AUTHOR, NAME: Dr. T.L. Jordan

globalbusinesstrainers@yahoo.com

Historian Daniel J. Boorstein notes, “The greatest obstacle to discovery is not ignorance, but the illusion of knowledge”

ABSTRACT

We have gone from personnel management to Strategic Human Resource Management, which is no longer about pushing papers to staff and benefits. Globalization has changed the way in which we conduct and operate business. Developing human resources management structures is no longer a technical issue either, where this department is outsourced with a link for employees to log on and ask questions or review and update information. Today, human capital placed in expatriate positions need language skills, knowledge, and the ability to adapt to cultural environments to be on a fast track for these international opportunities in global organizations. HR is a very complex issue that can center on not just economics to improve the bottom line, but political, environmental, social, and cultural variables, playing a critical role in the development of a host nation and the home organization – whether as a subsidiary or branch office. Global competitiveness of cross-border mergers and acquisitions has been receiving significant attention. The ethnocentrism approach no longer meets the needs of diverse communities. According to recent research, aligning global HR strategies, organizational capabilities, and people (staff) are increasingly meshed to attract and retain talent. Current data available to staffing potential expatriates highlights the advantages and disadvantages to each approach. The purpose of this conceptual analysis is to examine the growing trends in human resource approaches and practices to international human resources management staffing approach at the ethnocentric, geocentric, polycentric, and region-centric levels, as strategic considerations for effective communication with expatriate managers and local staff. It attempts to understand which strategy/strategies are being effectively adopted to global firms, to improve the staffing and retention process with a framework for best practices used by some organizations.
**INTRODUCTION**

The modern day search for competitive advantage has businesses beginning to emphasize the playing of a global game. “We are living in times of great change with the emergence of global and international organizations, which are pursuing strategies for the expansion of their markets as a means to reach new opportunities for their goods and services” (Trudel, 2009). “This worldwide aspect is also growing with medium and small companies that are recognizing their development outside their national borders an important activity for survival” (Hill, 2010).

Today, serious organizations wishing to internationalize their businesses must count on top management to develop its employees with a global outlook and relevant intercultural competencies as their workforce often come from different cultures. According to Morris, Snell & Wright (2005), the international human resources management (IHRM) practices should build the unique human capital and suggest ways/methods to utilize a combination of human, social, and organizational capital in a creative and integrative manner as a source of competitive advantage. Questions that come to mind in international human resources management are: what are the staffing trends in human resources transformation practices in multinationals with subsidiaries and branch offices globally? What is the current and future scope in hiring the best talent? In which way(s) have recent global migration of human capital affected the HR process?
PURPOSE OF RESEARCH

The purpose of this paper is to analyze and examine IHRM practice of secondary research that currently exists in international human resources staffing practices. The content covered is relevant internationally and among different industries. The materials presented apply theory to practical situations. It focuses on human resources and the international business audience, to provide a better understanding of the issues involved in staffing process for international assignments, where knowledge can be transferred from the domestic HR to the international context - the roles and duties performed by expatriate workers.

BENEFITS OF THIS RESEARCH

Because so little attention and information is focused on the internationalization of human resources management, the authors' attempt to reignite the issues to keep it in the literature as an important topic to be further studied.

METHODOLOGY & LIMITATIONS

This secondary research gathered data based on information from research previously undertaken on the topic, to gain initial insight into presenting these issues for completing this paper. The advantage of using secondary data is time and cost savings but presented in a sequential manner; the downside of this research is that it is not customized by aggregate data (interviews or sample questionnaire to be as useful as primary market research), presenting pertinent statistics to the research topic. This is the limitation, which will be pursued in future.
PROBLEM STATEMENT

This theoretical paper will focus on factors of ethnocentric, geocentric, polycentric, and region-centric approaches to international human resources management, where geographical mobility constitutes fundamental principles that add a new dimension to the issues involved in HR Management. Schneider and Barsoux (2003) points out “one of the barriers preventing the HR function from fulfilling its role is its own lack of international experience. HR managers have very few transfer opportunities outside their home country and do not get the international exposure they need, and companies seem to make little effort to leverage the knowledge gained from operating in a different cultural environment. Hence, HR departments are also missing the opportunity to learn from the experiences of retuning expatriate and loses the very knowledge and skills needed for developing long term international competence of the firm” (Schneider and Barsoux, 2003).

Faced with unprecedented levels of foreign competition at home and abroad, firms are beginning to recognize not only that international business is high on management’s list of priorities but that finding and nurturing the human resources required to implement an international or global strategy is of critical importance (Dowling & Welch, 2005; Dowling, Welch and Schuler, 1999). Attracting and retaining the best talented minds have become as challenging. The authors stress that every HRM model must be critically assessed in the particular setting in which it is being used, and then adopted, adapted or abandoned. Human Resources Management (HRM) has continually been enlarging its sphere of inclusion, as
competition increases and intensifies at the international and global levels, to amplify the importance of recruitment, selection, training, management and evaluation of employees. “The complexities of operating in different countries and employing different national categories of workers are key variables that differentiate domestic and international HRM, rather than any major differences between the HRM activities performed.” Dowling and Welch (2005) argue that the complexity of IHRM can be attributed to six factors:

1. More HR activities – to operate internationally, HR must engage in activities not necessary in a domestic environment.
2. The need for a broader perspective – international HR managers face the problems of managing more than one national group of employees.
4. Changes in emphasis as the workforce mix of expatriates and locals varies – foreign operations mature and therefore HR activities change.
5. Risk exposure – human and financial consequences of failure in the international arena are more severe than in domestic business.
6. Broader external influences – the type of government, the state of the economy and the accepted policies and procedures of the host countries laws.

