



HUMAN RESOURCES IN THE INTERNATIONAL ORGANIZATION'S CONTEXT

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Abstract

Why do firms engage in international business? This happens for three main reasons: (i) To expand their sales; (ii) To identify new resources; and (iii) To diversify the sale and supply resources. Undoubtedly we are becoming further more convinced on the key role the human resources play in any organization, especially in the international organization. If human resources require a considerable attention in the firms operating within the country, it is rather easy to imagine the degree of indispensable attention they need in the firms operating in a global context. In this context, the company leaders are faced with the need to perform their work activity through the efforts of local employees, foreign employees, agents and suppliers. By creating strategic alliances or international joint ventures, the boundaries and organizational relationships (sub-contracted, part-time employments) are prone to change, thus these circumstances call to attention the regulation of the workforce, aiming at achievement of the objectives in the global context. In order to obtain some valuable conclusions concerning the human resource management, waging research and engaging in the use of particular resources, becomes a necessary process to be undertaken. Moreover, as this topic has been a vital issue, it has gained the attention of numerous researchers who have made hypotheses or build models on human resources in the international organizations context. What has particularly attracted my attention is the individual in itself, the manager working in an international organization, the one transferred to work in a branch of an organization for a relatively long period. I was eager to know his perspective on the experiences, how has his/her way of thinking changed, his/ her lifestyle; would he/she be willing to go back to his workplace etc.? Another interesting issue is being able to comprehend the organization's perspective, the procedures applied to selects the appropriate employees performing a specific job, how does the organization implements the human resource planning, which is the recruitment strategy effectuated, who are the selected employees to be transferred, what is the applied model in making the due selection?

Key words

Global context; Regulation; Transference; Human resource management; Diversification.

INDIVIDUAL CAREER IN THE INTERNATIONAL CONTEXT

The management career, particularly in these modern times stretches outside the traditional environments. This has resulted due to the business globalization, which in turn has brought about the need to attract and retain the most suitable employee in relation to an organization's culture. The transfer of career managers has increased furthermore the analysis on this case. Various economists have spoken out different arguments. They have tried to start the analysis within family grounds: how many individuals have been transferred due to work-related reasons? What their reactions were, concerning the workplace adjustment? Which were the problems encountered and have they been of a transitory nature or not? The studies also bring help concerning the career management in the international context. In this regard, it is worth mentioning that all managers experience difficulties when transferred from one working place to another due to the cultural variations (Birdseye & Hill, 1995).

This can be a cause of many reasons, such as:

1. At the first moment, the manager himself may have asked the transfer due to qualification reasons, but the cultural differences have hindered him/her to proceed further; and
2. Another reason might be the fact that he/she fails to accept the firm's strategy in an international configuration. Probably the staff that he/she is supposed to work with brings about difficulties; it might happen that the staff might not fit in the international business policies presented by the newcomer.

Managers also need to adapt to the specific cultural requirements of the international environments where they are supposed to work. This can also result a damaging practice to them. Rationally, the human resource management is inevitably connected to the organization's development level. Therefore, for each and any single movement, we must always bear in mind the dual relationship manager –company, and when it comes to the manager, we shall consider his/her career. This is the only viable way to create valuable models based on the management concepts. We confer to this because the transfers from one country to another will instigate individual ideas to the manager, making him/her prone to be selective with regard to one country compared to another in order to increase his/her career chances. Thus he/she makes differences depending on the environment judged as culturally fit, given the fact that companies are always in search of the maximum adjustment basis, because they aspire their ongoing development. In fact, the internationally operating organizations have not granted the due significance to those managers intending to establish an international career in their management practices. Normally such initiatives must be included in an international career development program, at the moment when the appropriate staff will be recruited.



In addition, there are other attention-seeking issues related to the international career management, which could help in the strategic management of business enterprises, improve the HRM practices in general and address the needs of career personnel involved in the process. According to Sonnenfeld et al, (2006: 588) 'The practice has failed to correctly address the organization's requirements in the human resource management'.

