Managing the global workforce: Challenges and strategies

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Executive Overview

The globalization of the workplace has become a fact of life for a substantial segment of U.S. companies, bringing a dramatic expansion of the scope of workforce management and a whole host of new organizational challenges. Using data collected from interviews with international human resource managers in eight large companies, this paper identifies three practical challenges to managing the global workforce and four strategies for meeting these challenges. The three challenges are: deployment, knowledge and innovation dissemination, and talent identification and development. The four strategies are: aspatial careers, awareness-building assignments, SWAT teams, and virtual solutions. A diagnostic framework for each challenge is provided that indicates when to use which strategy and basic implementation points are presented.

The line went dead. Steve Prestwick slowly hung up the telephone, wondering what he could possibly say to the executive committee monitoring the Singapore R&D center project. Shortly after being assigned to help staff the facility, he had attended a committee meeting that left him excited about tapping into the potential of the company's large global workforce. "Get the best people from everywhere," said one executive. "Don't just rely on information from headquarters. Try to find out what the people in Europe or Japan might know." chimed in another. And from the CEO, "Let's use this as an opportunity to develop a global mindset in some of our more promising people." The vision sounded great, and Steve's role seemed simple: put together a team with all the experts needed to get the new facility up and running smoothly in its first two years.

Right away Steve began having trouble finding out who had the right skills, and even where the choices seemed obvious, he wasn't getting anywhere. The engineer who refused the assignment over the telephone was the best the company had in her field. She told him that spending two years in Singapore wouldn't really help her career. Plus, it would be hard on her children and impossible for her husband, a veterinarian with a growing practice. Not only did he need a top engineering manager, but Steve also had to find a highly competent corps of technical researchers who knew about the company and its approach to R&D. He also needed technicians who could set up the facility. He thought he would bring in people from the U.S. to select and set up equipment, then lead a research team of local engineers that the U.S. engineers would train in company practices and technologies. To his chagrin, most of the U.S. technical people he had talked to weren't interested in such an assignment. A European perspective might be useful, but he didn't even have records on possible candidates from the other overseas offices. Steve was on his own, and he had less than a week to come up with a plan.

What Can Steve Do?

Although Steve is fictional, he is facing a composite of real problems for global HR managers. The need to develop a global perspective on human resource management has been part of the managerial landscape for well over a decade, but there is no consensus about what tools to use. Adler and Bartholomew noted that organizational "strategy (the what) ... is internationalizing faster than implementation (the how) and much faster than the
managers and executives themselves (the who)." Steve has been given an assignment that reflects his organization's commitment to manage globally but little guidance about how to meet his goals.

The challenges, strategic approaches, and diagnostic framework we present are based on interviews with senior managers in large corporations with reputations for excellence in international operations. We chose the firms in this study using three criteria. First, we wanted firms experienced in operating internationally that could comment on the evolution of transnational HR management. Second, we wanted variation across industries to assure that we were not uncovering information idiosyncratic to certain types of industries. Third, we selected firms whose recruitment policies indicated a commitment to the strategic use of HRM in global management.

We sent the most senior international HR professional in each firm a letter describing our study and requesting an interview. We asked that they identify any other HR professionals in their organization whom we might also interview. Based on this process, we interviewed 24 professionals at eight firms. The letter listed four questions that we wanted to cover during the interview:

1. What are the key global pressures affecting human resource management practices in your firm currently and for the projected future?
2. What is the level and substance of knowledge about human resource issues that human resource professionals should possess?
3. What are examples of leading edge international human resource practices in your organization?
4. To what extent is international knowledge needed by entry level professionals in human resource management at your organization?

The questions were deliberately broad, reflecting our exploratory approach. Each interview lasted 1½ to 2 hours. During the interviews, we asked for any additional materials the HR managers thought would be valuable to our study. Once we had begun to analyze our interview information, we used follow-up phone calls both to those we interviewed as well as to other professional contacts to supplement or clarify the data from the interviews.

The information from these interviews was distilled into a two-dimensional framework. One dimension was the set of challenges these executives saw confronting global managers. The second was a set of four prototypical strategies to address these challenges.

The Challenges

In the course of each interview, we asked these executives to describe their vision of the ideal global internal labor market. Three broad features emerged from their responses:

1. Deployment: easily getting the right skills to where they are needed in the organization regardless of geographical location;
2. Knowledge and innovation dissemination: spreading state of the art knowledge and practices throughout the organization regardless of where they originate; and,
3. Identifying and developing talent on a global basis: identifying who has the ability to function effectively in a global organization and developing those abilities.

Although skill deployment, information dissemination, and talent identification have long been basic HR challenges, in the global environment, these issues are overlaid with the complexities of distance, language, and cultural differences. Part of the challenge to global management is to reinterpret successful past practices in terms of these complexities.