“One of the greatest challenges facing international organizations lies in their capacity to adapt their human resources management to the norms and values of different
cultures. Organizations often confuse international human resources management and expatriate management. In doing so, they involuntarily block out scores of employees who are also active in the organizations. Country of origin, locations of recruitment and work, and geographical mobility constitute the fundamental elements of a complete managerial system. In essence, the communication and exchange capacities between the various groups - some of which are more sedentary and others mobile - are main considerations of international human resources.

The demand to do more with less and faster has grown exponentially for most HR functions. Additionally, many organizations are calling for HR to become a “strategic partner” in transforming the function from a low-level expense center to a more visible and responsive investment center (Dyer & Holder, 1998). There are also compliance that refers to law and regulation.

For human resources management (Manolescu, 2004; Noe, Hollenbeck, Wright and Gerhart, 2008), the development plays an important role in advancing the skills of workers in organizations in order to improve productivity and international competitiveness. This necessity is resulting more in complexity, particularly, to manage cultural, economical, and internal influences on HR activity. Today and futuristically, we are faced with international human resources management (IHRM).
One of the greatest challenges facing international and global organizations today rests on their capacity to adapt their human resources management to the norms and values of different cultures (Hill, 2011). Global human resource management (GHRM) in international business activities include human resource strategy, staffing, performance evaluation, management development, compensation, and labor relations. None of these activities is performed in a vacuum; all must be appropriate to the firm's strategy. Since the beginning of globalization, cross-cultural management has been debated. The debate centered on whether localization or internationalization practice is best for multinationals.

Forces for change are global competition, growth in mergers, acquisitions, restructuring, and advances in technology and telecommunication. Some of the challenges and complexities of operating in different countries with varied nationalities are: cross-cultural management orientation in different cultural environments and attitude of senior management, diversity workforce, hyper-competition, expansion to host and third national countries from parent country type employees, family adjustment, homeland security, taxation, and government regulations. Multinational management now requires 1. the need for flexibility, 2. Local responsiveness, 3. Sharing knowledge and, 4. Transfer of competencies.

According to Gankema, Snuif & Zmart (2000), there is a noticeable shortage of sound international practices, as most research explains best practices related to management of expatriates and the training of employees. This limitation is largely due to cost and time constraints (Schuler, Budhwar, & Florkowski, 2002). However emerging markets such as
Brazil, Russia, India, and China (BRICs) countries could change this profile in years to come. Morris, Snell & Wright (2005) suggest that multinational corporations (MNCs) that are able to replicate best practices among subsidiaries more effectively than their competitors, typically gain a competitive advantage.

In the last decade or so, there has been a surge of interest in international human resources management (IHRM) issues (Kirkman and Law, 2005). We have witnessed a growth of interest in strategy and human resources management as organizations and academics (Boxall and Purcell, 2003) have been increasingly exploring ways in which HRM is strategic to business success.

The ability to outsource certain functions in technology, manufacturing, and information to other parts of the world means that even small companies can interact with people from different countries. Therefore, there has been a rapid increase in international business. Clearly, these opportunities will lead to greater challenges.

Katz & Darbishire (2000) find that traditional national systems of employment are being challenged by cross-national patterns; these changing employment patterns are closely related to the decline of unions and growing income inequality. Employee development is key to lean operations of the lean production system in Japan. As firms continue to become internationally minded, the role of international HR professionals is becoming increasingly the foreground of business. Budhwar & Sparrow (2002) pose the following questions:
• How do different countries manage their human resources process in order to compete in dynamic global markets?

• Is there a best human resource management international approach and can the best resource practices be transferred across nations?

• What drives international HRM, how effective and important it is for prosperity?

An examination of Human Resource policies and practices among multinationals operating in three different multinational organizations provides insights about the nature of the intervening variables that explain how Human Resource policies affect performance (Sparrow, Brewster, and Harris, 2005; 2004).

GLOBALIZATION SHIFTING THE PARADIGM

To begin, a definition of globalization that made IHRM possible is defined as process of increasing the connectivity and interdependence of the world's markets and businesses, through technological advances toward one global marketplace (Hill, 2011). Because businesses are engaging in cross-border commercial transactions with individuals, private firms, and/or public sector organizations (Hill, 2011; Griffin & Pustay, 2009; Wild, Wild & Han, 2010) activities must be set at attracting, developing and maintaining the effective workforce necessary to achieve a firm's objective.
Another definition of globalization by Hill (2011), “globalization refers to the shift toward a more integrated and interdependent world economy” (p. 6). Over the years globalization has become very popular; companies are strategizing and forming affiliates in different countries to move free flow of goods by creating infrastructure and communication so businesses can be sustainable and successful in today’s competitive economy. It is the trend towards greater economic, cultural, political, and technological interdependence among national institutions and economies – with increasingly freer flow of goods, services, money, people, and ideas across national borders” (Wild, Wild & Han, 2010).

There are two main forces that underlie globalization: 1. falling barriers to trade and investment, and 2. Technological innovation. Thomas Friedman’s (2005) examination of the influences shaping business and competition in a technology-fueled global environment is a call to action for governments, businesses and individuals who must stay ahead of these trends in order to remain competitive as the world flattens.

