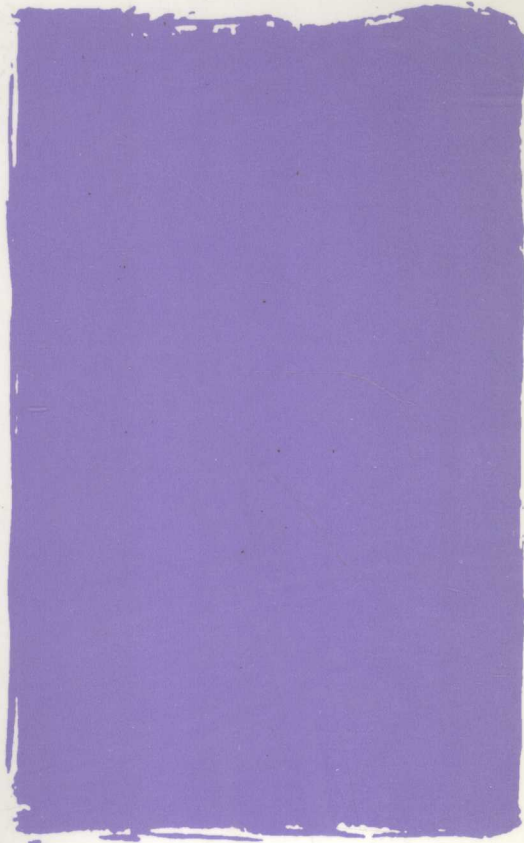


International HRM

**MANAGING
DIVERSITY
IN THE
WORKPLACE**



EDITED BY
Maryann H.
Albrecht

B **BLACKWELL**
Business

International HRM

Managing Diversity in the Workplace

Edited by Maryann H. Albrecht

University of Illinois at Chicago

 **BLACKWELL**
Business

Copyright © Blackwell Publishers Ltd 2001
Editorial matter and organization copyright © Maryann H. Albrecht 2001

First published 2001

2 4 6 8 10 9 7 5 3 1

Blackwell Publishers Ltd
108 Cowley Road
Oxford OX4 1JF
UK

Blackwell Publishers Inc.
350 Main Street
Malden, Massachusetts 02148
USA

All rights reserved. Except for the quotation of short passages for the purposes of criticism and review, no part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher. Except as noted in this text, any request for photocopying any part of this publication shall be directed in writing to the publisher.

Except in the United States of America, this book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, resold, hired out, or otherwise circulated without the publisher's prior consent in any form of binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

British Library Cataloguing in Publication Data

A CIP catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data

International HRM : managing diversity in the workplace / edited by Maryann H. Albrecht.
p. cm.

Includes bibliographical references and index.

ISBN 0-631-21921-8 (alk. paper) — ISBN 0-631-21922-6 (pb : alk. paper)

1. Diversity in the workplace. 2. International business enterprises—Management. 3. Diversity in the workplace—Case studies. 4. International business enterprises—Management—Case studies. I. Albrecht, Maryann H.

HF5549.5.M5 I58 2000
658.3'008—dc21

00-034328

Typeset in 10 on 12 pt Monotype Baskerville
by Ace Filmsetting Ltd, Frome, Somerset
Printed in Great Britain by TJ International, Padstow, Cornwall

This book is printed on acid-free paper.

International HRM



For Haley Ann and Emily Ann, members of the new generation and daily reminders of the importance of human resources in a world of possibilities

Notes on Contributors

| | |
|----------------------------|---|
| Maryann H. Albrecht | Department of Managerial Studies, University of Illinois at Chicago, Member of the Leadership Group, National Academy of Management, and past President and current Board member, Midwest Academy of Management |
| Rae André | Organizational Behavior and Theory, Northeastern University |
| Mandakini Arora | Research Associate, INSEAD |
| Peter L. Berger | Professor of Sociology and Director, Institute for the Study of Economic Culture, Boston University |
| Dick Bottorff | Director, International Business Development, National Computer Systems, Inc. |
| Gordon Brannan | Western Business School, University of Western Ontario |
| Linda Brimm | Affiliate Professor, INSEAD |
| Charlotte Butler | Research Associate, INSEAD |
| Daniel D. Campbell | Richard Ivey School of Business, University of Western Ontario |
| Nancy Carter | National Director of International HR Consulting Services, KPMG Peat Marwick LLP |
| John Channon | School of Slavonic and East European Studies (SSEES), University of London |
| Taylor Cox, Jr. | Professor, School of Business Administration, University of Michigan |
| Adam Dakin | Director, SSEES-Communicaid |
| Henri-Claude de Bettignies | Professor of Organizational Behavior, INSEAD |
| C. Brooklyn Derr | University of Utah |
| Joseph J. DiStefano | Western Business School, University of Western Ontario |