Deployment

All the organizations had a history of operating internationally, but had relied on a headquarters-subsidiary structure and the traditional expatriate model of human resource staffing where U.S. nationals held most positions of authority. This arrangement was adequate in yesterday's international organization because leadership, decision-making authority, and organizational power flowed from the parent site to the foreign subsidiaries. Today, however, new technologies, new markets, innovation, and new talent no longer solely emanate from headquarters but are found cross-nationally, making the expatriate model obsolete. Further, the cost of deploying an expatriate has become excessive. One Merck executive estimated that it was three times more expensive to have an expatriate than a local national in any given job.

All of the organizations were developing alternative ways to get the right people to where the work is on an as-needed basis. The key innovation is that organizations are making distinctions between what is necessary to physically move a person to a particular location and when their skills can be delivered through other means. Permanent transfers are no longer seen as the only method for delivering certain services to parts of
the organization, giving way to short-term assignments and virtual deployment. Getting managers to stop relying on physical transfers and to think globally about resources is not easy.

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Managers will use company-wide job postings when there is a formal job opening, but will not think outside their units, let alone countries, when it comes to finding the expertise to solving a specific problem, such as poor market response to a new consumer product or dysfunctional work relationships that are due to cross-cultural ignorance.

Knowledge dissemination/innovation transfer

The HR executives cited two global information flow blockages: disseminating knowledge from one location to another and spreading innovation. Under earlier expatriate structures, information flowed from the center out. Current global organizations need structures where all units concurrently receive and provide information. Valuable market and production technology information are being produced outside the parent location. One example of the perils of not using local expertise in collecting market information is Marks & Spencer, Britain’s largest retailer. The company failed routinely overseas until it found its niche by selling M&S branded clothes in Hong Kong, a former British colony.

The executives at both Dow and Merck saw this challenge as being one of cross-functional communication, where the greatest opportunities for growth and innovation are at hand-off points between functions. These executives saw hand-off opportunities as easily lost in a global environment, primarily because of the difficulties of establishing cross-cultural trust. As one manager noted:

As long as diversity is not valued, trust of people from different backgrounds is not developed. There is a tendency to duplicate functions so one does not have to rely on people one does not trust. As a result, rather than having a single global enterprise, many international companies are operating more like a collection of lots of smaller companies.

All of the executives we interviewed noted that language compounded the trust problem. Although English was the business language in all of these organizations, holding speech, misuse of words, strange grammar, and mispronounced words can subtly undermine the perception that the speaker is competent.

Talent Identification and Development

One executive at GM began his interview with us by noting that:

...the key global issue [for GM] is how to transform the organization internally to become globally competitive. Even for employees who may never go overseas, it is necessary to constantly sensitize everyone to the fact that they are in a global business.

All the executives reiterated this theme in one way or another. But, eventually, each interview came to the reality that not everyone in the organization is going to thrive and prevail in a global environment. Therefore, one of the larger challenges to managing the global labor force is identifying who is most likely to grasp the complexities of the transnational operations and function well in that sort of environment. As one Merck executive described it:

In the 1940s, transactions were the basis for determining the types of skills managers needed. The [new] challenge to global human resource management is to learn to talk in terms of "stories." Organizations need people who understand the business and who are able to see where the business is going globally and the cultures that need to be bridged, people able to manage conflict and change.

One aspect of this challenge is that the scope of the transnational organization is so large that just collecting information about employees is difficult. Also, all of the executives we interviewed acknowledged that there were cultural biases in the selection process that probably caused talented people to be overlooked. One Amoco executive gave the example of their operations in Norway. Norwegian work-family values differ from those in the U.S., and it is common for men who are senior in their organizations to leave work at 3:00 to pick up their children after school. While U.S. norms are beginning to tilt somewhat toward family in the work-family balance, leaving early still signals a lack of commitment to the job in most U.S. workplaces. The Amoco executive noted that it
was very difficult for U.S. managers to trust that their Norwegian employees would get the job done in a crisis and thus had trouble seeing them as potential global managers. Duplication staffing was sometimes the result.

A final component of this challenge was motivating employees to want to spend time overseas. Most of the executives considered overseas experience and pay more important for promotion to top jobs in their organizations. But, for a variety of reasons, many talented employees do not want to move overseas. One executive noted that, "talent marries other talent," and that spouses' careers are increasingly an obstacle to overseas assignments. Another point, made by both Merck and Amoco, was that the expected growth in their industries was in locations that were not viewed as desirable by employees from developed countries. An Amoco executive noted that in some West African countries where Amoco had operations, 30 to 35 percent of the population was thought to be HIV positive, dramatically undermining the appeal of those countries to potential expatriates.

