Consider Cost and Strategy When Choosing Between Expatriate and Host-National Managers

R. Andrew Schaffer
North Georgia College and State University

Jay Hyuk Rhee
Korea University

This paper develops an overseas staffing formula and seven propositions in international human resource management based on internalization costs and firm strategy. The formula and propositions outline the relative internalization costs of host-country managers versus expatriate managers. Our discussion centers on why firms, based on internalization costs, may choose expatriates over host-nationals (or vice-versa). The moderating effect of the organization's strategy on the relationship between internalization costs and the staffing decision is then presented. These topics should be of interest to practitioners who recruit and select managers for foreign assignments. The propositions and formula also should be of interest to global staffing researchers.

The success of an international business operation depends largely on the people in charge and the decisions they make (Bartlett & Ghoshal, 1992; Black & Gregersen, 1999; Hiltrop, 2002), and the human resource function is a critical part of that success (Jaw & Liu, 2004; Rodriguez & dePablos, 2002; Rowden, 2002; Tung, 1998). Unless the staffing practices that select those in charge are well aligned with business strategies and culture, success in international business is difficult to achieve and sustain (Henderson, 2002; Hiltrop, 2002; Laursen, 2002; Mendenhall, Kuhlmann, &

Stahl, 2001; Porter & Tansky, 1999). One study estimated that the direct cost of a poor international staffing decision ranges from $200,000 to $1.2 million (Swaak, 1995). In addition, firms that make poor international staffing choices may face additional indirect expenses such as damage to relationships with customers, suppliers, and employees (Patra, Khatik, & Kodwani, 2002). In contrast, it has been argued that appropriate international staffing policies can greatly enhance a firm's competitiveness in a global business (Adler & Bartholomew, 1992; Chen & Wilson, 2003).

Despite the importance of international staffing decisions, cost comparisons of expatriates and host-nationals are limited to direct costs such as travel, compensation, and benefits. Similarly, the impact of firm strategy on international staffing has received scant research attention. Some research has addressed global staffing (Henderson, 2002; Hiltrop, 2002; Laursen, 2002) and discussed the merits and disadvantages of host-national and expatriate managers (Petrovic & Kakabadse, 2003), but direct comparisons rarely have been researched. This paper applies two existing theories to develop an overseas staffing cost formula and related propositions.

We first consider Hill and Kim's (1988) internalization costs to propose a staffing formula that compares internalization costs for expatriate versus host-national managers. We then expand the formula by applying Gupta and Govindarajan's (1991) typology of international strategies to introduce firm strategy as a moderator of those costs.

Literature Review

A Human Resources Perspective

Human resources (HR) research has emphasized the importance of selection decisions for international businesses. However, both applied and theoretical discussions of how to integrate staffing practices with overseas business strategies are sparse. Many studies have emphasized the importance of the linkage between selection and business success (Caligiuri, 2000; Downes & Thomas, 2000; Sanchez, Spector, & Cooper, 2000). These studies tend to focus on how to select and train expatriates rather than how or why to choose one type of manager over another (i.e., expatriates versus host-country nationals). Even though several studies have explicitly tackled the issue of international selection decisions (Banai & Sama, 2000; Henderson, 2002; Hiltrop, 2002; Solomon, 1999; Wills & Barham, 1994), most of them simply listed the benefits of selecting one type of manager over another without detailed guidelines for selection itself.

Many organizations routinely apply either ethnocentric or polycentric staffing approaches without due consideration to the consequences (Adler, 2002; Hiltrop, 2002; Kedia & Mukherji, 1999; Petrovic & Kakabadse, 2003). Firms using an ethnocentric approach fill important management positions with parent-country nationals from the headquarters (Deresky, 1997). Deresky states that the advantages of the ethnocentric approach include the parent-country manager's familiarity with the company's policies and goals, product line, and unique technology. One disadvantage of this approach is the limited opportunity to develop host-country managers (thus possibly decreasing host-country employees' loyalty to the company). Another disadvantage is that most expatriates are unable to quickly assimilate into foreign cultures (Adler, 2002).