With the exception of case authors, the affiliation of contributors was based on article notes, personal contact, a review of membership lists for national and international organizations, and a review of the *National Faculty Directory*, 30th ed., published in the United States by the Gale Group, 1999. Case authorship is based on the affiliation listed for that case.

- Miles Dodd
John J. Fadel
Dean Allen Foster
Joyce L. Francis
Sven Grasshoff
Edward T. Hall
Mildred Reed Hall
Philip R. Harris
Michael Harvey
Richard M. Hodgetts
Geert Hofstede
John Humphrey
Ellen Jackofsky
Susan E. Jackson
Jeffrey A. Krug
Henry W. Lane
Bruno Leblanc
Fred Luthans
Kyle W. Luthans
Paul A. Marsnik
Jenny C. McCune
Marjorie McEntire
Chris Meek
Neil Merrick
Robert T. Moran
Jodi Barnes Nelson
Mark Petti
Norma M. Riccucci
- Regional Director, INSEAD-Euro Asia Centre
Senior Manager, International Assignment Services, Deloitte & Touche
Director, Cross-cultural Training Division, Berlitz International, Inc.
School of International Service, American University, Washington, DC
Vice-President, Corporate HR Department-International, Citibank, NA and Past President of the International Personnel Association
Researcher and Consultant in Intercultural Communications
Researcher and Consultant in Intercultural Communications
Harris International
Puterbaugh Chair in American Free Enterprise, University of Oklahoma
Professor of Strategic Management and International Business, Florida International University
Senior Fellow of the Institute for Research on Intercultural Cooperation
Institute of Development Studies, University of Sussex
Associate Professor of Organizational Behavior and Associate Provost of Academic Affairs, Cox School of Business, Southern Methodist University
Professor of Management, Stern School of Business, New York University
Department of Business Administration, University of Illinois at Urbana-Champaign
Professor, Richard Ivey School of Business, University of Western Ontario
EAP, Berlin
George Holmes Distinguished Professor of Management, University of Nebraska-Lincoln
Bloomsburg University
St. John's University-Collegeville, MN
Bozeman, Montana
Visiting Assistant Professor, University of Utah
Associate Professor, Brigham Young University
Contributor, *People Management*
Professor of Cross-cultural Communication, American Graduate School of International Management
University of Georgia
Manager, International Assignment Services, Deloitte & Touche
Public Administration and Policy, Rockefeller College of

- Kenneth E. Roberts
 the University at Albany, State University of New York
 Staffordshire University (*Emeritus*)
- Anthony J. Rucci
 Executive Vice-President of Human Resources, Cardinal
 Health, Inc.
- André Rudé
 Past President of the International Personnel Associate and
 Personnel/Expatriate Tax Manager, Hewlett-Packard
- Geert J. E. M. Sanders
 Associate Professor, School of Management and Organ-
 ization, University of Groningen, the Netherlands and
 Professor, Faculty of Economics, University of Bremen,
 Germany
- Randall S. Schuler
 Professor of Management, Stern School of Business, New
 York University
- Kathleen E. Slaughter
 Professor, Richard Ivey School of Business, University of
 Western Ontario
- John W. Slocum, Jr.
 O'Paul Corley Professor of Management, Cox School of
 Business, Southern Methodist University
- Charlene Marmer Solomon
 Contributing editor, *Personnel Journal and Workforce*
- Linda K. Stroh
 Professor, Institute of Human Resources and Industrial
 Relations and Director, WorkPlace Studies Program, Loyola
 University, Chicago
- Shannon Peters Talbott
 Contributor, *Recruitment Staffing Sourcebook* (supplement to
Personnel Journal)
- James W. Walker
 Vice-President, Emerging Technologies for Network So-
 lutions, Inc. and Editor, *Human Resource Planning*
- Danielle Wiese
 University of Oklahoma

Foreword

Finally, we no longer have to preface everything we write and talk about with the over-used line – “In the coming new millennium . . .”. The transition to the new millennium and the twenty-first century has been smooth (not even any Y2K glitches), but now the things that we have talked about and predicted have become a sobering reality. We no longer have the excuse, “let off the hook,” that this (*fill in the blank*) we should be doing by the next millennium or century. We are now in the new millennium and twenty-first century and must come to grips with the here-and-now: deferring to the year 2000 is no longer possible.