Four Strategies for Managing the Global Workforce

The managers we interviewed described how their organizations had moved away from the traditional expatriate assignment and the new arrangements they were using to meet the three challenges above. Tables 1 through 4 summarize the key points of each of the strategies.

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<tr>
<th>Table 1</th>
<th>Aspatial Careers</th>
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<tr>
<td><strong>Who</strong></td>
<td><strong>What</strong></td>
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<tr>
<td>Globally oriented, highly mobile people, with proven ability and company loyalty</td>
<td>Corps of experts with borderless careers on long-term overseas assignment</td>
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<td><strong>How</strong></td>
<td><strong>Knowledge Dissemination</strong></td>
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<tr>
<td>Geographically relocate employees with high level skills and rich cross-cultural perspective</td>
<td>Employees with in-depth global experiences &amp; networks in leadership positions across sites</td>
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**Implementation Points**

1. Encourage company over country culture
2. Assign within culturally homogeneous regions
3. Use pan-region selection meetings
4. Evolve selection criteria that are shared across countries
5. Provide cross-cultural training for families
6. Recognize family life-cycle realities
tise throughout their organizations. These managers' global insights tend to filter through the organization rather than be distributed by means of explicit training or the introduction of new technology. One exception is when companies use aspatial careers to develop technical personnel below the top management level. A plant manager at Dow described cross-national rotation of engineers as part of a strategy for cross-training and to assure comparability of engineering skill level across Dow plants in all countries.

Successful aspatial careerists develop an in-depth understanding of global organizations because they have managed across cultures and know how culture affects work.

Through long rotations with in-depth experience, aspatial careerists acquire globally applicable skills. One company had a manager who had begun his career as a health care expert in France. He then spent four years in London, three in Tokyo, and three in Switzerland, at each point deepening his health care expertise and expanding his network. He had become a repository of cross-cultural health care information as well as someone who knew the players across these different sites. His gradually accumulated information made him an insightful manager and valuable to the company.

The talent identification potential of aspatial careers is not yet fully realized. Several companies noted that they are beginning to explicitly view their aspatial careerists as a recruiting pool for the highest level of corporate management. The underlying logic is that those who have rotated across different countries have the global perspective needed at the top of the organization. However, none of the companies we interviewed had fully committed to reliance on aspatial career experience as an indicator of top management potential. Rather, several admitted that their companies still had difficulties with recognizing the value-added of overseas experience when reintegrating those who have been overseas into home country operations.

Aware—Building Assignments

The primary purpose of awareness-building assignments is to develop cross-country sensitivity in high-potential employees in a short time. These assignments last anywhere from 3 months to one year. Families are not expected to relocate, so that depending on assignment length, regular home visits might be part of this strategy. Usually this assignment is made early in one's career and typically an employee will only have one such assignment.

At the end of an awareness-building assignment, a high potential employee is expected to have a broadened cultural perspective and an appreciation of the diversity in the organization. One of the Dow executives summarized the purpose of these assignments:

Overseas assignments are no longer used just to get the "overseas stamp"... We may transfer them to acquire knowledge available only overseas, or perhaps as way to export a leading-edge practice to an overseas location. Often, though, an overseas assignment is not specifically a technical transfer—\textit{we}

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<th>Table 2: Awareness Building Assignments</th>
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<tr>
<td><strong>Who</strong></td>
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<td>High potential employees early in their careers</td>
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<tr>
<th>Deployment</th>
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<th>Talent ID &amp; Development</th>
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<tr>
<td>Technically competent, high potential employees</td>
<td>Cross-cultural immersion to produce global perspective</td>
<td>Screening for ability to function out of own culture</td>
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<td></td>
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<td>Develop globally aware future performers</td>
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<th>Implementation Points</th>
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<tr>
<td>* Use to bridge geofunctional disconnects</td>
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<tr>
<td>* Rotate employees with demonstrable competence</td>
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<tr>
<td>* Manage the adjustment cycle</td>
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<tr>
<td>* Use to develop local nationals</td>
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are going more for [developing an employee with an] open mind.

GM also incorporates a training component in the form of short-term cross-function transfers and/or cross-plant training. This can be a mechanism for innovation dissemination. GM has found that rotated employees must demonstrate technical competence to be accepted at the overseas site. As one GM executive described it:

If the need is to cultivate openness and develop cross-cultural awareness, it has to be done early in one’s career. However, the reality is that those who go overseas first have to demonstrate technical competence to be accepted in a different location, and this is more necessary than cultural awareness.

Several firms use these assignments to acclimate local nationals who alter the rotation will spend most of their careers in their home countries. These assignments serve as screens for global awareness potential. Awareness-building assignments are not long enough to develop in-depth cultural knowledge. However, an employee who can shed provincialism and learn that value can be added from any location in the company is one who is likely to function effectively in the global organization.