Dyck and Neubert (2010) refer to “changes in dimensions of the external environment that result in increased and interdependence and integration among the people and organizations around the world.” Griffin & Pustay (2009) note, “the increasing integration of the world economy and the world’s countries;” and Wild, Wild & Han (2010) state that “technology is perhaps the most remarkable facilitator of societal and commercial changes today.” Hence, globalization ultimately creates positive and negative impacts when the people of different nations interact in order to achieve the objectives.
Globalization can be credited with bringing many societies closer together. The world’s marketplace is becoming one giant market rather than various individual domestic markets. Through technological advancements such as the Internet and other innovations, people are able to communicate more effectively and have much more information available to them. However, globalization has caused many social problems for the world today. Reddy and Vyas (2004, p. 170) point this out through globalization.

Globalization of individual companies and capital markets over the past two decades has changed the business landscape. Many firms have expanded operations overseas as domestic businesses are facing competition from abroad” (Wright, 2008, p. 8). Any multinational company with a good human resources management team will put out every effort to getting the right people for the right cost. As business expands, we recognize greater human interaction at many levels and intensified exposure to the many outcomes of current global business practices (Bettcher & Lee, 2002). Multinational organizations can enjoy greater profit and a larger consumer base by expanding operations all over the globe. Osland (2003, p. 141) makes reference to globalization having a negative impact on social equality. For example, the poor becoming poorer, people who are technologically unskilled have seen their wages diminish, and domestic businesses having to close their operations due to their inability to compete against MNEs that have shifted their manufacturing operations to countries that offer lower cost labor or favorable regulatory policies.
Similarly, developing countries can take advantage of opportunities to develop their own domestic economies through collaboration with large businesses, offering jobs in areas where employment has been scarce (Eddy & Vivarelli, 2006). It is the responsibility of the human resource management to ensure that qualified internal employees are readily available to occupy any vacancies. Workers on managerial assignment in other countries or even those managers that are working on international assignments are faced with challenges that can either rise to success or failure.

**EVOLUTION OF HUMAN RESOURCES MANAGEMENT**

First, it is necessary to briefly examine the evolution of the field in order to make a distinction between human resources management (HRM), strategic human resources management (SHRM), and international human resources management (IHRM). We can all credit Elton Mayo and Frederick Taylor with the management craze, then came personnel management after World War II into the 1970s of human resources management and strategic human resources management, to the recent international human resources management (Schuler, Budhwar & Florkowski, 2002). We are living in times of rapid change. The development of ever-evolving technology is growing economies and changing the interface of traditional business. For some time, human resources management has been undervalued, but the shift in paradigm is highlighting the importance of its creative capital as one of the greatest assets in order to compete within the dynamic and unstable global environment.
The main functions of the HRM are: (1) Workforce Function, (2) Personnel Management Function, (3) Compensation Function, (4) Orientation and Development Function, (5) Labor Relationship Function, and (6) Social Services Function (Noe, Hollenbeck, Gerhart and Wright, 2008). The HRM functions grow in complexity while the company grows in size. Small enterprises may not have a structured area for the HRM, but to the extent that these companies grow, the HR activities need to be within a HR department that develops all the HR functions. The globalization has brought the necessity to design a way of managing the HR in a global manner, due to different approaches in various places in the world, to develop the same activities, and to compensate and motivate the HR. The global strategy used to manage HR could be the reason for an organization to become a truly global enterprise (Hill, 2011, p. 604). The staffing policy of the human resource management is to make sure that the right staff is hired to achieve organizational goals. “Staffing is the HRM process of identifying, attracting, hiring, and retaining people with the necessary knowledge, skills, abilities, and opportunities (KSAOs) to fulfill the responsibilities of current and future jobs in the organization” (Dyck & Neubert, 2010, p. 360). The human resource function is a crucial function in any organization and therefore requires qualified workers.

Having the right people in the right positions with sufficient training and knowledge to perform effectively and outstandingly, their skills and cultural desire, behavior, and incentives that motivate and empower them to develop correctly their function and participation within the organization must be a clue to the difference to succeed in a global market. The multinational companies may decide for one of the following strategies: (1) Localization, in which the
strategy is to create value by giving the responsibility to the local business; (2) Internationalization, in which competencies and products are transferred overseas; (3) Globalization, the strategy is realizing location economies and experience curve; and (4) transnationalization, by doing everything simultaneously. Through its functions, HRM develops an important role implementing the business strategies. The selecting task is a main function that has to ensure the correct skilled people that meet the behavior, the values and the beliefs defined for an organization. International companies have developed different types of staffing policies: ethnocentric, geocentric, polycentric, re-giocentric/geographic approaches (Hill, 2011, p. 606). This paper focuses on these four primary models associated with international human resource management strategies.

Human Resource Management (HRM) means that companies use methods to improve the efficiency of human resources (Hill, 2010, p.626). Human is the key point of development. All the companies try to earn more profits and decrease the cost and they use different management methods. Human Resource Management can help companies achieve their strategic goals (Hill, 2010, p.626). According to the processes of recruiting and training, companies can choose fit employees and improve their skills. As a result, companies can improve the efficiency. At the same time, globalization became the trend of our world and the competition is getting more and more intense. Managers pay attention to the multinational development and international human resources (Rivera, 2008). International market contains great potential and resources including cheap labor force and raw material. However, international companies have to face the different cultures and environments, which would lead
to problems. In addition, different cultures and policies can influence human resource management directly (Stehle and Erwee, 2007). Therefore, the strategy of international human resource management is of great importance.

