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# International Management : Developing a Global Management Cadre

*Abhishek Gupta\**

## *Abstract*

*In the age of globalization and liberalization, executives at all level moves around the world with long term posting abroad. Migrant may feel cultural shock while working in the foreign land as well as reverse cultural shock while they return due to differences in culture across countries. This paper outlines the necessity of support programmes that could improve the comfort level of employees who are moving around the globe for professional purposes. Support programs for expatriates should include information from and contact with the home organization as well as career guidance and support when they return from overseas assignments. The expatriate's spouse plays a crucial role in the potential retention and effectiveness of the manager in host locations. Companies should ensure the spouse's interest in the assignment, include him or her in the pre-departure training, and provide career and family support during the assignment and upon return. Global management teams offer greater opportunities by sharing experiences, technology for international managers and greater opportunities for cross-cultural understanding and greater complexity in the workplace. Women and minorities represent underutilized resources in international management. A major reason for this situation is the assumption that culturally based biases may limit the opportunities and the success of women and minority community. Labor relationships refer to the process through which managers and workers determine their workplace relationships. The labor relations environment, system, and processes vary around the world and influence how the international manager must plan strategy and maximize the productivity of local human resources.*

## **Introduction**

A crucial factor in global competitiveness is the ability of the firm to maximize its global human resources in the long term. Attention must be paid to several important areas to make this effective. Effective human resource management of a company's global cadre does not end with the overseas assignments. This also includes the successful repatriation of the executive into company headquarters. Long-term, proactive management of critical resources should

begin with the end of the current assignment in mind. It should begin with plans for the repatriation of the executive as a part of his or her career path.

**\*Dr. Abhishek Gupta,**  
*Head, Sardar Swaran Singh National  
Institute of Renewable Energy  
(Ministry of New & Renewable Energy  
Govt. of India  
Kapurthala (Punjab), India*

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The management of the re-entry phase of the career cycle is as vital as the management of the cross-cultural entry and training. Otherwise, the long-term benefits of that executive's international experience may be negated. Shortsightedly, many companies do little to minimize the potential effects of reverse culture shock. The long-term implications of ineffective repatriation practices are clear and a few good managers will be willing to take international assignments because they will see what happened to their colleague overseas and is now, in fact, worse off than before he or she left the country. Research has shown that employees commonly see overseas assignments as negative career moves in many U.S. multinational companies. In contrast, such moves are seen as positive in most European, Japanese, and Australian companies because they consider international experience necessary for advancement to top management.

Reverse culture shock occurs primarily because of the difficulty of reintegrating into the organization but also because, generally speaking, the longer a person is away, the more difficult it is to get back into the swing of things. Not only might the manager have been overlooked and lost in the shuffle of reorganizations, but her or his whole family might have lost social contacts or jobs and feel out of place with their contemporaries. These feelings of alienation from what has always been perceived as "home" because of the loss of contact with family, friends, and daily life delay the re-socialization process. Such a reaction is particularly serious if the family's overall financial situation has been hurt by the assignment and if the spouse's career has also been kept "on hold" while he or she was abroad. For companies to make the long-term use of their global cadre effective, they need to make sure that the foreign assignment and the reintegration process render positive experiences. This means careful career planning, support while overseas and use of the increased experience and skills of returned managers to benefit the home office.

### **Expatriate Career Management**

Many companies are beginning to recognize the importance of providing support for spouses and children in particular because both spouses are often corporate fast trackers and demand that both sets of