Most would agree that the two biggest '00s environmental realities facing management are technology and globalization. Most of the mass media have focused on the truly revolutionary, paradigmatic change that advanced IT is having on the very nature of organized activity.

Many of us would argue that globalization is having a similar impact as technology, but is receiving relatively less attention. Yet, whereas IT (hardware and software) can be purchased and fairly easily duplicated, the workforce and its leaders may also be purchased, but their knowledge, experience, skills, and especially their motivation, attitudes and self-efficacy are *not* easily duplicated. Thus, those of us in the field of organizational behavior and human resource management contend that the real competitive advantage, even in this era of phenomenal information technology, has been, is, and will be acquiring, developing, motivating and retaining human resources. Even Bill Gates is on record as stating that his inventory, the *value* of his company, walks out the door every evening.

Managing human resources has always been a very difficult challenge. As Geert Hofstede recently observed in our twenty-first century special issue of *Organizational Dynamics* (Summer, 1999, p. 34), since management is always about people, and human nature has been extremely stable over recorded history, “the essence of management has been and will be equally stable over time.” This, of course, is in stark contrast with technology which is highly volatile and changing almost week to week. Yet, even though HRM remains very difficult, globalization has even compounded the problems. Hofstede notes that HRM “differs less from period to period than from part of the world to part of the world, and even from country to country.”

Professor Maryann Albrecht has put together an outstanding resource to help students,

professors and practicing managers meet the challenges of *International HRM: Managing Diversity in the Workplace*. This text definitely meets her stated criteria of containing articles and cases that include: (1) cultural diversity in both content and the source of material; (2) readability and practicality; (3) real-life case applications; and (4) a traditional HRM framework with a focus on current issues. The Table of Contents and her following Introduction provides details on how these criteria are accomplished. A careful reading of the prepublication material led to my own conclusion that the criteria have indeed not only been met, but greatly exceeded my expectations. Most impressive to me is the comprehensive treatment of IHRM and the relevant, readable articles and cases.

In closing, on a personal note, it has been another pleasure working with Maryann and playing a small part in her continuing efforts to provide us with excellent learning materials for our courses in IHRM and leadership in our professional associations.

Fred Luthans
George Holmes Distinguished
Professor of Management,
University of Nebraska
Editor, *Organizational Dynamics*
Editor-in-Chief, *Journal of World Business*

Acknowledgments

The author wishes to acknowledge the contributions of Lorna Ragonese, my research assistant, who provided a continuing review of the document. I am also grateful for the help of my Department Head, Chemurduri L. Narayana, and Dean Anthony Rucci for their support of a sabbatical leave to complete the project. Dr Elmer Burack, a longtime mentor at UIC, has always shared a concern for diversity and deserves thanks for his continuing and wise advice.

Several classes of MBA and undergraduate students critiqued this text in its successive iterations. I am grateful for their comments and for those of the anonymous reviewers who helped to strengthen the book. I especially appreciate the contribution of Dr Fred Luthans of the University of Nebraska at Lincoln who supported the concept and provided a foreword for this text.

My colleagues in the National Academy of Management and the Midwest Academy of Management who provided encouragement are too numerous to mention. However, Anne Huff, Brian Niehoff, and Deb Dwyer were especially generous with their advice and enthusiasm.

Professional expertise brings a concept to life. Contributors to the book exemplify that excellence. It continues with the editorial expertise of the staff at Blackwell Publishers. The Commissioning Editor, Catriona King, merits special recognition for her insight and guidance. I am also grateful to the staff at Blackwell, especially Bridget Jennings and Joanna Pyke, for their cheerful and competent management of an international production process.

Editors and publishers work with the support of the publishing community. For that reason, they wish to thank the following for permission to use copyright material.

Albrecht, Maryann H., "The World Wide Web and Cultural Diversity," from Maryann H. Albrecht, *Cultural Diversity: Exercises, Cases, Resources*, Stipes Publishing, LLC Champaign, IL, 1997.