When companies choose to expand their business to other countries, they have to decide their strategy because the different cultures would influence the perceptions of managers. Managers who come from different countries would have different value systems (Stehle and Erwee, 2007). As a result, the managers of the multinational companies would play an important role. Different managers would choose different strategies and the differences can lead to different results.

Staffing strategies for any organization is the key to success. Appointment of staff in key positions is often a matter of concern. Organizations around the world draw their concern on hiring their employees especially when the posting is global, because the companies have vision and mission and the founder of the organization might have strong moral values or principles, which are important to be followed no matter what the destination is. Therefore, to carry forward these same values, the easy formula is to put in charge a person who is from same culture, same country, have learnt and practiced same principles. This trend is followed by organizations around the world. Each style of human resource management has its advantages and disadvantages.

DEFINITION OF INTERNATIONAL HUMAN RESOURCES MANAGEMENT
According to Armstrong (2009), "International human resource management is the process of employing, developing and rewarding people in global organizations". The author further notes that, “however, nowadays, one of the most complex challenges for a multinational corporation (MNC) across the globe is the management of human resources because of diversity, culture, belief. Furthermore, firms with international operations can only be successful in their business with an effective HRM function which, needs to have a culturally sensitive program, an international manager can also be an advantage.”

IHRM is a field in the organization pursuing global strategy. It seeks to explores the challenges confronting organizations as they seek to develop effective resourcing strategies in a global environment (Scullion & Lineham, 2005). Broadly defined, international human resource management (IHRM) is the process of procuring, allocating, and effectively utilizing human resources in a multinational corporation [MNC] (Schuler, Budhwar, & Florkowski, 2002). Although some argue that IHRM is not unlike HRM in a domestic setting, others point out that there are significant differences. “Specifically compared with domestic HRM, IHRM (I) encompasses more functions, (2) has more heterogeneous functions, (3) involves constantly changing perspectives, (4) requires more involvement in employees’ personal lives, (5) is influenced by more external sources, and (6) involves a greater level of risk than typical domestic HRM.” International human resource management (IHRM) addresses the added complexity created by managing people - probably the most nationally specific resource (Rosenzweig and Nohria, 1994) - across a diversity of national contexts of operation and the inclusion of different national categories of workers (Tung, 1993). Human Resource
Management (HRM) involves all management decisions and practices that directly affect the people who work for the organization. Human Resources are the people who work for the organization (Hill, 2011).

INTERNATIONAL HUMAN RESOURCES MANAGEMENT

Historically, much attention has been focused on financial capital of tangible assets of the labor force but the knowledge management revolution created a brand of specialists paying attention to individuals within an organization, that must be measured, developed, and preserved.

International Human Resources Management (IHRM) has been defined by (Schuler, Budhwar & Florkowski, 2002) as “the world-wide management of human resources to enable multinationals enterprises (MNEs) to become globally successful by being: (1) competitive throughout the world; (2) efficient; (3) locally responsive; (4) flexible and adaptable within the shortest of time periods; and (5) capable of transferring knowledge and learning across their globally dispersed units” (Schuler, Budhwar & Florkowski, 2002).

Thomas (2002) states, “an international human resources program takes into account the environment – such as human resources and ideas – transforming them, and returning the output into the environment in the form of services or knowledge.” Local performance and foreign performance potentials are not the same things – based on perceptual and cultural ability as well as self-orientation and orientation to host country nationals.
A major challenge facing an international human resources firm is how to internationalize HRM policies and function. First, it requires an understanding of human resources management. Second, it needs a complete understanding of the cross-cultural management, which prevails in local subsidiaries. Third, all staff have to be ready and willing to accept that they may have something to learn from their foreign subsidiaries and partners (Schneider & Barsoux, 2003). In relation to these four management strategies, the authors examine global organizations to compare and contrast.

Geert Hofstede (1980) identifies Dimensions of Culture: Uncertainty Avoidance, Power Distance, Masculinity-Femininity, Individualism-Collectivism, and Confucian Dynamism enable managers to quickly see how similar or different countries or regions are. These are essential patterns of thinking, feeling, and acting that are well-established by late childhood to highlight cultural differences, which manifest themselves in a culture's choices of symbols, heroes/heroines, rituals, and values. However, a culture can change by internal or external influence over time. You might want to rewrite.

FOUR APPROACHES USED AS GLOBAL HUMAN RESOURCE STRATEGIES

According to Hill (2010), researchers have identified three types of staffing policies or approaches in the global international arena; the ethnocentric approach, the polycentric approach and the geocentric approach. It appears as well that each of the four management practices has both positive and negative elements
The Ethnocentric Approach

The ethnocentric approach as “staffing policy is one in which parent-country nationals (PCN) fill all key management positions to sustain a unified corporate culture” defined by (Hill, 2010, p. 628). Companies such as Procter & Gamble, Matsushita, and Philips NV originally followed it. Griffin & Pustay (2009) “the firm operates internationally the same way it does domestically, primarily using the parent country nationals (PCNs) to staff upper-level positions. According to how to choose managers and employees, expatriate managers would know more about the policies of the companies and can transfer the policies to foreign companies. It potentially helps the organizations to overcome a lack of qualified employees and create a more unified culture. However, they would face language, culture and law problems. Foreign managers know about the environment but it is difficult for them to know about the companies’ policies (Stehle and Erwee, 2007). An ethnocentric approach may be especially likely when managers believe that their home country is more developed or more advanced than the foreign country in which they are working (Dyck and Neubert, 2010, pp. 104-105). Ethnocentrism is evident when managers enter a foreign country with the belief that their own home country offers the best way to manage in a foreign country.