In the polycentric approach, an organization hires a host-country national manager to assume a management position in his or her home country (Cullen, 1999). Advantages of polycentrism include a host-national manager's knowledge of the local culture, language, business practices, and local contacts. Disadvantages of this approach include coordination difficulties between the parent company and the foreign subsidiary and the potential for conflicting loyalties of the local manager (Adler, 2002; Solomon, 1999).

A company's leaders may have strong opinions that expatriates, or host-nationals, are preferred for overseas assignments, but it is essential for firms to move beyond this simple approach and align staffing policies with business strategies (Groh & Allen, 1998; Jaw & Liu, 2004; Monks & McMackin, 2001). Boyacigiller (1990) argues that any type of single staffing policy may be inappropriate given that cross-border firms operate in many different environments. Thus, unless the staffing practices that select those in charge are well aligned with business strategies and culture, success in international business is difficult to achieve and sustain (Henderson, 2002; Hiltrop, 2002; Laursen, 2002; Mendenhall, Kuhlmann, & Stahl, 2001).

This paper recognizes that firms have different strategic foci that should affect their selection decisions. Later in this paper we introduce Gupta and Govindarajan's (1991) four international strategies and we present how they influence the selection decision. However, instead of proposing a pure strategic management approach to managerial selection, this paper first emphasizes a fundamental cost analysis by introducing internalization costs. We believe that either approach (strategy or cost) is incomplete if considered alone; we demonstrate this by proposing firm strategy as a moderator of the relationship between internalization costs and the staffing decision.

A Perspective Based on Culture and Economic Costs

According to Dunning (1993), "One of the main tasks of a multinational enterprise (MNE) is to understand, reconcile and assimilate into its own corporate culture many disparate country or regional ideologies, perceptions, laws and regulations in a way which best advances its global strategies" (p. 4). Thus, managers must be cognizant of the dominant cultural forces at work and extract the best effort from their employees within that culture. Dunning states that different cultural perceptions may affect the transaction costs of maintaining labor relations and the resulting productivity Employees in diverse cultures will come to work with very different values, norms, and expectations. If a manager does not understand these expectations, the policies and procedures he or she sets up to control the subsidiary may cause a backlash that results in lower productivity, higher absenteeism, or other labor problems (Hiltrop, 2002; Mendenhall & Oddou, 1985; Vance & Paderon, 1993). Firms, of course, must usually make timely managerial appointments, and the process of recruiting and selecting a manager for an overseas subsidiary may represent significant short-term costs for the organization. Nevertheless, the selection of a competent, culturally adept manager may have a long-term positive economic impact on the international subsidiary and ultimately on the whole organization.

If the above is true, then why can't organizations simply hire host country national managers to deal with cultural differences? As Rugman (1980) notes, multinational firms often "internalize" operations to take advantage of their knowledge advantages (also see: Buckley, 1988; Hennart, 1986; Rugman, 1982). These internalized operational techniques and procedures make up the technical aspects of the job. Since technical and organizational issues are as salient as cultural differences, firms must recruit culturally and technically competent managers to staff their international operations. Thus, while host-country national managers may be culturally competent, in some industries and for some types of proprietary knowledge the only technically-qualified candidates for the job may be expatriates.

Gillette's approach to international staffing may be instructive. Gillette strives to develop local foreign talent in developing nations. To accomplish this, the company hires top business students from local prestigious universities, trains the new managers at Gillette's local office in their home country, and then brings the new managers to the company's Boston headquarters for an extensive "mini-MBA" type development program (Compensation and Benefits Review, 1993). While instructive, the Gillette model is expensive and time consuming. Most organizations need a less complex approach that can be applied across different organizational sizes and strategies.