**SWAT Teams**

SWAT teams are highly mobile teams of experts, deployed on a short-term basis, to troubleshoot, solve a very specific problem, or complete a clearly defined project. (The name derives from the special weapons and tactics units used by many police departments.) SWAT teams play a role like that of the technical troubleshooter, an individual sent to a foreign location to analyze and solve a particular operational problem.

SWAT teams comprise nomadic experts who are identified internationally and deployed as internal consultants on an as-needed basis. As a Dow executive described the objective of this approach, the company does not “expect to move people across areas but does want to leverage resources across our different businesses.” At GM, the SWAT team takes the form of an expert network, internal consultants deployed throughout the organization. The actual amount of time spent overseas varies with the purpose or project but in general is under three months.

The primary strength of this approach is that it permits the organization to cultivate highly specialized knowledge and expertise on a limited basis, and to apply that expertise wherever it is needed within the organization. One difference between SWAT teams and awareness-building assignments is that there is no explicit developmental component to the SWAT team model other than to complete whatever project is defined. Development of cross-cultural awareness on the part of SWAT team members may be a by-product of the job but it is not its intention.

Once a SWAT team has been assembled, it can be redeployed each time a situation requiring its skillset emerges. Frequent opportunities to apply their skills in different settings can add significantly to the existing skill accumulation of team members, providing the developmental component to the SWAT team strategy.

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<th>Table 3</th>
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<tr>
<td>Who</td>
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<td>Technical specialists</td>
<td>Short-term, project-length assignments</td>
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<td>How</td>
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<tr>
<td>Deployment</td>
<td>Knowledge Dissemination</td>
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<tr>
<td>Specialized skills on an as-needed basis</td>
<td>Transfer of technical processes &amp; systems</td>
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Implementation Points:

- Best SWAT team member has single contributor mindset
- Use to spread cultural innovation
- Good at smaller locations or at startup
- Recognize clear limitations
Virtual Solutions

Virtual solutions are a collection of practices that exploit the rapidly evolving electronic communication technologies. These include use of all forms of the Internet and intranets, videoconferencing, electronic expert systems, and electronic databases coupled with user-friendly front-end systems. The chief advantages to this strategy are the low cost of communication and the uncoupling of real time from virtual time. Awareness-building and virtual solutions are the strategies with which most of the firms we interviewed had had the least experience, but also were the approaches they saw as having the most potential for managing and developing the global workforce.

Internet and intranets, including E-mail, are the most democratic form of overseas deployment, allowing communication among employees regardless of organizational level. Videoconferencing has a similar advantage; however, videoconferencing facilities are a scarce resource compared with E-mail in most organizations. Both Dow and Merck managers said that their videoconferencing rooms were in constant use.

Virtual international teams design software at IBM. Communication through intranets allows for 24-hour product development. One team includes software developers from the U.S., several former Soviet Union states, and India. The work is usually initiated in the U.S. At the end of the day, the U.S. team transmits its files via the Intranet to the Soviet team, which works on the project until the end of the work day. The Soviet team then sends its work on to the Indian team whose work day ends at the start of business for the U.S. team, which picks up the files and continues the production cycle.

A more sophisticated virtual deployment tool is the use of virtual reality. NASA uses virtual reality to train international teams of astronauts. These teams need to perform complex tasks requiring lengthy training. Actually convening these teams of astronauts from different countries at a single geographical location for months at a time is prohibitively expensive and disrupts family life. A virtual simulation of a repair of the Hubble telescope was constructed for training purposes and allowed team members to simulate the repair as though in the same room. One Russian and one U.S. member virtually shook hands at the end of the repair exercise. However, this simulation took months to develop. While virtual reality is almost as good as being there, it is also almost as expensive.

All the companies have web pages on the Internet with company background and product information, as well as public information about new developments. E-mail is in common use and electronic bulletin boards to solve technical problems were becoming more common. At the time of our interviews, comparable Intranet systems with proprietary information were in development. This sort of communication is one mechanism to break down some of the barriers to information flow erected by technical chauvinism. Rerouting the theme of cross-cultural distrust, one GM executive noted that "technically skilled people in one country feel their training and skills are superior to those of employees from other countries and they
have little to learn from their international counterparts." He noted this was a substantial problem in motivating technical employees to rotate overseas and that use of E-mail and electronic bulletin boards is expected to ameliorate this problem as technical solutions are offered cross-nationally and recognized as valid.

One solution not yet widely implemented is distance learning. Ford uses this commonly to continuously update the skills of its engineers, videotaping classes that employees can play individually or as a group. The students can then hold discussion groups and interact with the instructor who holds electronic office hours at predetermined times. Another version is a highly interactive broadcast class where students can interact with the instructor across networks that permit student questions and discussion, even pop quizzes. However, distance learning is still in its infancy and was not cited as a commonly used tool.