However, there is an increased risk in producing resentment in the host country or possibly cultural myopia. In today's world, experts believe that the least likely management strategy for success would be ethnocentrism. Inherent in this ideology is that the organization's home-based country offers the best way to manage. This type of management practice was prevalent in the past. However, Chinese food restaurants follow this staffing structure. It is rare in this
country to find a Chinese restaurant that is managed or operated by anyone other than Chinese nationals. Hill, (2010) states firms pursue an ethnocentric staffing for three reasons:

1. The home company may believe the host country does not have individuals to fill senior management positions. This certainly is a good argument for companies operating in less developed countries.

2. The home company may use the ethnocentric staffing policy to produce a unified corporate culture across international borders.

3. The home company may believe that the best way to transfer core competencies and a coordinated international strategy is to transfer parent country nationals who have knowledge of core competencies relative to the foreign operations.

Ethnocentric behavior is an international strategic approach of staffing where key/senior management positions are filled by parent country nationals. This approach should be used when the organization believe that the host country lacks qualified individuals to fill senior management positions, to maintain unity and corporate cohesiveness and when firms are trying to create value by transferring core competencies to foreign operations. Some advantages and disadvantages according to Hill (2011) are:

**Advantages:**

* Unified corporate culture
* Helps transfer core competencies
* Provide skilled manager in host country

Disadvantages:

* Limits advancement opportunities for host country nationals; can lead to resentment, low productivity and high turnover.

* It can lead to cultural myopia; top management may not understand the cultural differences in the host country.

A study conducted on Japanese ethnocentric behavior regarding the rice market, has challenged other countries to develop strategies to open the market. Rather than showing ethnocentric behaviors, perhaps what Japan needs to do now is to cultivate friendship in dealing with national food security. The most effective approach to national security, rather than self-imposed isolation, is to work hard at getting along with other countries amicably and cultivate friendship with as many countries as possible. At the same time, measures should be devised to deal with developments beyond our control. For example, shipping stoppages caused by harbor strikes, bad harvests in grain-exporting countries, and political crises like the War. We need a viable and comprehensive blueprint for national crisis control. In times of peace, what we need is not self-sufficiency based on the premise that war could break out any time, but really efficient use of land and an accurate plan for feeding the populations should a crisis occur (Chinen, 2010).
When multinational companies send expatriate managers to foreign countries, it means that the companies send their policies to foreign countries no matter if the policies are proper to the area (Harry and Nakajima, 2007). Some western countries would use ethnocentric approach in order to keep their own culture but cultural and environment barriers could be an obstacle to the development of the companies. When it comes to the recipients of the policy, they would consider that the multinational companies force them to accept different views and cultures (Harry and Nakajima, 2007). Therefore, multinational companies would meet many challenges when they use ethnocentric approach. Culture, local laws and language play significant role in business. Different areas have different preferences, customs and special situations. However, it would take a long time for expatriates to know about the differences. For example, Japan is one of the countries which prefer ethnocentric policy. “Japanese department stores take more than half of the total market share of department stores in Hong Kong” (Wong, 2007). Hong Kong has a special situation experienced by political changes, in that Hong Kong was formerly a British colony but was returned to China in 1997. Therefore, the environment of Hong Kong became more complicated in that it may have to use a combination of approaches. However, the main policies are still the same.

**Euro Disney: An Ethnocentric Approach**

After the success of Disney in two of their destination around the world (the United States and Japan), Disney launched in Europe which, motivated the human resources department to follow the ethnocentric pattern. For many reasons, an American flavor and culture had global attraction especially when it comes to entertainment and fun. Headquarters took the America
ethnocentric approach of Disney America to Euro Disney. Euro Disney saw the success of Disney Japan copying the same formula from the headquarters. Senior managers in America brought the chairman for Euro Disney from United States, stating they will use the same strategy, same culture, and same practices along with a good relationship with France. As soon as Euro Disney put into practice an ethnocentric approach by staffing key position with Americans, bringing the same conditions to the French location without understanding the new and diversified culture (tradition, habits, manner), it was doomed for failure. That approach was perceived as cultural imperialism. The organization had copied the formula even for food, drinks, decision making, and the American view that brought the great Disney to a big failure (Price, 2000). There were several mistakes made: understanding French culture, calculation of vacation period, local spending habits, and French Labor Laws. The ethnocentric approach did not yield good results.

Although an ethnocentric staffing policy has many advantages, the policy provides a limited opportunity for advancement for host country nationals, and it does not allow the home country nationals to understand host-country cultural differences that require different approaches to marketing and management (Hill, 2010, pp. 628-629).

**The Geocentric Approach**

A geocentric approach is defined as “A staffing policy that seeks the best people for key jobs throughout the organization regardless of nationality, who are talented, skilled, and have a proven track record” (Hill, 2011 pp. 620-621). Griffin & Pustay (2009), note a geocentric
management approach is one “which a firm analyzes the needs of its customers worldwide and then adopts standardized operating practices for all the markets it serves. Staffing uses a mix of Parent Company Nationals (PCN) Host country Nationals (HCN) and Third country nationals (TCN).” With this method, the organization is making the best decision to help build the firm’s cadre of international executives” (Hill, 2011).