A Staffing Formula Based on Internalization Costs

According to Hill and Kim (1988), the costs of internalization are defined by four main elements, which the remainder of this section will apply in a staffing cost formula. First, there are the capital costs of establishing a physical presence overseas (P). Second, there are costs involved with familiarizing the organization with the local culture and market (F). Third, there are costs of transferring know how to foreign markets (T). Fourth, there are costs associated with controlling the expanded organization (C). Thus, internalization costs (IC) can be measured as follows:

$$IC = P + F + T + C$$

We assume that the capital costs of P are constant regardless of staffing decisions because the cost of capital is relatively constant. Thus, while P is an important element in overall IC, we remove P from the staffing formula. Therefore, the internalization costs of using an expatriate (IC_e) or a host country manager (IC_h) can be measured as follows:

$$IC_e = F_e + T_e + C_e$$
$$IC_h = F_h + T_h + C_h$$

Note: e indicates expatriate and h indicates host-country national

An organization can evaluate its internalization costs and make staffing decisions that minimize overall internalization costs. Thus,

Proposition 1: Other things being equal, organizations seek to minimize costs. Thus, management may apply the staffing formula and make international staffing decisions that minimize overall internalization costs.

Familiarization Costs

Regarding F, we focus on: (1) the familiarization of the subsidiary with the local labor force, and (2) the familiarization of the parent firm with the local market. Our conceptual focus addresses the *establishment* of a new overseas operation because Hill and Kim argue that these costs are short run costs that decline as the firm becomes familiar with the culture, labor force, and expectations of the host country.

Hennart (1986) discusses the costs associated with intrafirm coordination. At the micro (employee) unit of analysis, Hennart states that "the productive activity of ... employees is not directed by prices, but by directives, either formalized through company rules, directly voiced by supervisors, or internalized through indoctrination" (p. 793). Hennart goes on to propose three tasks that an organization must perform when attempting to organize economic activities, "It must communicate to parties the impact of their decisions on others; it must curb bargaining; and it must reward individuals for taking into account the needs and preferences of others" (p. 794).

Clearly there are major cultural implications in each of Hennart's points. The methods and wording used by managers to communicate directives, develop rules and indoctrinate employees will vary from culture to culture in order to be effective. Likewise, the three organizational tasks proposed by Hennart would be accomplished in different ways in diverse cultural settings.

Managers adept at the local culture would be able to communicate with a new workforce without the cultural *faux pas* (and resulting expense) that may occur if an expatriate manager attempted to use his or her limited knowledge of the culture (Black, Mendenhall, & Oddou, 1991). For example, the global food company Nestlé fought an 8-year battle with the labor union, the local municipality, and local politicians over workforce reductions at its Perrier bottled water subsidiary in France (Fortune, 2000). Similarly, host country managers would be better placed to explain to the parent organization differences in local culture and markets. For example, American Disney managers opened Euro Disney in Paris with an American ethnocentric perception; American parents generally see no problem with taking their kids out of school for vacation. However, this practice is not generally accepted or practiced in France. Euro Disney management believed, incorrectly, that it could change French parents' attitudes toward this practice (Financial Times, 1997). A culturally adept Disney manager might have averted this costly strategic miscalculation.

The staffing cost of familiarization will be determined by comparing the two costs F_e and F_h. By the nature of their superior cultural knowledge and experience, we argue that host-country managers are in a better position than expatriate managers to reduce the cost of familiarizing the parent firm with the foreign market and culture (i.e., $F_e > F_h$). Thus,

Proposition 2: Other things being equal, familiarization costs for expatriate managers are higher than familiarization costs for host-country national managers ($F_e > F_h$).

Costs of Transferring Know-How

Regarding T, we will consider two types of know-how: (1) subsidiary knowledge of the corporate culture, and (2) subsidiary managers' access to and understanding of the general production technology to be used by the subsidiary. The first type of know-how includes corporate values, norms, expectations, and measures of success and failure. It is reasonable to assume that some aspects of the corporate culture, such as the formality of reporting relationships, would have to be transferred and taught to the new local workforce. Such knowledge transfer would involve a transition period that may be characterized by increased management involvement in day to day issues and lower than expected productivity at the outset.

