



Managing people's values and perceptions in multi-cultural organisations

The experience of an HR director

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Abstract *Examines the problems and pitfalls of managing multi-cultural organisations from a corporate perspective. The author, a practising HR director, makes use of his work experience of three companies to analyse the difficulties arising from different values, perceptions and cultures in MNCs. Language and communications play a significant role which are illustrated in the areas of European Works Councils, mergers and takeovers and HRM processes, particularly regarding international recruitment. Solutions to these problems include training management awareness and understanding of the cultural context within which the firm operates, and managers keeping an open mind with regard to the different values and perceptions held by others.*

Introduction

One of the most embarrassing moments of the author's professional life occurred before dinner at the end of a day spent negotiating the constitution of the company's European Works Council. Managers and employee representatives from four European Union countries (Belgium, The Netherlands, Germany and the UK), together with colleagues from the Czech Republic, were sitting in the lounge bar of a Scottish hotel relaxing with an aperitif. People, most with less than a full grasp of the English language, were unwinding and beginning to feel comfortable with each other's company. The author was anxious to see things coming together well since the next day he hoped to see agreement reached on the exact wording of the agreement establishing the European Works Council. The employee representative from the Czech Republic, who had missed the first gathering in Belgium some weeks earlier, decided to enliven the proceedings with a joke! His story unfolded with great hilarity until he got to the punch line, which was unacceptably racist in language and intent. The author could have died on the spot.

The author's instant rebuke to the employee representative and an inadequate apology to the senior trade union officials were followed by a period of reflection. Why had the Czech representative thought his behaviour was acceptable? The following morning he was taken to one side by the author with the intention of delivering a reprimand and extracting an apology. It hit the author forcibly that the Czech representative intended no harm, and his lack of understanding of the nuances of the English language was to blame. For both the author and the Czech representative, an important lesson was learned in how language plays a part in the creation of perceptions.

The author has had over ten years' experience of conducting business in different countries and in different cultures but only in the last four or five years come to realise how little he knows about why people do things in different ways. The recognition of this limitation gives a huge advantage over the majority of colleagues, many of them managers, who carry out transactional business within a multinational context. When the issue of lack of managerial awareness is reflected in an organisation's policies and business processes, the recipe for misunderstanding and confusion is complete. The author's prime involvement has been with people dynamics of a business and if one accepts an organisation's success is delivered through its people then this should be the prime concern of all. Employees judge an organisation by how its processes affect them. Selection, compensation, communication, motivation all help to create and sustain a culture that determines whether business objectives are being met or frustrated.

The aim of this paper is to highlight some of the pitfalls of managing global organisations based on the author's personal experience. The pitfalls identified are language that affects both communication and information giving and also organisational culture. These are illustrated in three areas involving nationals of different countries, namely European Works Council, mergers and takeovers and through people management processes, with particular reference to recruitment.

Language

Inevitably, language is a trap. The view that everyone who speaks English has the same value system is so patently false one can only wonder why such a large number of organisations, and people managing them, operate policies, promote values and communicate intentions that ignore this basic fact. The only way the author has found success in managing a multinational business is to communicate consciously with those who can help to cross value systems. Communication in this context is about understanding and not just language. On many occasions the European Board of T&N plc (piston product group) met, discussed an agenda and agreed what actions to take, before returning to base with "HQ" wondering why the common approach has ended in such a fragmented tangle. Sometimes this is simply due to a difficulty with the superficiality of the language, but more often is the result of a lack of real understanding of what is required. For example, the drive for profit can mean to the US manager an aggressive cost reduction plan whilst their European counterpart will instinctively look for top-line growth. Both actions may well be right, but the organisation that is sensitive to cultural differences will not be surprised by the outcome.

Language will have most impact at the individual level. It is often assumed all English speaking nations can communicate effectively. At one level, this is true, but try talking about investing for the future and understanding is governed by the institutions and how they operate in the respective countries. The author's experiences of launching international share save schemes have

demonstrated that “a nothing to lose and maybe gain” approach in the UK and Australia, becomes an opportunity to compare with other investment propositions in the USA. Whilst one would argue that it is down to the different approaches to taxation, it speaks volumes for the instinctive responses of individuals. How a company communicates its benefits will determine how successful those benefits are in meeting its objectives. It has become a cliché, but communications should always be tailored to the audience.