André, Rae, "Diversity Stress as Morality Stress," *Journal of Business Ethics* 14, 1995, with kind permission from Kluwer Academic Publishers.

Berger, Peter L., "Four Faces of Global Culture," reprinted with permission. © *The National Interest* 49, Fall, 1997, Washington, DC.

- Bottorff, Dick, "Reaping the Rewards of NAFTA," *Management Accounting*, August 1997, courtesy of CIMA.
- Case: "A Difficult Start" written by Charlotte Butler, Research Associate, and Henri-Claude de Bettignies, Professor of Organisational Behaviour at INSEAD. It is intended to be used as a basis for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © 1996 INSEAD-EAC, Fontainebleau, France. All rights reserved.
- Case: "Anglo-German Trading Corporation," by Kenneth E. Roberts, University of Staffordshire, 1997. © K. E. Roberts 1997.
- Case: "Bhiwar Enterprises," by Gordon Brannan and Joseph J. DiStefano (UWO), 1986. One-time permission to reproduce granted by Ivey Management Services on February 23, 2000.
- Case: "Diversity Management at Hewlett-Packard, Europe," written by Linda Brimm, Professor, and Mandakini Arora, Research Associate, at INSEAD. It is intended to be used as a basis for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © 1996 INSEAD-EAC, Fontainebleau, France. All rights reserved.
- Case: "Eurochem Shanghai: Corporate Policy or China Practice?," written by Miles Dodd, Regional Director of INSEAD-Euro Asia Centre. It is intended to be used as a basis for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © 1998 INSEAD-EAC, Fontainebleau, France. All rights reserved.
- Case: "Grupo Financiero Inverlat," by Henry W. Lane and Kathleen E. Slaughter (UWO), 1997. One-time permission to reproduce granted by Ivey Management Services on February 23, 2000.
- Case: "Kentucky Fried Chicken and the Global Fast Food Industry," by Jeffrey A. Krug. Copyright © 1997 Ciber, Indiana.
- Case: "Novell's Global Strategy: 'Bytes Are Somewhat Narcotic,'" by Marjorie McEntire, C. Brooklyn Derr, and Chris Meek (University of Utah). © 1996 Marjorie McEntire, C. Brooklyn Derr, and Chris Meek.
- Case: "The Evaluation" written by Charlotte Butler, Research Associate, and Henri-Claude de Bettignies, Professor of Organisational Behaviour at INSEAD. It is intended to be used as a basis for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative situation. © 1996 INSEAD-EAC, Fontainebleau, France. All rights reserved.
- Channon, John and Adam Dakin, "Coming to Terms with Local People," *People Management* 1:12, June, 1995.
- Cox, Taylor, Jr., "The Multicultural Organization," *Academy of Management Executive* 5:2, 1991.
- Fadel, John J. and Mark Petti, "International HR Policy Basics," *Global Workforce*: supplement to *Workforce*, April, 1997.
- Foster, Dean Allen, "The Yin and Yang of Managing in Asia," *HR Magazine* 40:3, March, 1995, courtesy of Society for Human Resource Management.
- Francis, Joyce L., "Training Across Cultures," *Human Resources Development Quarterly* 6:1, Spring, 1995, courtesy of Jossey Bass, Inc.
- Hall, Edward T. and Mildred Reed Hall, "Key Concepts: Underlying Structures of