In contrast, the second type of know-how includes technology, production equipment, and processes. The local labor force would have to be taught how to install, use, and maintain such equipment. There are training costs associated with this step. In keeping with Hill and Kim's framework, these costs are also considered short term because they decline as the knowledge transfer process is completed.

The extent to which information must be transferred and the speed of transfer will vary based upon the cultural distance between the investing and recipient country and the experience of the parent firm in the foreign country (Hennart, 1986). Managers, by their central involvement in the processes noted above, play crucial roles in determining the length and expense of these transfers.

Organizational methods in new subsidiaries are transferred almost exclusively by management actions, communications, and directives. Managers guide the transfer of values, methods, and control systems by adding their expertise to the implementation of subsidiary procedures and also by developing, directing, and often conducting training and socialization programs. Unlike technology, lengthy experience with and exposure to a corporate culture are hard to replace with a relatively short training program for a new outside manager. Expatriate managers from the parent organization, because of their in depth knowledge of, and lengthy experience with the corporate culture would minimize the internalization cost of transferring know how of corporate organizational methods compared to host country national managers hired for the implementation.

The staffing cost of transferring corporate know-how will be determined by comparing the two costs T_e and T_h. Thus,

Proposition 3: Other things being equal, know-how transfer costs for expatriate managers are lower than know-how transfer costs for host-country national managers ($T_e < T_h$).

Costs of Controlling the Expanded Organization

The costs associated with C can be explained by the information processing requirements necessary for the headquarters to control an overseas operation. In the case of technological know how, "once the overseas subsidiary has received the technology it can be controlled in an arms length fashion" (Hill & Kim, 1988, p. 97). However, for marketing know how, information-processing requirements will be more substantial. A decline in quality may not be detected by home country, short run output measures of the subsidiary. The MNE, according to Hill and Kim (1988), must audit the operation and quality standards of the subsidiary on a regular basis beyond the arms length control required for technology. "In essence, the firm has to buy more information to guarantee product quality" (p. 97). When considering the managerial costs of controlling the expanded organization two factors must be considered; (1) the short term cost of technology transfer ($C_{e\text{-}t}$ vs. $C_{h\text{-}t}$) and (2) the long term cost of controlling subsidiary quality ($C_{e\text{-}q}$ vs. $C_{h\text{-}q}$).

When transferring technology, a company could potentially hire a manager from anywhere in the world and train that individual on the operation and maintenance of the machinery or the steps in the production process. That manager could then supervise the installation and help perform the training at the subsidiary location. Thus, although the technology might be proprietary (which would suggest the use of a home-based expatriate manager), a host national could be trained to do the job. The challenge for the organization is to find a manager who could best accomplish these tasks at the lowest cost.

Hennart (1986) argues that the success of employee training is, among other things, a direct result of management directives and supervisory interaction. Hennart goes on to argue that managers conducting training and implementing new methods must communicate successfully, curb bargaining, and appropriately reward individuals. The cultural implications are clear. The training methods and wording used by managers to communicate information, set evaluation standards, and determine if new methods are successfully implemented, will vary from culture to culture.

In terms of local communication, host-country managers have more in-depth knowledge and experience with the local workforce culture, local professional networks, and of course, are native language speakers. In terms of curbing bargaining, host-country managers may have established trusting relationships and rapport with the local workforce and they have knowledge of local labor/management issues. Host-national managers also possess superior knowledge of cultural norms for rewarding individuals. For example, in some cultures individual public recognition is coveted while in other cultures such public recognition would cause embarrassment and even draw ridicule (Adler, 2002).

By extending the application of Hennart's three tasks of an organization, we argue that host country national managers, because of their experience with the local culture, are better than expatriate managers at performing the three tasks of local communication, curbing bargaining, and rewarding individuals (i.e., $C_{e\text{-}t} > C_{h\text{-}t}$). Thus,

Proposition 4a: Other things being equal, technology transfer costs for expatriate managers are higher than technology transfer costs for host-country national managers ($C_{e\text{-}t} > C_{h\text{-}t}$).