An individual’s competence in language can often be misleading. The Dutchman with apparently perfect English will miss the meaning of a communication because the word translates into a different concept. For example the use of the word consultation is understood more formally in continental Europe than in the UK. However, nuances of language can be the most difficult to understand. When Corus was formed as an amalgamation of UK and Dutch steel making interests, there was an obvious clash of cultures and language played its part. Kees Blokland, the director responsible for HR in the Dutch business, has commented on what he describes as a code that his UK colleagues used to communicate their real feelings. He considers that when they refer to a meeting as instructive, they meant it was terrible. When they said it was interesting, they meant it was not quite so bad and when they said it was not bad, they meant that it was good. Such a way of speaking puts great barriers in front of understanding and, therefore effectiveness.

Corporate communications are very often oblivious to the impact of their message outside the host country. The style and content of communication in one language simply does not translate directly into others. The author has wrestled with a European newsletter which was judged to be successful in its objective of supporting the creation of a European organisation, but, if only the managing director knew what efforts were being expended in its creation. Articles were created in one European language to be translated into another by UK based translators. Very quickly it was realised a better job would be done by people whose mother tongue was that of the “foreign” language. Even then, a draft outcome did not find universal favour in the company’s plants around Europe. The translators had been out of the country too long and language had moved on. The most extreme example of this was a Czech translation that was returned with the comment that the language used was old Czech last used around the Second World War! At least this was better than the company’s first attempt at corporate communication when the framed copy of the vision and values statement was returned from the Czech Republic with the comment from the local general manager that it was written in Russian and the Russians had left in 1989! Even to this day the problems of translation have not been entirely resolved. An accommodation was adopted whereby countries became responsible for translating corporate material into the local language as long as the translation was accompanied by a copy in English, which was the accepted business language. The author’s observation on this approach was that it appeared to satisfy everyone, yet, it was strange that some “translations” were considerably shorter than the originals. Could the local management be

precising/changing the message to suit their view of appropriateness for the local audience? This highlights problems of corporate control and the scope for local subsidiary interpretation of corporate policy as shown by Kelly (2001).

Another example of language comes from a US led global business. The new chief executive officer (CEO) wanted to communicate with everyone in the organisation on her first day. So out went an e-mail directly from the CEO addressed to everyone by their first name. The assumption was that the style of communication would herald a new dawn. It was certainly was different from anything that had gone before. While managers were addressing the technology that would deliver the message, managers in some parts of the world were somewhat offended. They considered a first name communication was not appropriate for their own people. This was notably the case in Germany, Italy and Spain. Means were thus found to introduce the culturally accepted more formal style of address. There is some doubt as to whether the CEO has ever been made aware that her communication was modified.

Managing culture

Organisational culture is suggestive of the way things are actually done. It is informal and not necessarily approved reality of behaviour, beliefs and assumptions. The key point is that the culture of an organisation (its values, norms and artefacts that are created) is not to be viewed as easily open to manipulation by management (Storey and Sisson, 1993).

With the exceptions of start up operations, all companies inherit cultures from what has gone before. The more complex the history the more complex the cultural map. When asked to describe the company culture, senior managers will outline the vision and values, which they have decided is the way their organisation is to operate. When pressed further, they will describe the culture that exists in the host country. This itself gives a strong indication of the style of management that will be adopted by the organisation. Most global organisations emanate from the USA and as such have a distinctly American way of doing things, although they do have to accommodate local laws and cultures of host countries. Global organisations from elsewhere in the world often emulate the style of their US counterparts. Why is this so?

First the phenomenal growth in the speed of communications brings organisations much closer together more quickly than hitherto. This helps shape the style of the organisation and the US model predominates. Americans are not good at being managed from outside their own borders. They want to make the running and have a genuine belief that their way is best, believing it is only a matter of time before other parts of the world will catch up with them. Evidence suggests that there is more than a grain of truth in the suggestion. Many non-US global organisations, particularly those with significant US operations, frequently adopt an American way of working as a line of least resistance. Cooke's (2001) paper published in this issue provides evidence for this with regard to union avoidance strategies by overseas MNCs investing in the USA. These companies will either use US style policies and procedures as the company benchmark, especially in the early phase as they pursue an

ethnocentric style of management, or they will decide to promote a devolved management structure as they proceed to a polycentric approach which allows individual countries to manage the majority of issues locally with the notable exception of matters of finance (Perlmutter, 1969). Most mature US multinationals evolve to a geocentric/regiocentric style with control over subsidiaries exercised through formal financial procedures and less on personal control (Harzing, 2001).