All the firms had Global Human Resource Information Systems (GHRIS), which is used for global job posting. The companies stressed that talent identification below the highest level on a global basis was key to the success of the company. Amoco, Dow, and Merck used their GHRIS to store career data about their employees useful for selection. Amoco has implemented a worldwide job posting system that allows all employees to use electronic systems to learn about and apply for jobs.11

Diagnosing the Challenges

We developed a diagnostic framework for evaluating each of the challenges and deciding among the four strategies.

Diagnosing the Deployment Challenge

The challenge of global deployment is getting the needed skills from one part of the organization to another inexpensively. Not all of the tools associated with each of the strategies was equally effective in all situations. There are two components to deciding among the deployment strategies: contact time required and extent to which the skills can be applied out of cultural context.

If the need is for on-going on-site leadership, in-depth cultural understanding, and/or skills that can only be successfully applied if culturally embedded, use expatriate careers. To provide short-term training or skills application that requires cultural sensitivity, use awareness-building assignments. SWAT teams offer on-site technical skills, knowledge of production process, operations, and/or systems that need to be implemented with little cultural context. Virtual solutions provide frequent, brief iterative interactions, with only a little cultural component to the interaction, or a wide sweep of the organization to search for or communicate technical details or integration.

Diagnosing the Knowledge and Innovation Dissemination Challenge

The information organizations need to stay competitive ranges from highly technical to informally communicated background information. The effectiveness of each of the four strategies depends on the type of knowledge or innovation being disseminated. Choosing among the four strategies depends on the technical complexity of the information that is to be shared and the extent to which it must be culturally embedded. If the knowledge or innovations to be disseminated can be successfully shared only when communicated in a cultural context, use expatriate careers. Use awareness-building assignments succeed when the knowledge is primarily cultural awareness and cross-cultural sensitivity training. If the knowledge is defined technology or practices with minimal cultural content, use SWAT teams. If the knowledge requires ongoing and frequent information exchanges among dispersed employees, use virtual solutions.

Diagnosing Talent Identification and Development Challenges

Development of a global mindset is essential to operating globally. Executives are looking for a similar set of characteristics among their global managers. Merck looks for people who have a broad perspective and can intelligently apply practical leadership skills to guide change in the organization. Baxter looks for "patience, flexibility, communication skills, intellectual curiosity about the rest of the world." GM looks for a skillset that includes "communication skills, the ability to value diversity, and the ability to be objective." Cultural training notwithstanding, a manager from Merck noted the difficulty of finding people with this skillset:

Merck uses two-thirds selection and one-third development...[We rely more on selection than development in our selection criteria because] it is difficult to impart needed skills, and people don't get that much out of classroom training—they are more likely to re-
member what they had for dinner than what went on in the training session... We are looking for people with curiosity and a mix of skills.

This suggests that organizations should select well, then develop. Companies that need to identify and develop leaders with in-depth cultural knowledge and proven cross-cultural abilities and are willing to spend time and money to have those people should use apsitional careers. To gain high potential performers with an understanding that they are functioning in a global organization and an appreciation of cultural diversity, companies should use awareness-building assignments. SWAT teams provide mobile and technically competent specialists whose skills tend to be needed on a short-term basis. Virtual solutions identify employees using shared selection criteria to fill vacancies with well-understood job requirements.

Implementing the Strategies

Following are examples of how companies implemented each of the strategies, including some of the obstacles they have encountered.

Implementing the Apsital Career Strategy

All the companies encourage the development of a culture of company over country. Baxter has deployed leadership throughout the organization regardless of national origin; the VP for the European region is of U.S. origin located in Germany; the VP for the Diagnostics division is an Italian located in Switzerland; the VP of Cardiovascular is Irish and located in France; the Hospital group is led by a French person in Belgium. This is not just a happy accident but the result of an explicit strategy on Baxter’s part to develop a company-over-country identity, where the managers focus on the competitive strategies of the entire company, not only for the region in which they reside. Baxter has eliminated country-based organization and reorganized by product group or business function. Also, the position of country general manager has been eliminated to encourage a business-over-country orientation.

These geographically fluid careers are more successful if rotations occur within culturally homogeneous regions. Both Baxter and GM have divide their global operations into regions, and Baxter is deliberate about rotating employees within rather than across regions as much as possible. This policy is consistent with results from a study of Singaporean managers showing that the cultural similarity between origin and destination locations positively affect employee and spouse willingness to relocate. GM also uses a regional basis for determining benefit plans, distinguishing between intercontinental (policies reflecting continent-wide norms) and intercontinental (policies applied at GM sites worldwide). This distinction simplifies within-region rotations.

Schlumberger uses a "borderlands career track" version of apsital careers in which rotating employees move often across adjoining borders. The cultural homogeneity of border areas allows the company to move people quickly with minimal adjustment.