THE GLOBAL BUSINESS STRATEGIES LINKS TO THE RECRUITMENT MODEL

The global management strategies in multinational companies vary greatly. The processes, practices, systems and the developed structures to implement these strategies will also vary. Developing global strategies can prove difficult, given the conflicting or contradictory environments wherein the multinational company may operate (MNC). Requirements often arise due to MNC's efforts to maximize their capacity to respond to the needs in host countries (local reaction), trying to maintain or keep under control world widely their corporation structure in order to establish a global integration. In often-cases, branches may have more autonomy acting independently and in order to respond to local requirements, remain less integrated as an international organization (Prahalad & Doz, 1987 missing; Tung & Punnett, 1993). The above theory has not undergone much changes since 1970, however Adler and Ghadar (1990) performed their duty in classifying MNC strategies on management skills. Recently, these strategies are being reconceived in terms of MNC life cycle in accordance with the product's generation, sales and development stages, under the symbol of Adler and Ghadar (1990), and Milliman et al, (1991). By applying the life cycle model or the classification model, the strategies are certainly involved in the global management and interoperability.

In the MNC's management phases, of vital importance is the local responsibility. As a result of study integration and accountability there are mentioned four strategies:

- i. Ethnocentric
- ii. Polycentric
- iii. Local (region-centric)
- iv. Geocentric

In general terms, these four stages in the Human Resources Management literature correspond to internal, in terms related to the phase 1; the phase 2 and phase 3 relate to International and Multinational dimensions and phase 4 is the Global stage.

Generally speaking, the ethnocentric strategy suggests that companies should maximize control over branches, in order to have an integration of their own and manage to minimize costs. In the polycentric and region-centric cases, local reaction is far more present and sensitive and is noticeable even less integration within the corporate. Geocentric strategy is the ideal and it tends to balance and responsiveness of local and global integration simultaneously. If we will dare to trace the phenomenon in basic hierarchical grounds, the geocentric strategy would prove a good choice as it envelopes two theoretical ideals. The Polycentric and region-centric strategies would rank as the second-best strategies because they remain more concentrated in accomplishing the local perspectives. Meanwhile the ethnocentric strategies, bearing the main focus in controlling, are either globally or locally integrated. In general, as foreign branches mature, they become a more independent source, regarding the strategic resources such as technology, capital, management, or approaches to markets. If they seek dependence upon the mother-organization, on the purpose of performing controls, then it's indispensable for them to change the autonomy terms, or to utilize alternative methods in order to promote their activity, ranging from the interrelationship with the mother-company, to the world wide operation. The rate at which MNCs aspire that their employees world widely share their corporate culture and also socialize with the employees in the host country, transmitting them the mother-corporation culture, will be evidenced via the processes and the allocation of the socialization assigned resources. We may mention such methods as, sending migrants abroad to spread the corporate culture, selecting individuals that share the organization's values, bringing the host country citizens in the country of origin in order to gain know-how etc.

The ethnocentric practices on immigrants, as part of the mother branch personnel, will be centered on their management and will be more focused on the controls and decision making by the mother branch. This happens more when the branches are managed from the center. Such practices are more common when the management is waged by the center-organization. This ethnocentric approach is more usual at the start of an enterprise and in case when special technical capacities are necessary when they can be found in the local workforce. However, the international human resource management is the responsible mechanism finding the suitable immigrants who will prove successful abroad. Current literature suggests that there is an extremely high turnover rate among the immigrants and that success on the abroad transference requires a unique set of skills and capabilities above and beyond the usual technical skills needed for the analogous position in the home-organization. The transference costs are too high and moreover the respective laws applying are far astringent. Consequently in often cases, accommodating their families depend on the help of the mother-company. The ethnocentric multinational corporations expect their leaders sent to foreign countries to transfer their culture and to demonstrate the most efficient management practices of the multinational and/or international corporation. There



are other cases that the mother company sends individuals to foreign countries and these individuals socialize with the host country employees far than usual. Thus, a greater socialization is reached based on desire. The reason under this conclusion is that, the structure of the host national company is not directly affected by the mother-company.

Some data show that even when the mother company has sent staff in order to transmit its culture to the branches, still the branch culture has prevailed over the mother company. The polycentric and region-centric practices regarding the international human resource management are based on the approach undertaken into how to manage and administer the branches' activity from the headquarters of the mother-company. For those companies having branches in various host countries, all the managerial phases are performed by the locals and rarely are noticed cases of transferred personnel from the mother-company. In this case, the company cuts on expenses, compared to the transference of staff from the mother-company. However, the mother-company is willing and open to gain valuable global perspectives from the abroad employees and it is also in the known that the employees not always can socialize to the mother company culture. This can be accomplished either through transference of this staff in the native country to gain experience, or via sending representatives from the mother company to the country wherein the branch will be settled. For this reason, being that the cultural alignment does not happen overnight, the very career of the managers and employees of the company in the host country cannot reach the highest level, therefore it's harder for them to take over management level posts in the mother-company. The polycentric companies experience a concern regarding the common culture of the company's management.