The process of Geocentric is more practical and considers current trend in market, financial situation, marketing strategy, production policies, staffing issues, etc. The management makes decision in which both sector global and local scenarios are taken care; appropriate rules and regulations are brought into effect. Pricing is an important factor, which is taken care and adjusted for different region as per the condition. By developing a pool of executives that can operate in different cultures, the transnational corporation builds a flexible management staff. It would seem that while each of these staffing strategies each have advantages and disadvantages, a geocentric strategy develops a flexibility that would allow an international corporation to be best able to cover their senior management needs. Although it may have higher costs, the long term benefits are strong (Hill, 2011).

The authors collective opinions detail how companies that choose a geocentric approach to benefits from different aspects (social, cultural, etc.), and open doors to a better relations between countries. Managers can learn different ways to manage a company and obtain this knowledge’s and implemented in an efficient and effective way in order to maximize the profit and the well-being of the organization and their employees. It is believed that the fall and rise
of a company depends on the ways that managers operate the business and the ways that they implement the approach that most benefits their interests and necessities. Managers have to seek ways to internationalize their business in successful ways, taking into account the weaknesses and strengths of the companies and procedures to the development of geocentric organizations (Calof & Beamish, 2008).

The geocentric policy is a staffing approach used by multinationals when they are engaged in global standardization and are pursuing a transnational strategy. According to Hill (2011), the geocentric staffing policy seeks the best people for key jobs throughout the organization, regardless of nationality. See Exhibit 1

![Diagram](image.png)

Figure 1. Theoretical model of appropriateness in multinational organizations

**Exhibit 1**

*Borrowed from Cooper, Doucet, & Pratt, 2007 (www.interscience.wiley.com)*
Advantages:

* The organization is enabled to use the best human resources.
* Enables the firm to build a cadre of international executives, who feel at home working in a number of cultures,
* Enable the organization to create a diversified team of managers that understand cultural differences and can create an informal global management network. This would be necessary for global standardization and transnational business strategies (Hill, 2011, pp. 620-621).

Disadvantages:

* Government policies on immigration can be time consuming.
* It is very expensive. The organization has to pay relocation cost for the manager and his/her family. Also multinationals may need a new compensation structure for each manager depending on the country and based on international standards.
* May require a comprehensive standardized international pay base.
* One drawback that seemed not to be mentioned is that most people tend to want to migrate back to the country or region. This would naturally put a time restraint on deploying expatriates for international management duty.

Take for example Compass Group plc. that has businesses in 98 countries and employs 460,000 employees. This company prefers a geocentric human resource management, which
gained great success in Europe. Compass wants to expand its business to Asian (Doherty, Klenert and Manfredi, 2007) which has great potential and rich in materials. Many multinational companies focus on Asian but the geocentric approach, however, it is difficult to implement because of different background and values that can hinder consensus in the company. Although the geocentric approach has many advantages for multinational companies, it also has disadvantages.

**Lenovo Geocentric Approach**

Lenovo entered the globalization arena to compete with other enterprises trying to do the same. Lenovo, a Chinese based company, acquired IBM, a United States firm and all of its assets in 2004. According to the case study, Lenovo is now the third largest PC firm. How will Lenovo compete with other companies in the market as a global leader? The study shows the executives at Lenovo appear to be well-informed of HR policies that can make the company a success. Lenovo is pursuing a geocentric staffing policy which takes into account the best “person” for a position rather than their cultural heritage or national origin. Proof of Lenovo’s approach is apparent in the case study which emphasizes that Lenovo’s top leadership is made up of various members of various countries and the Chief Executive Officer, Stephen Ward is from the United States while the Chairman, former CEO of Lenovo, is from China. Lenovo also protected the former IBM employees by allowing them the same benefits that they had with their former employer. Perhaps the most surprising move was the corporate headquarters location which is now located in New York. A geocentric approach to HR will
show investors and consumers that Lenovo is serious about spreading its wings to become an international empire (Hill, 2011; Lenovo.com).

Further research shows that good human resource practices will enhance overall “organizational effectiveness” (Dyer & Reeves, 1994). This research goes on to discuss the idea of “bundling” various human resource activities to make up the performance and productivity enhancement system specifically for global companies. While Dyer and Reeves’ (1994) research is a bit outdated, it is still relevant due to the nature of a company’s commitment to individual performance. Lenovo would most likely be no exception to this rule. It is clear that Lenovo’s executives show the utmost confidence in their existing work force, by the way the acquisition was handled with incentives such as compensation to keep key personnel intact. This is a tell-all sign that Lenovo is committed to expanding the geocentric approach to include all individuals qualified, possessing the skills necessary to perform the functions regardless of where they are from. Lenovo looks more at where its employees are going. Further research shows that Lenovo is combining its product lines in order to achieve the maximum effectiveness in customer service relations, operational efficiency and innovation and bring it to local leading markets (O’Sullivan, Liu, & Marwaha, 2005). By integrating this global strategy into the various markets, Lenovo is making the most use of its geocentric approach in HR to place individuals strategically across the globe to achieve the most enhanced productivity levels for this new wave of innovation. This will create a domino effect into the customer satisfaction criteria which Lenovo is trying to pursue as well. Once these two
goals are achieved, operational efficiency will be at its peak for the company showing great returns on investment and great promise for a very prosperous future.