Cultural awareness is not only the preserve of international situations. Cultures vary across different sites in the same country. This is explained partly in terms of regional differences caused by the history and activities of the area. The explanation also lies with the history of the organisation which may have grown by merger and takeover. In traditional engineering/manufacturing companies it is not unusual to find employees with 30 and 40 years service. Often men and women have worked at a particular bench or on a specific machine from the time that they started with the company and yet the company will have changed ownership and name several times in the same period. It is little wonder employees faced with cultural change from one management team resist, if they can, until the next team comes along.

There is not one right way. There are many examples of good practice, but it can be argued strongly that each organisation has a limited number of approaches to managing cultures that are right for that organisation itself. The choice of direction may be determined by the need for financial control, or even the nature and location of the raw materials. What is important is that each organisation takes a long hard look at its key business drivers and plans its structures accordingly. The organisational culture will, in turn and in time, respond. Good practices for any multi-locational company are consistency of approach in all matters of business and people management.

“Think global and act local”. This is today’s sound bite. It is easy to say, but, difficult to do. Conflict is endemic in organisations. There will always be pressures pulling in different directions. The trick is to understand where the dividing line is between an acceptable local decision and one that should be made by the corporate centre. There is no substitute for a strong sense of what is the right approach from the top team. The absence of such leadership inevitably leads subsidiaries to pull in a direction that is seen by them as in the interests of the local organisation. The author has seen the negativity that this creates in several situations. Subsidiaries competing for work, operations ensuring their own survival, and country management teams challenging for a leadership position have all been part of the author’s experience and learning.

For example Belgium Works Councils can use Belgium legislation to hold the overseas corporate centre accountable for the evaluation of assets and financial measures.

Understanding culture

People become aware of cultural differences when something happens that surprises them. Initially this will be explained by way of foreign idiosyncrasies.

Only when actions are continually repeated or there is a prolonged exposure to the new culture does an understanding start to develop. How best can an organisation prepare its people for the demands of a multi-cultural organisation? Travel to the different environment is the first step. Understanding does not wholly come from books – no matter how good they are. You have to experience the differences for yourself. Only in the total context of the new culture will an understanding be achieved. This can be likened to learning a new language. Many individuals have struggled at school with the literal translations only to find that much clicked into place when they visited the country. T&N and Devro, two organisations in which the author has worked, had different approaches to understanding culture. T&N (now part of Federal Mogul) did not encourage frequent travel amongst its staff unless it was business specific. As a first tier supplier to the automotive original equipment manufacturer, engineering and commercial staff travelled frequently to a limited number of customers. They became skilled at dealing with the Germans, the Americans or the French depending where the prime customer responsibility lay. The rest of the organisation stayed at home and tried to decipher the various messages that the travellers brought back. Staff in T&N rarely visited sites within their own organisation. However the company did try to develop individuals by arranging permanent and temporary assignments to locations in both Europe and the USA. Employees who benefited from these assignments developed a cultural awareness that extended beyond the country in which they were employed. Once they understood the basis on which cultures can be different, it seemed only natural to extend this new awareness to other cultures that were yet to be experienced.

Devro is headquartered in Scotland and manages a global business that manufactures food casings for the meat industry. The company started as a relatively small non-core operation of Johnson and Johnson (J&J), managed within the J&J regional structure of Americas, Europe and Asia/Pacific. The company management team launched a successful management buy-out in 1993 and set off on a course of impressive business growth culminating in the acquisition of Teepak, a Chicago-based company that was three times larger than Devro itself. By 1996, the company had two manufacturing plants in Scotland, two in the USA, one in Belgium, two in the Czech Republic and one in Australia. Additionally, Devro had separately located finishing operations employing approximately 80 to 100 people in The Netherlands, the USA, Canada, Germany and Czech Republic. Sales offices in Zurich, Moscow, Prague, Hong Kong, Tokyo, Auckland and Miami completed the picture. They were a major player in the global market, having a presence in every country in the world.