One identification mechanism used by several companies is the pan-regional meeting. This meeting takes place regularly, three to four times a year, where higher- (but not just the highest-) level managers and sometimes technical people within a geographical region must to exchange information and network. The meetings last several days to a week and are used to showcase potential apsital careerists. HR people are included and charged with identifying potential talent for global reassignment. Dow holds four annual meetings, one in each region, where managers are asked to recommend, review, and present the top 1.5 percent of the employees in terms of high management potential. Because it is important for managers to present very talented people, these annual meetings are high pressure events. These meetings are used also to identify candidates for awareness-building assignments.

An informal outcome from Dow’s meetings is the evolution of a shared understanding of what is meant by global competencies. This evolves out of formal identification and presentation of high potential talent at the pan-regional meetings. Each meeting serves as an iteration in the development of global selection criteria. This evolving understanding of the managerial traits required by the global organization is used to identify candidates for both apsital careers and awareness-building assignments.

A key component to motivating talented employees to go overseas, even for a short time, is their belief that the organization values overseas experience. This will be especially true for apsital careerists, but also true to a lesser extent for awareness-building assignments and SWAT team employees. Most organizations send a mixed message to employees about the value of overseas experience.
There is often a sharp decline in authority, responsibility, and autonomy for the employee returning to the parent company. Most expatriate careers are at or near the top of the overseas organization and in many cases behave like CEOs. Their jobs at the parent site are of necessity of lower status. The more hierarchical an organization, the more difficult this problem will be. Structuring jobs of returning expatriate employees to allow sufficient autonomy and identifying explicit ways to fully utilize their overseas expertise is important. GM does this by using returned overseas employees in the first round selection process for expatriate careers and awareness-building assignment candidates.

The firms varied in how they valued overseas experience. At one firm it was impossible to receive more than 1000 fly points without an international experience, so employees were willing to relocate to avoid that career ceiling. At another extreme, one executive candidly described his organization as having a top management that stressed overseas experience; below top management, however, was a headquarters-centered culture, where overseas experience was viewed as inferior.

GM sets up home-based mentor relationships between each overseas employee and what they call a repatriation facilitator. This provides a support system for the overseas employee but also helps home-based employees value what the overseas employee can contribute upon return. GM also uses home leave where rotation employees present their overseas projects and show how they will contribute to home operations. GM has found that repatriated employees are more successful when brought back into a unit where the manager has had some overseas experience.

Recognizing family needs is key to successful expatriate career deployment. According to numerous studies, family circumstances are the leading cause of overseas assignment failures. Spousal careers and child care are important family considerations and cited in one survey as the top family reasons to refuse an overseas assignment. Cultural awareness training for family members was just beginning at several of the companies we studied and held promise for smoothing family transitions. GM uses relocation facilitators and assigns mentor families to expatriate career families early in their assignments. Job seeking assistance and/or partial remuneration for loss of job income for spouses were provided by most of the companies we studied, but there were considered feasible only if the family was staying overseas at least two years.

It is also important to recognize that all expatriate careers may not stay expatriate forever. Although some individuals will spend their entire career outside of their native countries, most eventually return to the parent site. One driver of this decision is family life-cycle change, which pushes an employee to move the family back home. For example, executives wanting their children to go to U.S. high schools so they can get into U.S. colleges was a factor noted by GM.

Implementing the Awareness-Building Assignment Strategy

The missed opportunities at hand-off points described earlier by a Merck executive are often the result of geofunctional disconnects. These are points where functional and geographical boundaries are at variance, compounding cross-functional cooperation problems. Awareness-building assignments can effectively bridge these gaps when they are used to collect consumer market information. Amoco uses awareness-building assignments to develop market preference sensitivity in employees who design products used or sold overseas. Two examples of the need to develop intimate knowledge of local markets are Proctor & Gamble’s fintry world, selling all-temperature detergents to Japanese housewives who wash clothes only in cold water, and GM’s attempt to sell two-door trucks to Chinese with a strong preference for four-door vehicles. Baxter learned this lesson after medical equipment intended for Japan was designed and sized using U.S. patients as the standard. The firm now has a cross-cultural training program, often in the form of awareness-building assignments, for engineers who design products for global markets.

Awareness-building assignments blur the traditional distinction between learning and contributing jobs. Most of the executives we interviewed noted that these assignments should be used judiciously. The awareness-building benefit will be lost if the rotated employee is perceived as having nothing to offer the overseas site. The challenge is to select people early enough in their careers that the assignments serve as screens for future potential but not so early that they have few skills to offer.

Merck gives awareness-building assignments to more mature employees, believing that generating
a global mindset is more a selection than a developmental issue, and that mature workers can develop a global awareness if the predisposition is there. Both Merck and Baxter note, however, that language ability limits the candidate pool. At Merck, this has meant that more overseas employees are rotated for awareness-building assignments in the U.S. than the other way around.