Lenovo is on the right track to becoming one of the most prosperous global leaders in technology ever in this country or abroad. The strategy of the HR department is a solid one for a global enterprise. Mixing the executive board with half Chinese and half Americans allows for a better sense of cultural diversity.

The Polycentric Approach

On the other hand, a polycentric approach envisions that members of management in the host country know the best way to manage an organization in the host country (Dyck & Neubert, 2010, p. 104). Furthermore, Gravil (2007) suggests a progression to polycentric strategies “As firms become more committed to overseas markets they realize that individual countries may require a degree of customization, which the ethnocentric approach does not permit. Firms then frequently move to the other end of the spectrum and become polycentric in orientation” (p. 1). Unilever’s shift from a multi-domestic strategic posture to a transnational posture was very difficult.

In contrast, a polycentric staffing approach is defined as follows, “one that requires host-country nationals to be recruited to manage subsidiaries, while parent-country nationals occupy key positions at corporate headquarters” (Hill, 2011, p. 620); While Griffin & Pustay (2009) suggest “the firm customizes its operations for each market it serves, and primarily uses
the host country nationals to staff upper-level management.” Polycentrism is evident when there is an assumption that manager in a host countries know the best way to manage an organization in their country. Managers with a polycentric approach believe that the best way to maximize the firm profits is to adapt to the practices found in foreign countries.

Advantages:

* The organization is less likely to suffer from cultural myopia, meaning that local managers will make fewer mistakes because they understand the local culture, norms and traditions.
* The polycentric approach may be less expensive to implement.

Disadvantages:

* Limit opportunities for host country nationals to get experience outside their own country; this also may cause resentment among senior local management.
* Can create a big gap between host country managers and parent country managers in terms of language barriers and loyalties. This can isolate the corporate headquarters from their subsidiaries.
* This tends to be limits to career upward mobility
* Managers believe the foreign market to be too difficult to understand (Hill, 2011).

In the polycentric approach, the host-country managers and parent-country managers would have different culture, knowledge and background. As a result, they would have different ideas and belief. The differences would lead to disagreement. Managers coming from different
countries may not understand each other’s management style and that could decrease efficiency.

**A Case of Citibank, Unilever and McDonald’s Polycentric Approach**

Citibank and Unilever are also trying to implement a global brand and polycentric strategy (Lake, 2010). During the past couple of decades, Unilever had great success. We can’t deny the truth that host-country managers make great contribution to that success. Unilever is powerful in China and its products are popular. Unilever would use Chinese managers who know about the Chinese market and preference. Chinese market is special because of different social structure and culture. Therefore, many multinational companies had failed in this market. Chinese managers and help companies avoid the culture shock and make proper decisions.

Polycentric approach is getting more and more popular as the businesses become globalized; many multinational companies around the world are adopting this practice, where in we see the organizations' headquarters U.S. based and the top position are filled with the American and the back offices others (example: India called the call centers). In these call center, the working hours are parallel to the US timing, which means that in India, the call centers are working at night when its day in America. At the Call Center, the staff is trained to handle the day to day activities in America, while rules and regulation, including local laws are packaged. While the staff are being trained, Indian Team leader or middle manager are hired to handle
local needs in market. The senior manager is usually an American who handles the key position (Citibank, 2010).

In 2001, the McDonald’s Corporation began the process of revamping its human resource management strategies internationally to focus upon cultural and ethnic diversity (Intagliata, Kulick, & Crosby, 2006). From 1955 through the turn of the new century, the McDonald’s Corporation expanded to 118 countries that include 30,000 restaurants and more than 1.6 million employees worldwide. Globally, McDonald’s serves 58 million people on a daily basis. The company boasts that more than 60 percent of the international home office and U.S. company workforce are of a racial or ethnic minority, or are women.

McDonald’s is a good example of a polycentric approach. McDonald’s allows host country nationals to manage and own franchises, adjusting their menus to suit the local market. They remain host country centered. Basically, they bring individuals from other countries to the U.S., train them, and allow them to work however they choose to accomplish the goals of the company. In this orientation, the company probably finds this approach easier and safer, but they fail to learn much about other cultures, or grow in their knowledge of world diversity” (Karadjova and Mujtaba, 2009, p. 70).

Most impressive, today about 80% of the restaurants worldwide are independently owned and operated by local businessmen and women, representing the vast majority of all religions, cultures, and ethnic groups (Harris, 2009, p. 3). McDonalds seems willing to find the ‘right’
person wherever they live, and move them when necessary. The top-level positions remain dominated by U.S. based citizenship, but the company’s long-term focus on international diversity at the top also appears to be a goal. After studying the demographics and philosophy of the company's strategy on human resources management, the authors concluded that McDonald's may perhaps be the ‘poster child’ on how to management correctly in the new world economy. Of the four management styles addressed earlier, McDonalds appears to most closely resemble a polycentric approach to human resources management. It could also perhaps be defended that McDonald's is a combination of both polycentric and geocentric management strategies.