needs be included on the bargaining table. Firms often use informal means, such as intercompany networking to help find the trailing spouse a position in the same location. They know that, with the increasing number of dual-careers of couples, if the spouse does not find a position, the manager will very likely turn down the assignment. They decline because they cannot afford to lose the income or because the spouse's career may be delayed entirely if he or she is out of the workforce for a few years. Usually, as women continue to move up the corporate ladder, the accompanying spouse is often male which was estimated at 25 percent in the year 2000. Seven Companies such as Hewlett-Packard, Shell, Medtronic, and Monsanto offer a variety of options to address the dual-career dilemma. Support services provide timely help for the manager and therefore, are part of the effective management of an overseas assignment. The overall transition process experienced by the company's international management cadre over time comprises three phases of transition and adjustment that must be managed for successful socialization to a new culture and re-socialization back to the old culture. These phases are the exit transition from the home country, the success of which will be determined largely by the quality of orientation that the expatriate has received; the entry transition to the host country, in which successful acculturation will depend largely on monitoring and support and the entry transition back to the home country or to a new host country, in which the level of reverse culture shock and the ease of re-acculturation will depend on previous stages of preparation and support. A company may derive many potential benefits from carefully managing the careers of its expatriates. By helping managers make the right moves for their careers, the company will be able to retain people with increasing global experience and skills. But from the individual manager's perspective, most people understand that no one can better look out for one's interests than oneself. With that in mind, managers must ask themselves and their superiors, what role each overseas stint will play in career advancement and what proactive role each will play in one's own career.

### **Repatriation & Global Management Cadre**

In the international assignment, both the manager and the company benefit from the enhanced skills

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and experience gained by the expatriate. Many returning executives report an improvement in their managerial skills and self-confidence. In addition to the managerial and cross-cultural skills acquired by expatriates, the company benefits from the knowledge and experience those managers gain about how to do business overseas and about new technology, local marketing and competitive information. The company should position itself to benefit from that enhanced management knowledge if it wants to develop a globally oriented and experienced management cadre an essential ingredient for global competitiveness in particular where there is a high degree of shared learning among the organization's global managers. If the company cannot retain good returning managers, then their potential shared knowledge is not only lost but also conveyed to another organization that hires that person. This can be very detrimental to the company's competitive stance. Some companies are becoming quite savvy about how to use technology to utilize shared knowledge to develop their global management cadre, to better service their customers and as a side benefit to store the knowledge and expertise of their managers around the world in case they leave the company. That knowledge, it can be argued, is an asset in which the company has invested large amounts of resources. One such savvy company is Booz-Allen & Hamilton which instituted a Knowledge On-Line intranet.

A successful repatriation program, then, starts even before the foreign assignments. The company's top management must set up a culture that conveys the message that the organization regards international assignments as an integral part of continuing career development and advancement and that it values the skills of the returnees. The company's objectives should be reflected in its long-range plans, commitment and compensation on behalf of the expatriate. GE sets a model for effective expatriate career management. With its 500 expatriates world-wide, it takes care to select only the best managers for overseas jobs and then commits to placing them in specific positions upon reentry. A study of the IHRM policies of British multinationals indicates that careful planning for foreign assignments pays off. Farsighted policies, along with selection criteria based more on the adaptability of the manager and her or his family to the culture than on technical skills,

apparently account for the low expatriate failure rate estimated at less than 5 percent.

### **Modern Global Enterprise**

MNCs, today, realize that it is essential to maximize their human assets in the form of global management teams so that they can share resources and manage the transnational transfer of knowledge. The term, global management teams, describes collections of managers in or from several countries who must rely on group collaboration if each member is to experience optimum success and goal achievement. To achieve the individual and collective goals of the team members, international teams must "provide the means to communicate corporate culture, develop a global perspective, coordinate and integrate the global enterprise and be responsive to local market needs". The role and importance of international teams increase as the firm progresses in its scope of international activity. Similarly, the manner in which multicultural interaction affects the firm's operations, depends on its level of international involvement, its environment, and its strategy. In domestic firms, the effects of cross-cultural teams are limited to internal operations and some external contacts. In international firms that export products and produce some goods overseas, multicultural teams and cultural diversity play important roles in the relationships between buyers, sellers and other intermediaries at the boundary of the organization. For multinational firms, the role of multicultural teams again becomes internal to the company; the teams consist of culturally diverse managers and technical people who are located around the world and are also working together within subsidiaries. The team's ability to work effectively together is crucial to the company's success. In addition, technology facilitates effective and efficient teamwork around the world.