When considering subsidiary quality ($C_{e\text{-}q}$ vs. $C_{h\text{-}q}$), the organization must be cognizant of the need for regular corporate evaluations of subsidiary performance.

Hill and Kim (1988) argue that such evaluations necessitate substantial information processing requirements, and thus, increased costs of control. However, a firm may be able to minimize these costs by placing a subsidiary manager who is: (1) knowledgeable about corporate quality expectations, (2) experienced with the corporate communications network, and (3) experienced with the corporate evaluation process. Expatriate managers, because of their knowledge of the corporate culture, corporate management expectations, and internal communication networks maintain strong links between the headquarters and the subsidiary at a lower cost than host-country national managers (i.e., $C_{e\text{-}q} < C_{h\text{-}q}$). Thus,

Proposition 4b: Other things being equal, maintenance of quality costs for expatriate managers are lower than maintenance of quality costs for host-country national managers ($C_{e\text{-}q} < C_{h\text{-}q}$).

Thus far, we have presented a simple staffing cost equation for comparing the costs associated with international staffing decisions. We began with a simple proposition that the overall internalization costs should affect the selection decision. We then expanded that proposition by presenting how each of the three staffing-related costs of internalization; familiarization costs (F), the costs of transferring know how (T), and the costs of an expanded organization (C), influence overall internalization costs. An HR manager can add the estimated costs of F, C, and T for applicants for overseas assignments and determine the comparative costs of using expatriates versus hiring host national managers. Furthermore, managers facing overseas staffing decisions can consider the relative importance of each of the three internalization factors. If, for instance, T is a crucial part of the assignment, but F and C are relatively unimportant, then the company may prefer to send an expatriate manager on the assignment because of the cost advantage. However, these relative differences will be influenced by the firm's strategy.

Moderating Effects of Business Strategies on Staffing Policies

Propositions two and three are based on the simple assumption that cost considerations are constant regardless of organizational strategy. However, the effect of costs on staffing decisions is moderated by the types (and responsibilities) of foreign subsidiaries in international operations. According to Gupta and Govindarajan (1991), cross border firms have four specific types of subsidiaries: (1) Global Innovators, (2) Integrated Players, (3) Implementers, and (4) Local Innovators.

In a global innovator structure, the subsidiary serves as the center of some specific knowledge (i.e., research and development) for other subsidiaries and even the headquarters. Historically, this role has been played only by the domestic subsidiaries (Gupta & Govindarajan, 1991), but that is changing (Bartlett & Ghoshal, 1992).

The integrated player is similar to the global innovator because the strategy implies a responsibility for creating knowledge that can be utilized by other subsidiaries. However, unlike the global innovator, an integrated player subsidiary is not self sufficient in the fulfillment of its own knowledge needs.

When fulfilling an implementer role, the subsidiary engages in little knowledge creation of its own and relies heavily on knowledge inflows from either the parent or peer subsidiaries. Historically, this role has been opposite the global innovator; the domestic unit creates and the foreign subsidiary implements.

The local innovator role implies that the subsidiary has almost complete local responsibility for the creation of relevant know how in all key functional areas. However, this knowledge is seen as too context specific to be of much competitive use outside of the country where the local innovator is located.

The degree to which a subsidiary is required to familiarize the organization with the local culture implies varying levels of communication. Gupta and Govindarajan (1991) propose that the intensity (i.e., frequency, informality, openness, and density) of communication between a subsidiary and the parent organization will vary across the four strategic contexts. Specifically, it will be high for integrated players, medium for global innovators and implementers, and low for local innovators.