Devro never quite made the transition to a genuinely global mindset. Employees stuck to their own country as a base, but travelled incessantly and compulsively to operations around the world. There is no doubt that much more of the organisation is exposed to the impact of different host country cultures than existed within T&N and for this reason alone it was more

sensitive to cultural differences. However the understanding of cultural issues is a side issue to business activity and happened by chance rather than by design.

Both T&N and Devro learned to cope with the superficiality of cross-cultural issues. There is an acceptance of differences in the amount of formality that each country expects. The Americans are accepted for dressing down to smart casual for the office, whilst the Germans are expected to wear sports jackets. The British hang on to their suits which they wear as uniforms, whilst Czech males seem to dress down to the lowest common denominator. In contrast, the Czech females, with good effect, pay much more attention to how they look both in and out of work!

Not quite so superficial are the different reactions to the conduct of meetings, which can be confusing to the unwary. In the UK and the USA, meetings are held to make decisions. In mainland Europe, they are held more for debate. In the Czech Republic, meetings are for communicating a decision that some higher authority has already made. Bring into a meeting people from different cultures and a host of different expectations are brought together. Unless time is taken to explain clearly what the expected outcome should be, there will be considerable scope for disappointment, misunderstanding and disillusionment. The author's involvement in the creation of two European Works Councils made him highly sensitive to the dynamics of multi-cultural meetings.

European Works Councils

The operation of European Works Councils (EWCs) is a superb training vehicle for employees. They have their foundation in European Union legislation (1994) and yet are influenced by the laws of each member state. Why did T&N and Devro establish councils? Cynically one could say they were merely complying with the law, but the route to establishing such councils and the benefits arising, that at first were not apparent, surprised even the most doubting of Thomases. Admittedly the law did have a kickstart effect, but once the decision had been made to set up a council was accepted the list of benefits became compelling. First, both Devro and T&N were trying to integrate their European operations. This had become an obvious response to the challenges of globalisation. Both companies had European operations in non-EU countries, particularly in the Czech Republic but also in Switzerland and Russia. Both companies took an inclusive approach to involvement in their European Works Councils arguing consultation and information giving should apply to all their European employees. To do otherwise would be divisive and how could either organisation integrate operations at one level and differentiate in their approach to employees at another.

Introducing this concept in Devro was far from easy. The principal concern lay in the fact that 1,400 employees worked in the Czech Republic and a further 1,100 in the rest of Europe. But 1,017 employees worked in operations within the European Union. With the European legislation requiring a minimum of 1,000 employees in member countries (with at least 150 employees in two

different countries) the legislative argument for a European Works Council was a little thin. Indeed one senior manager suggested the dismissal of 18 employees as a way of avoiding the legislation. However, the CEO, a natural communicator, agreed that the steps should be taken to establish an EWC in the interests of good practice. A critical question was, however, should the Czech Republic be included or excluded? The CEO would not force the situation on the Czech Republic general manager who was a Czech national and could see nothing to gain from his people participating in a process that he considered would unsettle his own employees. He believed that representatives from the more active trade unions in Western Europe would influence his trade union and that unfavourable comparisons would be made with wage rates and employee benefit provision.

The Czech general manager's concerns were being explored at the same time as preliminary discussions were held with the Transport and General Workers' Union (T&GWU) and the European Federation of Food, Catering and Allied Workers. It is clear both trade union organisations placed some store on bringing colleagues from Eastern Europe into the EWC framework. The answer lay in convincing the Czech manager that the inclusion of the Czech employees' representatives would benefit the wider organisation and, at the same time, would not disadvantage his own operation.

In an attempt to solve the problem the author via his prior involvement with T&N, arranged for the Czech general manager and his HR director to visit the T&N operation, which had three years experience of participation in the T&N EWC. The visit was a success thanks largely to the positive reaction of the T&N general manager and his personnel officer who was also one of the Czech management representatives on the EWC.

The Czech manager's concerns were understandable. Czech labour costs were an eighth of those in the UK. Czech labour law was considerably more flexible than those of Western Europe in areas of employment contracts, redundancies and severance payments. In addition Czech trade unions were loosely organised and did not restrict management's right to manage. Czech operations were significantly under-invested and over-manned compared to Western Europe. All these factors added to the general manager's initial reservations about joining with his colleagues in what became known as the Devro European Forum. The Czech general manager has participated in every meeting of the forum and is now a strong advocate of the concept of the EWC. Far from being a disadvantage to the Czech operations, the forum has played its part in promoting an understanding of the economic factors facing Devro and in an acceptance of work transfer from Belgium to the Czech Republic. It is doubtful whether this would happen quite so readily had the Czechs not been at the table when these matters were discussed. In a sense the Czech manager was sharing in a developing culture through the evolving shared language of the EWC.