A similar management strategy to the polycentric approach is the geocentric one. From this perspective, the employees of the host countries and the third countries can be recruited and/or selected to work on a regional basis. The regions' selections should go in consistency to some indispensable elements as the natural border, such as the European Economic Community or the Middle East. In the region-centric MNCs, the communication systems and the very integration must be highly sophisticated on the part of the mother-company, in order to maintain control over the regions in which it operates. In the polycentric perspective, the career chances of the national staff of the host country are higher to progress within the region, but it occurs that success can be attained even with regard to the mother company. However, as happens in organizations having a multitude of polycentric perspective, the local citizens are given the opportunity to manage their own branches. The geocentric practices of HRM and MNCs aim at an all-comprehensive integration of all their branches and a merge of the world-wide cultures, thereof they need to adopt a geocentric strategy. MNCs

effectuate the adoption of this strategy in a worldwide scenario, intending to attract the most qualified individuals working in various positions, irrespective of their nationality. When talking about MNC's geocentric creations, we view the situation as being the case of company's integration in global terms, experiencing a cultural unification of companies, but not necessarily dictated by the mother-company. There are other cases of a more complex organization of the geocentric companies. In this case the structure is substantially pivotal, as it requires an extensive communication and integration of workers even across borders. In the case of geocentric MNCs, the socialization of the organization's values is employed as a strategy ruled by flexibility, in order to accommodate as good as possible the needs of the daughter company, in order to feel as comfortable as possible working in a country with a different culture from their country of origin. Despite this fact there will always be cultural differences. However, they will always attempt to acquire the values, attitudes, cultural norms of the country where they are working. This is done through the contacts with the mother-company and other foreign branches, the transfers and various visits to other foreign countries in order to develop global links. Given that this strategy is carried out through trainings organized in the mother company or in branches, it allows the greatest amount of local trials and decentralization level, thus to maintain the overall integration.

A considerable part of literature treats the socializing approaches or the strategic socialization. To make employees feel good, transference bonuses are often provided, as show ticket, different invitations, in order for them to adapt as easily as possible to the new country. Frequently, decent living conditions are provided to their families. If the transference is scheduled for a long time and the assignment is at a managerial level, then better conditions are provided in order to facilitate transference adaptation process. The adaptation processes are intended so that the employees may acknowledge not only the culture of the MNC mother organization country, but also the culture of the countries where MNC operates. The main objective is to somehow neutralize national culture features and to attempt to comprise it in the MNC's culture. This is the basic theory applied in strategic human resource management of MNC's. Edstrom and Galbraith (1977), noted that the theoretical grounds of their studies provide a framework for examination; afterwards we can move on to evaluating the work validity of the international strategic management of human resources. In line with what was discussed above, we may have a dual representation regarding the decision to preserve culture. There may be cases of MNC who want to preserve the mother-company culture, but also there may be cases of MNCs which select the polycentric approach, that is to take into consideration the host countries' culture.

Also, the geocentric operating companies are less concerned with the mother company culture preservation, compared to the region-centric, the polycentric or the ethnocentric. The ethnocentric companies recruit globally less foreign workers compared to the region-centric and geocentric companies. Especially in geocentric



companies the global recruitment approaches are widely practiced. The ethnocentric companies will retain less their selection standards worldwide compared to the polycentric, region-centric and geocentric MNCs, due to the fact that they prefer to make selection within the mother country. In the case of ethnocentric companies most of the time they tend to contact with their employees, as they strive to settle closer relationships compared to the region-centric and geocentric companies. Nevertheless, these companies do have social policies used exclusively to improve the individual performance. In the firms organization there are delineated a multitude of international strategies, created to the sole aim of achieving the economic success. From the human resources perspective, the geocentric MNC 's target is to attract the most appropriate employees in order to choose among them the best and most talented. This is vital in those cases where the position is of key importance. In these cases not only the best applicant will be selected, but he/she will be gratified with all the required conditions in order to result in the most productive. The affinity the geocentric MNCs have to human resource structures is of more strategic nature, thus it gives them significant competitive advantages. In addition, these employees will gain global perspectives and international capacities, which will further strengthen MNCs in all their activities.