### **Women in International Management**

Around the world, women are remaking companies, society and themselves. But in each country, women have achieved different things, fought different battles and made different sacrifices. Opportunities for indigenous female employees to move up the managerial ladder in a given culture depend on the values and expectations regarding the role of women in that society. In Japan, for example, the workplace

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has traditionally been a male domain as far as managerial careers are concerned (although rapid changes are now taking place). To the older generation, a working married woman represented a loss of face to the husband because it implied that he was not able to support her. Women were usually only allowed clerical positions under the assumption that they would leave to raise a family and perhaps later return to a part-time work. Employers, thus, made little effort to train them for upper level positions. As a result, very few women workers have been in supervisory or managerial posts, thus, limiting the short-term upward mobility of women through the managerial ranks. The younger generation and increased global competitiveness have brought some changes to traditional values regarding women's roles in Japan. More than 60 percent of Japanese women are now employed including half of Japanese mothers. But how and when these cultural changes will affect the number of Japanese women in managerial positions remains to be seen. If one finds limitations on managerial opportunities for women in their own country, obviously even more limitations on their opportunities exists for them as expatriates. Overall, more managerial opportunities are available for American women than for women in most other countries. However, even for American women, who now fill more than 46 percent of the managerial positions at home, commensurate opportunities are not available to them abroad. About 6 percent of North American expatriate managers are women. The reasons for the different opportunities for women among various countries can often be traced to the cultural expectations of the host countries that keep women in these countries from the managerial ranks. In Germany, for example, the disparity in opportunities for women can be traced in part to the lifestyles and laws. Cultural expectations may also contribute to different opportunities for women at the top levels between northern and southern Europe. While top boardrooms in Spain and Italy remain almost exclusively male, women occupy 22 percent of board seats in the largest companies in Norway and 20 percent in Sweden. While this phenomenon can be attributed to complex social and cultural issues, firms ought to be aware of the effects on their bottom line. The lack of expatriates who are female or represent other minority groups does not reflect their lack of desire to take overseas assignments. Indeed, studies indicate women's strong willingness to work abroad and their considerable success on their assignments.

## **Working within Local Labor Relations Systems**

An important variable in implementing strategy and maximizing host-country human resources for productivity is that of the labor relations environment and system within which the managers of a multinational enterprise (MNE) will operate in a foreign country. Differences in economic, political, and legal systems result in considerable variation in labor relations systems across countries. The term labor relations refer to the process through which managers and workers determine their workplace relationships. This process may be through verbal agreement and job descriptions or through a union's written labor contract which has been reached through negotiation in collective bargaining between workers and managers. The labor contract determines rights regarding workers' pay, benefits, job duties, firing procedures, retirement, layoffs and so on. The prevailing labor relations system in a country is important to the international manager because it can constrain the strategic choices and operational activities of a firm operating there. The three main dimensions of the labor-management relationship that the manager will consider are the participation of labor in the affairs of the firm, especially as this affects performance, well-being and the role and impact of unions in the relationship and specific human resource policies in terms of recruitment, training, and compensation. Constraints take the form of wage levels that are set by union contracts and leave the foreign firm little flexibility to be globally competitive, limits on the ability of the foreign firm to vary employment levels when necessary and limitations on the global integration of operations of the foreign firm because of incompatibility and the potential for industrial conflicts.