The whole process of establishing the Devro European Forum was a huge learning experience for everyone involved. The fact that employees from

different parts of Europe met together in both a business and social context was much appreciated. While English was the language of the forum, the simultaneous translation into Dutch, Czech and German was a sharp reminder that many different cultures were trying to come together to support one another across Europe. The conduct of the meetings brought out the best in the trade union representatives and supported the objectives of the company. The inter-dependence of European operations and their reliance on group financial performance became obvious, whereas previously the whole emphasis had been on free-standing country-based profit centres.

Another powerful cultural learning experience occurred in the social sessions. It was decided, on the grounds of cost and practicality, not to have official translators present. Communication had to occur via various combinations of linguistic abilities. The challenge was accepted with great gusto. Managers began translating for their employees. Colleagues were translating for each other. All could speak to some, but none could speak to all. Hitherto unknown language capabilities started to come to the surface as confidence grew. Cultural differences were explored and compared as the inevitable "how do you do that in your country?" was asked and answered. Apart from the one occasion referred to in the opening of this paper, these sessions were extremely valuable in acquiring an understanding for those present of why people from different cultures approach matters in different ways i.e. had different value systems. An involvement in one of these evenings was worth several visits to a country. As a result the forum became a mechanism for training young managers judged to have the potential to develop further in an international oriented business.

Apart from a learning experience, the forum also developed other attributes in attendees. It was clear members valued their involvement and this led to a growth in personal responsibility for the factors affecting the company. The trade union representative from Belgium was, perhaps, the best example of this. Prior to attending the negotiating meeting on the constitution, he had been a somewhat negative member of the national based Belgium works council. His involvement in the European Forum, however, was seen as a reason for taking a more cooperative and less extreme position in dealings with the local management team in Belgium. He never lost sight of his prime role as a representative of the Belgium operation, but became more statesmanlike in understanding the financial and economic considerations affecting the business. He also developed as a person in a very short space of time. Forum meetings facilitated his first visit to Scotland and his first experience of flying. He was so proud that the company was prepared to finance his travel to forum locations that he extended one trip to Scotland through a weekend and was joined by his spouse with whom he was anxious to share some of the experiences that the forum had provided to him.

EWCs are not all about benefits. There are downsides with the cost of running them probably top of the concerns of companies. Whether they are appropriate for an organisation or not depends on why the organisation in the

first place wants to establish an EWC. They will thrive in companies with a solid commitment to open and honest communication, where trust is high on the agenda. EWCs will be an unwelcome burden in organisations with a minimalist approach, which are merely conforming to the letter of the law.

Mergers and acquisitions

Multinational organisations are seldom static. They can expand by merger and acquisition and then contract by “down-sizing”. “An alarming number of mergers fail because both parties underestimate the potential for a serious culture clash” writes Trapp (2000) in his commentary on the formation of Corus. The author’s own experience over 15 years supports this assertion and allows comments from a number of standpoints. At the start of the 1980s Scottish and Newcastle adopted a strategy and restructuring plan to grow out of Scotland and north-east England to reach growing markets in the south of England. Smaller breweries were acquired, assessed and either integrated or closed in rapid succession. One important lesson learned during that time, was the fact that the management team had a clear plan of action, whether to integrate or to close, which was carried out in a determined manner. The acquired organisation was left in no doubt as to what was required and how it was going to happen. Managers had the opportunity to resign or get involved – a tough proposition that clearly worked[1].

The experience in T&N was completely the opposite. In 1993, it acquired Goetze AG at a time when the author worked in a division that was directly impacted by what was previously a competitor. The acquisition had been negotiated by T&N’s central functions, which were congratulated by observers on a job well done. However, there did not appear to be any follow-up action. In Europe, Goetze’s German organisation waited for months for changes to be imposed by their new parent company. Apart from the financial integration necessary to assess the impact of any merger, nothing else happened. The absence of corporate leadership led to a vacuum that was filled by the German management team leaving T&N’s UK managers asking who had been taken over by whom. Interestingly, the situation in the USA was handled in a different manner. There the T&N US manager, decided to integrate rapidly Goetze’s US operation and not wait for a lead from Europe where both organisations were headquartered. The speed and effectiveness of the US integration was remarkable.