Proposition two states that host country national managers would be more cost effective in terms of familiarizing the organization with the local market and culture. Staying with the assumption that firms wish to minimize internalization costs, we argue that the parent would find a host country manager less expensive for familiarization responsibilities, *all else being equal.* However, if Gupta and Govindarajan's arguments are accepted, then internalization costs are moderated by the firm's strategy. In other words, the familiarization costs of a host-national manager are a function of the foreign subsidiary's strategy.

A local innovator operates alone serving a single market with little influence from (or back to) the larger organization. As such, familiarizing other parts of the organization about the local culture in which this subsidiary operates is not crucial to the organization's success. On the other hand, integrated players are not self sufficient and need to interact with other parts of the organization. This interaction would include the communication of local culture because the local culture may define specific local needs and potential local contributions. Global innovators and implementers may be working with products for worldwide application. If so, the culture and values of all the nations involved would be highly salient to the organization as a whole and would have to be communicated. Thus, following the logic of Gupta and Govindarajan's levels of communication:

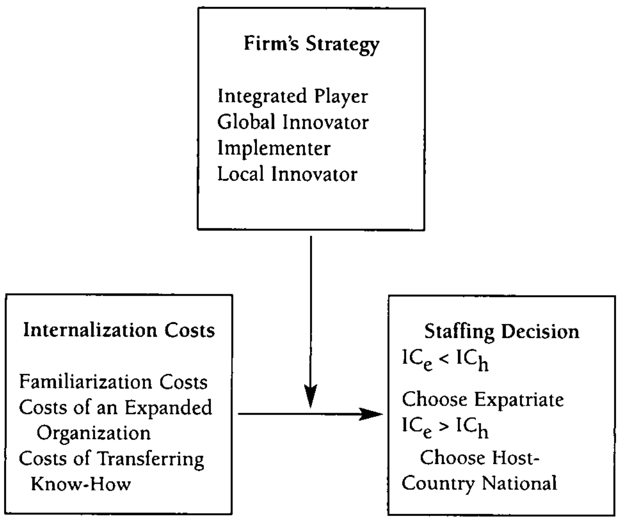
Proposition 5: Host-country national managers' cost advantage for familiarization costs will be of (a) greater magnitude for integrated players, (b) moderate magnitude for global innovators and implementers, and (c) negligible for local innovators.

Proposition three states that expatriate managers are preferred when considering the internalization cost of transferring know how of organizational methods. Gupta and Govindarajan propose that the use of integrative mechanisms, and the degree of global corporate socialization, will vary across subsidiary strategic contexts; they will be high for integrated players, medium for global innovators and implementers, and low for local innovators. Thus, the costs of transferring know-how for an expatriate manager are a function of the foreign subsidiary's strategy. These relationships suggest a moderating influence on the prescription made in proposition three. Thus,

Proposition 6: Expatriate managers' cost advantage for transferring know-how will be of (a) greater magnitude for integrated players, (b) moderate magnitude for global innovators and implementers, and (c) negligible for local innovators.

The relationships presented in this paper are graphically summarized in Figure 1.

Figure 1: *Mean, Standard Deviation, and Rank*



Discussion

Managers can apply the formula by considering the overseas manager's primary objective (T, C, or F) and the firm's current strategy (implementer, integrated player, etc.), to determine the most appropriate selection choice for that position. Examples:

1) An integrated player needs a manager whose primary responsibility is to transfer proprietary organizational methods to the foreign location. The lowest internalization cost alternative for this firm would be an expatriate manager.

2) A global innovator needs a manager whose primary responsibility is to familiarize the headquarters with the local market. Since the cost of familiarization is only marginally lower for host nationals in global innovator firms, the lowest internalization cost alternative for this firm also should include an analysis of the costs associated with T and C, even though these may be secondary responsibilities.

Another potential application of this paper is to provide a framework for firms that aim at a "moving target" of whom to select when. Competition may force firms to change the objectives of their international operations over time. At first, international operations may play a simple role such as implementers. Depending on the level of competition in a certain host country or on a global basis, the role may change into local innovators or global innovators. In the long run, each foreign operation may converge into a coordinated multinational network playing the role of integrated players. Stopford and Wells (1972) argue that firms should adopt different organizational structures at different stages of international expansion. The arguments presented in the current paper expand on that view by offering guidance about why and how the cost, and advantage, of one type of international manager over another may change over time.