## **Organized Labor around the World**

The percentage of the workforce in trade unions in industrialized countries has declined in the last decade, most notably in Europe. This trend is attributable to various factors including an increase in the proportion of white-collar and service workers as proportionate to manufacturing workers, a rising proportion of temporary and part-time workers, and a reduced belief in unions among younger generations. However, numbers do not show the nature of the system in any country. In most countries, a single dominant industrial relations system applies

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to almost all workers. Both Canada and the United States have two systems, one for the organized and one for the unorganized. The traditional trade union structures in Western industrialized societies have been in industrial unions representing all grades of employees in a specific industry and craft unions based on certain occupational skills. More recently, the structure has been conglomerate unions, representing members in several industries for example, the metal workers unions in Europe which cut across industries and general unions which are open to most employees within a country. The system of union representation varies among countries. In the United States, most unions are national and represent specific groups of workers for example, truck drivers or airline pilots so a company may have to deal with several different national unions. A single U.S. firm-rather than an association of firms representing a worker classification engages in its own negotiations. In Japan, on the other hand, it is common for a union to represent all workers in a company. In recent years, company unions in Japan have increasingly coordinated their activities, leading to some lengthy strikes. Most Europeans are covered by collective agreements whereas most Americans are not. Unions in Europe are part of a national cooperative culture between government, unions and management and they hold more power than in the United States.

### **Convergence versus Divergence in Labor Systems**

In South Africa, the elimination of apartheid has given rise to a rapidly growing labor movement. The African National Congress is pro-union and local unions receive assistance from the AFL-CIO branch in Johannesburg. Although no clear direction is evident at this point, political changes, external competitive forces, increased open trade and frequent moves of MNCs around the world are forces working toward convergence in labor systems. Convergence occurs as the migration of management and workplace practices around the world reduce workplace disparities from one country to another. This occurs primarily as MNCs seek consistency and coordination among their foreign subsidiaries and as they act as catalysts for change by "exporting" new forms of work organization and industrial relations practices. It also occurs as harmonization is sought such as for the EC countries and as competitive pressures in free-trade

zones such as the NAFTA countries eventually bring about demands for some equalization of benefits for workers. This trend is highlighted in the Management Focus. It would appear that economic globalization is leading to labor transnationalism and will bring about changes in labor rights and democracy around the world. In East European societies in transition to market economies, for example, newly structured industrial relations systems are being created. Trends in industrial relations such as the flattening of organizations and the decline in the role of trade unions are viewed by many as global developments pointing to convergence in labor systems.

Other pressures toward convergence of labor relations practices around the world come from the activities and monitoring of labor conditions worldwide by various organizations. One of these organizations is the International Labor Organization (ILO) comprising union, the employer and Government representation whose mission is to ensure that humane conditions of labor are maintained. Other associations of unions in different countries include various international trade secretariats representing workers in specific industries. These include the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labor (WCL). The activities and communication channels of these associations provide unions and firms with information about differences in labor conditions around the world. One result of their efforts to provide awareness and changes in labor conditions was the pressure they brought to bear on MNCs operating in South Africa in the late 1980s. The result was the exodus of foreign companies and the eventual repeal of apartheid laws. Now, there is a rapidly growing labor union movement there, thanks to the pro-union African National Congress. However, government control over union activities is very strong, and although some strikes occur, union control over members remains rather weak. MNCs are required by Government regulation to hire Mexican nationals for at least 90 percent of their workforce; preference must be given to Mexicans and to union personnel. In reality, however, the Government permits hiring exceptions. Currently, the only labor issues that are subject to a formal traditional review under the NAFTA, labor side pact are minimum wages, child labor, and safety issues. Foreign firms, such as Honeywell, operating in Mexico are faced with pressures from various stakeholders

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in their dealings with unions.

### Conclusion

International human resource management department has expanded to meet the strategic needs of the company to develop a competitive global management cadre. Maximizing human resources around the world requires attention to many categories and combinations of those people including expatriates, host-country managers, third-country nationals, female and minority resources, global teams, and local employees. Competitive global companies need top managers with global experience and understanding. To that end, attention must be paid to needs of expatriates before, during and after their assignments in order to maximize their long-term contributions to the company.

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