**The Regiocentric (Region-Centric) Approach**

The regiocentric staff can be promoted within a region, but usually never to headquarters. Regiocentric management systems are used to hire and promote employees based upon specific regional factors where the satellite group(s) is located. This approach selects management from a combination of personnel within a region of the world, which most closely looks like that of the host country and also from a third country. Behind the selection and combination of managers is the idea that nationals of the region are better able to deal with language and cultural problems while those from a third country are able to ensure the local area’s commitment to the corporate philosophy from the home base. This approach helps to improve career prospects at the national level but does not tend to help nationals advance to positions at the parent headquarters (Padala & Suryanarayana, 2011).
RESEARCH FINDINGS

A restructuring of the organizations in the current crisis, marked by acquisitions and mergers, layoffs and restrictions on activities, will have to change their staffing policy. The researchers sketch out several key changes that can help to influence the human resources decision in the staffing process for better efficiency. Our focus centers on the four approaches – ethnocentric, geocentric, polycentric, and region-centric. It would appear that geocentric is the most widely used and effective approach for successful international human resources practices. Research shows a geocentric staffing policy finds the best workforce for key jobs throughout the organization, regardless of nationality, which offers various advantages. Besides, it can build a cadre of international executives in a number of cultures, adding to multicultural diversity success. Applying geocentric policy can create value from the pursuit of experience, skills, and from the multi-directional transfer of core competencies as well as location economies. The least likely of the four approaches is ethnocentric – which is a “one size fit all” policy.

Therefore, the ultimate multistream practice with a root-emphasis upon geocentric strategies is suggested. The geocentric approach ignores nationality in favor of ability and competence needed in a global market, and integrated business strategy. However, it must be noted that different scenarios call for different approaches. Where host country – parent country –and third country nations decide where firms expand and operate, the intent is to:

1. Reduce the risk of IHRM
2. Avoid cultural risks
3. Avoid regional disparities

4. Manage diversified human capital

The international human management strategies will need an eclectic modus operandi approach with the global manager being grounded in:

A. Developing a global mindset,

B. Fostering horizontal communication and,

C. Use cross-border and virtual teams for international assignments (Sheehan and Sparrow, 2012; Brewster, Sparrow, & Vernon (2007); Brewster, Sparrow, Vernon, and Houldsworth, (2011).

Limitations of Research

The use of external secondary data has the obvious benefit of information that has already been gathered. This has cut cost and time! The limitations of secondary assume the information gathered is accurate, complete, and used for the purpose intended. Although data fit the requirements for the problem, much were vague and ambiguous and content evidence findings in statistics were outdated.

CONCLUSION

The are several challenges that can affect International Human Resources Management which include immigration policies that can hinder management from implementing policies or even
attaining goals that will be beneficial to the organization. “A prominent issue in the international staffing literature is expatriate failure – the premature return of an expatriate manager to his and her home country” (Hill, 2011). Cultural shock is another disadvantage to the employee that can create poor performance or failure for an expatriate and family, which is very expensive. The cost of living can be even higher than the home country. All of the human resource management approaches have merits and deficiencies, but the external environment plays a critical role in human resource management. Human resource management has become one of the most important areas in an organization. Companies have to consider how to use its human talent and human capital efficiently.

This study draws two practical conclusions: International human resource management issues involve both domestic and international recruitment, selection, training, placement, compensation and vital, management approaches. “If the basic exercise of getting, keeping and growing a company’s talent is done well, the other HR functions will reflect this excellence” (Peterson, 2005). In all, “those companies that get good people, keep good people, and grow good people will be around to celebrate their successes” (Peterson, 2005). Lenovo is on the right track to becoming one of the most prosperous global leaders in technology ever in this country or abroad. The strategy of the HR department is a solid one for a global enterprise (Lenovo.com).

International businesses hiring based on citizenship or locality is fundamentally flawed in the 21st century with the elimination of national borders. The most significant factor in hiring should
be merit, which would include education, work experience, knowledge, skills, talent, and most importantly the ability to perform the job and work in a diverse environment.

Most of the profits in businesses and most of the growth in regional and national economies occur not because of the use of more raw materials, or for that matter the increase in the use of capital, but as a result of the increase in workers' capabilities and creativity. If your profit is based on worker productivity, how you deal with your workers is vitally important. This highlights the importance of managing HR in a global environment with skill and cultural sensitivity and awareness.

**DEFINITIONS**

*Globalization*

Globalization is falling borders and cross-border trade making it easier toward worldwide movement of economic, financial, trade, and communications integration. It is the system of interaction among the countries of the world in order to develop the global economy (Hill, 2011).

*Home Country Nationals*

Company sent home country employees abroad. Usually, headquarters from the home country makes decisions, employees from the home country hold important jobs, and the subsidiaries follow home country resources management practice.

*Host Country Nationals*

The employee's nationality is the same as the location of the subsidiary. A company that applies this approach is under the assumption is that each country is different from all the others and that the subsidiaries in each country should develop locally appropriate practices. To impart knowledge of business techniques, the company may set up in-house training programs in the host country subsidiary, or send host county employees to home country business schools’ training programs (Hill, 2010).

*Internationalization*
The growing tendency of corporations to operate across national boundaries designing products and services that are easily adaptable to different cultures and languages. The internationalization process is sometimes called translation or localization enablement.

**Staffing Policy**
Involves the recruitment of employees for each individual job, and considers the skills required to do particular jobs.

**Third Country Nationals**
Hiring employees who are citizens of neither the home country nor the host country is often advantageous. Organizations try to combine the best from headquarters and the subsidiaries to develop consistent worldwide practices (Hill, 2011).

**REFERENCES**


Harris, P. (2009) *None of us is as good as all of us: How McDonald’s Prosper by Embracing Inclusion and Diversity*, http://www.aboutmcdonalds.com/etc/medialib/aboutMcDonalds/our_company_2.Par.1602.File.dat/Harris_QA_and_Fact_Sheet.pdf