However, future extensions to the research can be made. A host national manager may or may not have experience working at the corporate level. Furthermore, the type of industry, the firm's level of overseas experience, and the organization's strategic and technical competencies may need to be included as additional moderators. These additions, however intuitive they may appear, should be based upon supported theories. Despite the limitations, we believe that this paper offers sound logic for managers struggling with overseas staffing decisions, and contributes to the literature on selection decisions for international assignments.

Conclusion

Many academic models have purported to assist managers with global selection decisions. However, many of these models isolate and control for so many of the real variables faced by businesspeople that, while strong in theoretical terms, they sometimes lack in practical application. By including two very real business considerations, internalization cost and strategy – and offering a testable formula, seven testable propositions, and a basic model for analysis and expansion for international HR scholars – the formula and propositions presented here offer sound guidance to business leaders undertaking the daunting task of staffing their international operations.

References

Adler, N. J. (2002). *International Dimensions of Organizational Behavior.* Cincinnati, OH: South-Western.

Adler, N. J., & Bartholomew, S. (1992). Managing globally competent people. *Academy of Management Executive,* 6(3), 52-65.

Banai, M., & Sama, L. M. (2000). Ethical dilemmas in MNCs' international staffing policies: A conceptual framework. *Journal of Business Ethics*, 25(3), 221-235.

Bartlett, C. A., & Ghoshal, S. (1992). What is a global manager? *Harvard Business Review,* 70(5), 124-132.

Black, S. J., & Gregersen, H. B. (1999). The right way to manage expats. *Harvard Business Review,* 77(1), 52-62.

Black, S. J., Mendenhall, M., & Oddou, G. (1991). Toward a comprehensive model of international adjustment: An integration of multiple theoretical perspectives. *Academy of Management Review,* 16(2), 291-317.

Boyacigiller, N. (1990). Role of expatriates in the management of interdependence, complexity, and risk in multinational corporations. *Journal of International Business Studies,* 21(4), 357-378.

Buckley, P. J. (1988). The limits of explanation: Testing the internalization theory of the multinational enterprise. *Journal of International Business Studies,* 19(2), 181-194.

Caligiuri, P. M. (2000). The big five personality characteristics as predictors of expatriate's desire to terminate the assignment and supervisor-rated performance. *Personnel Psychology,* 53(1), 67-88.

Chen, S., & Wilson, M. (2003). Standardization and localization of human resource management in Sino-foreign joint ventures. *Asia Pacific Journal of Management,* 20(3), 397-408.

Compensation and Benefits Review. (1993). US multinationals' compensation strategies for local management: Cross-cultural implications. March-April, pp. 42-48.

Cullen, J. B. (1999). *Multinational Management: A Strategic Approach.* Cincinnati, OH: South-Western.

Deresky, H. (1997). *International Management: Managing Across Borders and Cultures.* Reading, MA: Addison Wesley.

Downes, M., & Thomas, A. S. (2000). Knowledge transfer through expatriation: The U-curve approach to overseas staffing. *Journal of Managerial Issues,* 12(2), 131-149.

Dunning, J. H. (1993). Micro and macro organizational aspects of MNEs and MNE activity. Paper presented at the University of South Carolina.

Financial Times. (1997). Euro Disney's fortunes turn as number of visitors rises. 14, 13.

Fortune. (2000). Perrier hits a bottleneck. November 13, p. 358. Groh, K., & Allen, M. (1998). Global staffing: Are expatriates the only answer? *HR Focus,* 75(3), S1-S2.

Groh, K., & Allen, M. (1998). Global staffing: Are expatriates the only answer? *HR Focus*, 75(3), S1-S2.