- Culture," *Understanding Cultural Differences*, Intercultural Press, Inc., Yarmouth, ME, 1995.
- Harris, Philip R. and Robert T. Moran, "European Leadership in Globalization," *European Business Review* 96:2, 1996, copyright © 1996, MCB University Press, Bradford.
- Harvey, Michael and Danielle Wiese, "Global Dual-Career Couple Mentoring: A Phase Model Approach," *Human Resource Planning* 21:2, 1998, courtesy Human Resources Planning Society.
- Hodgetts, Richard M., Fred Luthans, and John W. Slocum, Jr., "Strategy and HRM Initiatives for the '00s Environment: Redefining Roles and Boundaries, Linking Competencies and Resources," reprinted from *Organizational Dynamics*, Autumn, 1999, © 1999 American Management Association International. Reprinted by permission of American Management Association International, New York. All rights reserved. www.amanet.org
- Hofstede, Geert, "Differences and Danger: Cultural Profiles of Nations and Limits to Tolerance," *Higher Education in Europe* 21:1, 1996, Taylor & Francis Ltd, PO Box 25, Abingdon, Oxford OX14 3UE.
- Humphrey, John, "New Manufacturing Strategies and Labour in Latin America," reprinted by permission from *Asia Pacific Business Review* 2:4, Summer, 1996, published by Frank Cass & Co., 900 Eastern Avenue, Ilford, Essex. Copyright Frank Cass & Co., Ltd.
- Leblanc, Bruno, "European Competencies – Some Guidelines for Companies," *Journal of Management Development* 13:2, 1994, copyright © 1994 MCB University Press, Bradford.
- Luthans, Fred, Paul A. Marsnik, and Kyle W. Luthans, "A Contingency Matrix Approach to IHRM," *Human Resource Management* 36, Summer, 1997, John Wiley & Sons, Inc.
- McCune, Jenny C., "Diversity Training: A Competitive Weapon," reprinted from *Management Review*, June 1996, © 1996 American Management Association International. Reprinted by permission of American Management Association International, New York. All rights reserved. www.amanet.org
- Merrick, Neil, "Remote Control," *People Management*, September 26, 1996. © Neil Merrick 1996.
- Nelson, Jodi Barnes, "The Boundaryless Organization: Implications for Job Analysis, Recruitment, and Selection," *Human Resource Planning* 20, 1997, courtesy Human Resources Planning Society.
- Riccucci, Norma M., "Cultural Diversity Programs to Prepare for Work Force 2000: What's Gone Wrong?," reproduced with permission from *Public Personnel Management* 26:1, Spring, 1997, published by the International Personnel Management Association (IPMA), Alexandria, VA, 703-549-7100, www.ipma-hr.org
- Rucci, Anthony J., "Should HR Survive? A Profession at the Crossroads," *Human Resource Management* 36:1, 1997, copyright John Wiley & Sons, Inc.
- Sanders, Geert J. E. M., "Being 'a Third Culture Man'," *Cross Cultural Management: An International Journal* 2:1, 1995, courtesy of Barmarick Publications, Hull.
- Schuler, Randall S., Susan E. Jackson, Ellen Jackofsky, and John W. Slocum, Jr., "Managing Human Resources in Mexico: A Cultural Understanding," reprinted with permission from *Business Horizons*, May-June, 1996. Copyright © 1996 by the Board of Trustees at Indiana University, Kelley School of Business.

- Solomon, Charlene Marmer, "Put Your Ethics to a Global Test," *Personnel Journal* 70, 1996.
- Stroh, Linda K., Sven Grasshoff, André Rudé, and Nancy Carter, "Integrated HR Systems Help Develop Global Leaders," *HR Magazine Focus*, April, 1998, courtesy Society for Human Resource Management.
- Talbott, Shannon Peters, "Building a Global Workforce Starts With Recruitment," *Recruitment Staffing Sourcebook*, supplement to *Personnel Journal*, March, 1996.
- Walker, James W., "Are We Global Yet?," *Human Resource Planning* 21:4, 1998, courtesy Human Resources Planning Society.
- Exhibits 30.2, "Leading U.S. Fast-food Chains Ranked by 1996 Sales" and 30.5, "Top U.S. Chicken Chains – Market Share, 1988–97", courtesy *Nations's Restaurant News*.
- Exhibit 30.8, "Mexico's Major Trading Partners – % Total Exports and Imports, 1992–6," *Direction of Trade Statistics Yearbook*, 1997, International Monetary Fund.
- Exhibit 30.9, "Selected economic data for Canada, the United States, and Mexico," *International Financial Statistics*, 1998, International Monetary Fund.
- Table 35.1: "Types and Perceived Effectiveness of Diversity Programs," "SHRM/CCH Survey," Commerce Clearing House, Inc., May 26, 1993.

