways to avoid saying "no"
- When something is "inconvenient" in China, it is most likely impossible
- Expressions of anger in some cultures are either unacceptable or tabooed
- Treat silence as "communication space"
- Avoid excessive gesturing

Cultural training
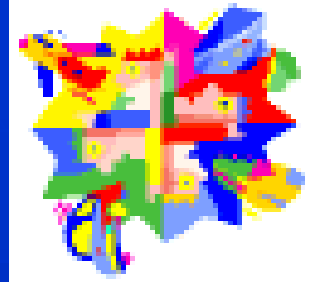
- C-c differences are most elusive aspects of international business

- To prepare for an international assignment, one should become acquainted with the following aspects of the host country:

  - social and business etiquette

  - history, geography and folklore

  - cultural values and priorities (sources of pride and achievement) religion and political structure

  - practical matters (currency, transport, business hours, time zones)

  - the language

Training methods

- Books, lectures and videotapes about the culture, geography, social and political history, climate, food and so on

- Sensitivity training at the affective level – a powerful technique in the reduction of ethnic prejudices

- Field experiences (in a nearby "microculture")

- Temporary assignments to encourage shared learning

- Apprenticeship training (3-way contract between an apprentice, parents, and the organization)

Teambuilding exercises

- Case studies
- Going camping together
- Climbing mountains, rafting down rivers, crossing deserts
- Leaders emerge, different people take charge of provisioning, planning, direction taking, financing, logistics, problem-solving
- Observation of foreign partners behavior and perception of reasoning behind them

33

Assessing and tracking career development

- To maximize the career benefits of a foreign assignment 2 key questions should be asked:

- Does the company management view international business as a critical part of its operation?

- Within the top management, how many executives have foreign-service in their background?

How to deal with repatriation?

- Programs to help employees make the transition back home smoother
- In fact, repatriates lose their positions, feeling their firms disregard their difficulties in readjusting to home life, companies do not fully utilize their knowledge, understanding and newly acquired skills
- In US, 46% of repatriates have reduced autonomy and authority

Managing personal and family life

- Cultural shock and family stress
- Mundane matters: phone connection or Internet, inability to read street signs, transportation routine, invisible and unspoken code of behaviour, everyday etiquette, gift-giving, meal taking, customs, traditions and rituals
- Remedy: knowledge, empathy and tolerance

Compensation – one of the most complex areas of international HRM

- Different countries- different norms for employees compensation and use of incentives and rewards: prestige, independence, money or respect, family, job security, social acceptance and power

- General guiding philosophy should be: "think globally and act locally"

Individualism and compensation strategies (high)

DOMINANT VALUES	CORPORATE FEATURES	COMPENSATION STRATEGIES	SAMPLE COUNTRIES
• Personal accomplishment • Selfishness • Independence • Individual attributions • Internal locus of control • Belief in creating one's own destiny • Utilitarian relationship with employee	• Organizations not compelled to care for employees' total well-being • Employees look after individual interests • Explicit systems of control necessary to ensure compliance and prevent wide deviation from organizational norms	• Performance-based pay utilized • Individual achievement rewarded • External equity emphasized • Extrinsic rewards are important indicators of personal success • Attempts made to isolate individual contributions (i.e., who did what) • Emphasis on short-term objectives	• United States • Great Britain • Canada • New Zealand

38

Individualism and compensation strategies (low)

- ... accomplishment
- Sacrifice for others
- Dependence on social unit
- Group attributions
- External locus of control
- Belief in the hand of fate
- Moral relationship

- Organizations committed to a high level of involvement in worker's personal lives
- Loyalty to the firm is critical
- Normative, rather than formal, systems of control to ensure compliance

- Group-based performance is important criterion
- Seniority-based pay utilized
- Intrinsic rewards essential
- Internal equity key in guiding pay policies
- Personal need (e.g., number of children) affects pay received

- Singapore
- South Korea
- Indonesia
- Japan

Overall approach

- Compensation systems should support the overall strategy of the organization but be customized for local conditions.

- For expatriates compensation plans must provide an incentive to leave the home country; enable maintenance of an equivalent standard of living; facilitate repatriation; provide for education of children; and make it possible to maintain relationships with family, friends, and business associates

Questions

- What are the major issues in international HRM?

- If you were starting now to plan a career in international HRM what steps would you take to prepare yourself?

- If the cost of living is lower in a foreign country than in the home country, should expatriates be paid less than they would be at home?