An important issue for discussion is the MNC's management of high level positions strategy and its efficiency in a single line. Despite the good initiatives the big companies may have in regulating their activities worldwide and the best recruitment they can select, they are still faced with hurdles. Starting from the legal practices in host countries, to the political and cultural differences, which in turn can cause adjustment problems. Finding the appropriate solution is the responsibility of the international human resources, which in an organized manner should develop practices in conformity with the legal, political and cultural grounds, thus it is better achieved the most appropriate adaptation. In this case even the employee is well aware of where he/she is going, the surrounding environment expected to be found, on the other hand the local employee is provided the due information on foreigners arriving. In the same way the host employee is prepared, similarly the foreign employee to be transferred gets prepared in order to acknowledge the culture, politics and the legal regulations of the country, where the mother company operates.

The involvement of human resources in both preparatory stages will create the opportunity that the international human resource management may function effectively in a global context. Regarding the ways through which the company recruits its employees, always in conformity with its strategies chosen to operate the below recruitment approaches are recognized:

- i. Geographical recruitment; and

ii. Internal versus external recruitment.

The target of the geographical recruitment in searching for potential candidates might be extended in the global context if the company is following a geocentric strategy and is looking for the best talents in an international context. International firms, in cases of middle to low level management recruitment, decide to wage the recruitment selection in the bulk of the host country applications. However MNCs as Merck, 3M and IBM encourage the internal recruitment, following the Promotion Policy from within the company in the mother-country, as well as in the host country.

This is done because some conspicuous advantages are noticed:

- i. When using an effective human resources information system, the most suitable candidates are more easily found saving time and cutting costs for research.
- ii. Having such an efficient system, the possibility to increase the selection decisions validity is undoubtedly increased and made highly 'readable'.
- iii. Promotion from within the company is an immediate indicator of the considerable level of retention and productivity and the promoted employees will view internal recruitment as a promise for career advancement within the organization.
- iv. A major advantage is the fact that the existing employees do not need training because they know far better the operational policy and the company culture compared to a newcomer.

Harvey and Novicevik (2001) added these advantages to the list:

- i. Internal candidates are easier to persuade in taking an assignment abroad.
- ii. Since the internal candidates are far more familiar with the company culture, they know better the ways of internationalizing their careers.
- iii. Internal candidates are more reliable in cases of expansion of control units, regarding the global operations.

On the other hand the external recruitment brings about several advantages, amongst which we can mention:

- i. Brings in new ideas and new perspectives within the organization.
- ii. Reduces the training costs when technically trained employees are recruited.
- iii. Enables a greater, additional human resources work power, especially in expansion periods without being forced to tantalize the current internal staff.
- iv. Facilitates objectivity and flexibility to make critical decisions without depending on previous experiences or past built relationships.



Despite the above mentioned advantages, there are considerable obstacles related to external recruitment, starting from the newcomer costs, to the organization culture adaptation.

CONCLUSIONS

The human resource recruitment process is simultaneously a vitally professional depended process, and regionally bound. In order to wage the most appropriate recruitment strategies, especially the companies operating in an international context need to take care primarily of the mother-company needs and principles to be adhered to, and secondly for the daughter-company success. The process is greatly aided by the transference of the know-how from the mother-company to the respective branches, and on the other hand by building capacity in the host country.

Various strategies are employed in attaining the objective, starting from the ethnocentric to the polycentric, from the local (region-centric) to the geocentric, each and every single of them bearing their pros and cons when it comes to their application and a successful projection depends on the regional grounds, the professional needs, the technical requirements etc.

Nevertheless is up to the MNCs capacity to decide upon 'casting' the appropriate amount of responsibility to the daughter-company. As a result of study integration and accountability there are mentioned four strategies (Ethnocentric, Polycentric, Local (region-centric) and Geocentric).

In drawing comparisons the ethnocentric strategy suggests that maximum control over branches is indispensable in order to create integration and minimize costs. The polycentric and region-centric approaches admit that the local reaction is far more present and noticeable. Meanwhile the geocentric strategy is the ideal combination and it strives to simultaneously balance the local responsiveness to the global integration.

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