Contents

| | |
|---|-----------|
| <i>Notes on Contributors</i> | xii |
| <i>Foreword by Fred Luthans</i> | xv |
| <i>Acknowledgments</i> | xvii |
| <i>Introduction</i> | 1 |
| Part I Understanding Cultural Diversity in Global Business | 7 |
| 1 Difference and Danger: Cultural Profiles of Nations and Limits to Tolerance <i>Geert Hofstede</i> | 9 |
| • Hofstede presents the dominant values in nation-states around the world, with an emphasis on findings related to tolerance. | |
| 2 Key Concepts: Underlying Structures of Culture <i>Edward T. Hall and Mildred Reed Hall</i> | 24 |
| • This summary of classic concepts of culture targets culture as communication in words, material items, and behavior. | |
| 3 European Leadership in Globalization <i>Philip R. Harris and Robert T. Moran</i> | 41 |
| • What are the characteristics of successful organizations at the millennium? These are listed, along with the contribution of European leaders to that process and the competencies of different types of global business leaders. | |
| 4 The Yin and Yang of Managing in Asia <i>Dean Allen Foster</i> | 55 |

| | | |
|--|--|-----------|
| ● | Foster compares Western and Asian traditions, management styles, and practices in preparation for emerging markets in the Pacific Rim. | |
| 5 | <i>Case: A Difficult Start</i> <i>Charlotte Butler and Henri-Claude de Bettignies</i> | 59 |
| ● | This case is set in Thailand and describes the challenges faced by an expatriate manager. It illustrates issues of leadership, communication, cultural differences in management styles, and the impact of culture on expectations and behavior. | |
| 6 | <i>Exercise: The World Wide Web and Cultural Diversity</i> <i>Maryann H. Albrecht</i> | 63 |
| ● | This exercise provides a selection of websites that allow the searcher to explore global culture and also contact those organizations providing data on countries, organizations, and international business. | |
| Part II Strategic Human Resource Management | | 69 |
| 7 | <i>Are We Global Yet?</i> <i>James W. Walker</i> | 71 |
| ● | This editor's column outlines the emerging trends and concerns in the development and the implementation of global HR strategies. | |
| 8 | <i>International HR Policy Basics</i> <i>John J. Fadel and Mark Petti</i> | 76 |
| ● | The authors create a basic framework and the items that need to be included in an international HR policy. | |
| 9 | <i>Integrated HR Systems Help Develop Global Leaders</i> <i>Linda K. Stroh, Sven Grasshoff, André Rudé, and Nancy Carter</i> | 79 |
| ● | Information systems are critical for employment in a global context. This article provides an outline for that system and recommendations for its development and implementation. | |
| 10 | <i>A Contingency Matrix Approach to IHRM</i> <i>Fred Luthans, Paul A. Marsnik, and Kyle W. Luthans</i> | 83 |
| ● | A consideration of national values and different domains is incorporated into this matrix approach to IHRM. | |
| 11 | <i>Reaping the Rewards of NAFTA</i> <i>Dick Bottorff</i> | 103 |
| ● | The North American Free Trade Agreement (NAFTA) provides | |

opportunities, and this author outlines possibilities and offers suggestions for successful trade agreements.

- 12** *Case: Diversity Management at Hewlett-Packard, Europe* 108
Linda Brimm and Mandakini Arora

- What is an effective structure for managing diversity? This case discusses the relevance of diversity and the difference between U.S. and European management of diversity. The management of processes is also an issue, and one that is unique in case presentations – most case studies focus only on structures, strategies, and action plans.

- 13** *Case: Eurochem Shanghai: Corporate Policy or China Practice?* 125
Miles Dodd

- The young new manager confronts an obvious result of running roughshod over local practices. An expatriate manager for China arbitrates the process of educating the young manager. The case is designed to portray diversity issues of training, sensitivity, balance of norms, relationships among subsidiaries and the home office, and the benefits of diversity.

Part III Recruitment, Selection, and Placement in a Global Context 131

- 14** *The Boundaryless Organization: Implications for Job Analysis, Recruitment, and Selection* 133
Jodi Barnes Nelson

- “The Boundaryless Organization” lists the issues and offers recommendations for practitioners and researchers. Topical focus is on recruitment and selection in a global and heterogeneous workforce.

- 15** *Building a Global Workforce Starts With Recruitment* 148
Shannon Peters Talbott

- Shannon Peters Talbott tackles the difficult topic of aligning global workforce needs to recruitment strategies.

- 16** *Four Faces of Global Culture* 152
Peter L. Berger

- Four processes of cultural globalization are related to each other and to the cultures they affect. These include a business culture, the internationalization of the intelligentsia, the spread of popular culture, and a culture of evangelicalism. These cultures are also related to work in Latin America and East Asia.