Awareness-building assignments must avoid the negative effects of what is termed the "inter-cultural adjustment cycle." A Dow executive described a cycle on long-term overseas assignments. During the first three months, employees are euphoric about the new country, soak up the culture, and enjoy the superficial differences between the overseas post and the home country. Because most rotated employees are top performers in their home country, however, by the third month they become discouraged by the drop in their productivity and by their lack of linguistic or cultural fluency. During the next three to six months, relocated employees and their families begin to miss their home countries and find fault with the overseas sites. At about nine months, the employees regain the confidence they had before being sent overseas and function as competent members of the overseas society.

Most expatriate careerists will pass through the cycle to regain their sense of competence, but an awareness-building assignment may not last through the entire adjustment cycle. An assignment that ends during the euphoric period will leave the employee with a superficial understanding of the overseas location. An assignment ending during the trough of the cycle may leave the employee scarred about overseas experiences and negative about the global scope of the organization. Rather than trying to avoid the adjustment cycle, organizations should use training to prepare employees for it. The virtue of the adjustment cycle is that its low point prompts individuals to reconceptualize their mental frames and begin to develop in-depth understanding of the new cultures.

Since a solution to the problem of motivating expatriates is to go to unattractive locations is to develop indigenous talent, Amoco, Baxter, and Merck give awareness-building assignments to local nationals. Rotations to headquarters familiarize them with the company mission and culture, while rotations to various world-wide production locations familiarize them with operations. Local nationals must be given challenging assignments in the U.S. or the rotation may be demotivating.

Implementing the SWAT Team Strategy

Two factors seemed to help optimize the staffing of SWAT teams. First, despite the likelihood that work will be done on a team basis, individual contributor-type employees with a technical orientation are the best candidates. Second, because technical challenges are what motivates them, mechanisms such as outside training are needed to keep SWAT team members on the leading edge.

SWAT teams are best used to export clearly defined technologies or practices. While some training may have to take place at the overseas site to allow those employees to become users, knowledge or innovations conveyed by a SWAT team do not usually have a developmental or cross-cultural component. The SWAT team approach is most easily applied in a manufacturing setting where production processes are less dependent on cultural idiosyncrasies. For example, GM uses what they refer to as internal consulting teams to collect information about best manufacturing processes and to disseminate them to other plants world-wide.

In some cases, SWAT assignments are used at sites that are too small to have a sustained need for certain skills, especially in developing countries. In Pakistan, for example, where the human resources/industrial relations function is a part-time job, a travelling unit of negotiators travels from site to site at contract negotiation time, completes the negotiations, secures a contract, and leaves. Both GM and Merck use teams of internal experts and external consultants to do global benefit planning. These teams immerse themselves in local government regulations and set up the benefit plan for each site.

SWAT team assignments can be useful in setting up new operations where start-up skills are needed for a brief period. Amoco uses SWAT teams when it is deciding whether or not to permanently locate in a country. Because location usually depends on finding oil and securing drilling rights, Amoco may be in a country for a relatively long time before withdrawing. Using SWAT teams during start-ups also requires more cultural-awareness training than the conventional SWAT team assignment.

SWAT teams have their very clear limitations, tending to draw on the manufacturing model to conceptualize deployment and information dissemination challenges, and applying that model to nonproduction situations. The pure SWAT team approach will be effective only when interpersonal relationships and cultural understanding are of minimal importance to the transfer of knowledge or innovation. The development of interpersonal
relationships and cultural awareness is time consuming and the benefits are often intangible, but in many cases these are necessary prerequisites for information exchange and effective working relationships. If these are needed, the SWAT team strategy will fail.

Implementing the Virtual Solutions Strategy

The virtual solutions model allows cross-national relationships to form below the level of top management. Virtual communications that are not necessarily task-oriented but that foster personal exchanges enable task information to flow more smoothly. In addition, opportunities for innovation can occur at electronic hand-off points if information about production methods, problems, and solutions is shared informally.

In most cases, electronic communication is not yet a perfect substitute for direct contact. Small misunderstandings can become full-blown E-mail wars because of the absence of such communication cues as tone of voice and facial expression.

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Cultural differences and differing abilities in the language of the exchange increase the likelihood of misunderstanding. Thus, virtual deployment is best used in conjunction with some other form of cultural awareness building. Recognizing this, one Dow executive encourages modest expectations for E-mail initially—to develop in employees “a different mentality, to get them to agree that there are more than one way to skin a cat.”

Both Dow and Baxter use employee questionnaires designed by international teams to collect information about operations, practices, and values across the to build cross-cultural data bases. These data bases can be retrieved by employees throughout the organization and can supplement other cultural training for virtual solution users. The Baxter survey is customized to fit local conditions and uses local terminology appropriate to each culture. The Dow instrument measures climate as well as management practices.