Gupta, A. K., & Govindarajan, V. (1991). Knowledge flows and the structure of control within multinational corporations. *Academy of Management Review,* 16(4), 768-792.

Henderson, I. (2002). Strategic type, HRM, and management development in Scottish firms. *International Journal of Human Resources Development and Management*, 2(1-2), 140-159.

Hennart, J. F. (1986). What is internationalization? *Weltwirtschaftliches Archiv*, pp. 791-804.

Hill, C. W., & Kim, W. C. (1988). Searching for a dynamic theory of the multinational enterprise: A transaction cost model. *Strategic Management Journal*, 9(1), 93-104.

Hiltrop, J. M. (2002). Mapping the HRM practices of international organizations. *Strategic Change*, 11(6), 329.

Jaw, B., & Liu, W. (2004). Towards an integrative framework of strategic international human resource control: The case of Taiwanese subsidiaries in the PRC. *The International Journal of Human Resource Management,* 15(4,5), 705-729.

Kedia, B. L., & Mukherji, A. (1999). Global managers: Developing a mindset for global competitiveness. *Journal of World Business,* 34(3), 230-251.

Laursen, K. (2002). The importance of sectoral differences: The application of HRM practices for innovation performance. *International Journal of the Economics of Business,* 9(1), 139-156.

Mendenhall, M. E., & Oddou, G. (1985). The dimensions of expatriate acculturation: A review. *Academy of Management Review,* 10(1), 39-47.

Mendenhall, M. E., Kuhlmann, T. H., & Stahl, G. K. (2001). *Developing Global Business Leaders: Policies, Processes, and Innovations.* Westport, CT: Quorum Books.

Monks, K., & McMackin, J. (2001). Designing and aligning an HR system. *Human Resource Management Journal,* 11(2), 57-72.

Patra, R. K., Khatik, S. K., & Kodwani, A. D. (2002). Human resources professionals at the crossroads. *International Journal of Human Resources Development and Management,* 2(3/4), 436-444.

Petrovic, J., & Kakabadse, N. K. (2003). Strategic staffing of IJVs: An integrative perspective for future research. *Management Decision,* 41(4), 394.

Porter, G., & Tansky, J. W. (1999). Expatriate success may depend on a learning orientation: Considerations for selection and training. *Human Resource Management,* 38(1), 47-60.

Rodriguez, J. M., & dePablos, P. O. (2002). Strategic human resource management: An organizational learning perspective. *International Journal of Human Resources Development and Management,* 2(3/4), 249-263.

Rowden, R. W. (2002). The strategic role of human resource management in developing a global corporate culture. *International Journal of Management,* 19(2), 155-160.

Rugman, A. M. (1980). A new theory of the multinational enterprise: Internationalization vs. internalization. *Columbia Journal of World Business,* 17(1), 23-29.

Rugman, A. M. (1982). Internalization and non-equity forms of international involvement. In Rugman (Ed.), *New Theories of the Multinational Enterprise* (pp. 9-23). London: Croon-Helm.

Sanchez, J., Spector, P. E., & Cooper, C. L. (2000). Adapting to a boundaryless world: A developmental expatriate model. *The Academy of Management Executive,* 14(2), 96-106.

Solomon, C. (1999). Overseas employees: Expatriates or local labor? *World Trade,* 12(6), 56-58.

Stopford, J. M., & Wells, L. T. (1972). *Strategy and Structure of the Multinational Enterprise.* New York: Basic Books.

Swaak, R. A. (1995). Expatriate failures: Too many, too much cost, too little planning. *Compensation and Benefits Review,* 27(6), 47-55.

Tung, R. (1998). A contingency framework of selection and training of expatriates revisited. *Human Resource Management Review,* 8(1), 23-27.

Vance, C. M., & Paderon, E. S. (1993). An ethical argument for host country workforce training and development in the expatriate management assignment. *Journal of Business Ethics,* 12(8), 635-641.

Wills, S., & Barham, K. (1994). Being an international manager. *European Management Journal,* 12(1), 49-58.