All of the companies had a Human Resource Information System (HRIS) in place, but varied in the degree to which it could be characterized as a global system. Merck has developed templates that vary with the employee’s level in the organization. Employees lower in the organization are less likely to be relocated globally and thus less data are required about them for the HRIS. Approximately one hundred places of data are entered into the HRIS for lower level employees, compared with approximately four hundred entries for higher level employees.

Storing benefit information continues to be a HRIS challenge. Dow has developed regional benefit models and determined that approximately 80 percent of the data needed for any given employee is standard across nations. The remaining 20 percent is country-specific. However, some of this nonstandard information can be collapsed into a smaller number of models, each with its own data template. One example, cited by Dow, is that while there is no world-wide set of educational certifications, most countries’ educational systems can be classified into one of a few models. Decisions about which information can be standardized globally and which must be reflected locally, as local custom were made after a series of global stakeholder meetings.

One Dow executive commented that to be truly valuable, a HRIS must be a dynamic tool, evolving over time. He also said that this is easy to say, but something of a headache to implement. One significant gap between the ideal and the reality of a HRIS is the ability to combine universal access with standardized information. Amoco uses a kiosk system to allow employees to enter information about themselves but has found that not all employees have the ability to do this. Dow has faced the same challenge and has decided to sacrifice universal access for completeness of standardized information.

Global job posting works best for those jobs with relatively well-understood skill requirements. The more subtle or idiosyncratic the skill requirements, the more difficult the job description is to translate globally. As noted earlier, employees below a certain level are not likely to rotate internationally, so clarity about skill requirements also helps screen out certain types of postings for which the company reasonably only wants to recruit locally.

There are technological hurdles to implementing the virtual solutions model, and one should not expect instant results. Even when using established technologies like video broadcasting, learning will take on new forms and periods of adjustment will be required.

What can Steve do?

There is no instant solution to Steve’s problem. The people he wants to work with the skills he needs are not
going to convene in Singapore to work together for two years. But, by employing a combination of strategies, Steve can accomplish his goal. He can:

- Select a SWAT team to come in and set up the equipment, a clearly defined task that can be accomplished in a short time with minimal interpersonal contact. Technical people from Tokyo, just a few hours away by plane, could fly in three or four times to set up the equipment and conduct inspections once the facility is running.

- Virtually connect the talented engineer with the Singapore team using E-mail, the phone, and video conferencing. Combine this with a short-term awareness-building assignment to foster personal relationships with the technical team and build cross-cultural understanding.

- Ask European, Asian, and South American regional heads to set up regular regional talent ID meetings to nominate potential people for both expatriate career and awareness-building assignments at their next regional conference. The list can be used to select people to conduct initial training sessions and handle early troubleshooting in Singapore as well as a few who may be suited for a longer-term assignment to the new facility.

- Post jobs an an internal bulletin board or intranet web site with full details about the skills required, so that interested and qualified people can also volunteer for Singapore assignments.

- Set up a web page for the site and E-mail technically capable people throughout the organization to stay tuned for brainstorming sessions during the R&D process. Good ideas will win prizes.

- Start scouting for a local national to head up the R&D center, then begin the development with an awareness assignment to headquarters to teach about company culture.

This version of using the four strategies to manage a cross-national workforce differs from the traditional staffing mindset with which Steve initially approached the problem. These strategies allow firms operating on a global basis to make the best use of their widely dispersed internal resources and find innovative solutions to their HR problems.

Endnotes


2 The companies included: Amoco, Baxter, Dow (interviews at both U.S. and Canadian locations), General Motors, IBM, Merck, and Wyeth-Ayerst. Some information about distance learning as an knowledge dissemination/innovation transfer tool was also collected from Ford Motor Co.


6 This is consistent with the findings of a study by Brett, Stud & Bely of Fortune 500 company managers who were willing to relocate. They found that spouse willingness to relocate was the most significant factor in an employee's willingness to move. See Brett, J. 1993. "Pulling Up Roots in the 1990s: Who's Willing to Relocate?" Journal of Organizational Behavior, 14(1), p. 49-50.

7 This total workforce number excludes employees of recent acquisitions by Merck.

8 Use of these assignments as a tool is still evolving and this approach could easily change.


14 This strategy may not be for every organization, at least as it is implemented by Schlumberger. These paths require a move every three years. At the time of the move, employees are only permitted to move up to 2000 pounds of personal effects and are expected to take the next plane out once a new assignment has been made. As one employee commented, "It"s not like they bring people like cattle." See Kieser, E. E. cited above.


20 See Kieser, E. E. cited above.

21 After saying this, he noted that "more than one way to skin a cat" was precisely the type of phrase that needed to be eliminated from international communications.
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