Certainly, the manager was not one to hang around. Feeling sufficiently far away from the UK head office to act unilaterally, he possessed leadership qualities and knew what he was required to do. Within weeks Goetze’s operations were integrated into T&N Inc. with a plan of action that was little short of embarrassing for European colleagues. To be fair, the size and complexity of the European organisation was a major hurdle, but there were other factors at work. The US Goetze management team was more comfortable being managed by an American in the USA than they had been with Germans from Europe. It is much easier to integrate operational units that can measure

and monitor their own contribution to the organisation. This is in marked contrast with trying to integrate a head office location full of indirect employees all concerned with protecting jobs.

Devro's acquisition of Teepak occurred in January 1996, just a year before the author took up employment with them as director, human resources for their worldwide operations. This appointment was a recognition that integration of the people processes was essential if the new organisation was to achieve the benefits that the acquisition was designed to achieve. However, the same problems that occurred in the T&N's acquisition of Goetze can be identified in reverse. The European operations of Teepak were more comfortable being managed out of Scotland than out of Chicago. Teepak also never came to terms with decisions being taken out of the USA to such a point that, after four years, the US operation wrestled back control from headquarters of its part of the business. Why did this happen? The approach Scottish and Newcastle had adopted in the 1980s was missing. The process of integration was left too long to be applied effectively. The sensitivity that Devro showed to the acquired business and its wish to be accepted as a good organisation with which to join forces backfired. First, the senior US management team all exercised their "golden parachutes" as soon as they could, leaving a US leadership vacuum that took too long to resolve. Second, the failure to grasp quickly enough the structural changes needed meant that the resistance to change when it was eventually proposed had strengthened. Third, the lack of clear business processes capable of supporting an international multi-site organisation created a lack of confidence in the leadership of the parent company. Fourth, the culture clash between the old Devro and Teepak was underestimated. Finally the organisational changes of combining the Devro regional structure with the centralised global structure of Teepak were never addressed satisfactorily.

Managing HR processes

Much has been said in this paper about the pitfalls in managing multinational organisations. However people management processes have the same objectives no matter where they are applied. It is just that there are different ways of achieving these. The fundamental objectives of recruiting, retaining and motivating employees in order to best meet business needs is valid in all organisations whether single site, multi-site or multinational. These processes must themselves be culturally sensitive. The objective of a recruitment exercise is to select the right person for the vacant post. In the UK, companies take great care to select the appropriate selection support. Is the vacancy to be advertised in the national, regional, local or trade press? Does the company use professional recruitment organisations and, if so, do they select a London based major with national and international coverage or one of the hundreds of organisations that act in a more localised or specialist way? When recruiting in a different country, the questions may still be broadly the same, but the answers are likely to be quite different. What is national coverage in the USA?

Do you have a vacancy that really will be attractive enough to persuade applicants to relocate, probably from an area in which they have lived all their lives? In the author's experience of recruitment in other countries (which is not the same as international recruitment), the majority of the recruitment activity centres on a major city. This may not be surprising unless the operation for which you are recruiting is located two hours south of Chicago or two hours north of Prague. There is a huge difference between small town America and the metropolis, between Prague and the Czech regions.

Choosing the right selection process is all-important and requires an understanding of the cultural environment in which it is to be carried out. For example, it is common practice in the UK and the USA to supplement the traditional interview with psychometric tests, but as one HR director found out when recruiting in the Czech Republic for the first time, the expected outcomes can be quite different. She decided to test for Belbin team types and was surprised to find a concerning lack of "co-ordinators" and "shapers". She found a preponderance of "team workers" and "implementers". Why was this? Could it be that there was still a legacy of the pre-1989 system of centralised control from Moscow?

Multinational organisations spend the vast majority of their human resource management time and expenditure on establishing appropriate compensation and benefits for the employee base. The biggest resource consumer is the administration of international transfers and expatriate composition and benefits. Everyone has a different starting point when it comes to deciding what is the right package. Is it the home based benefits or the host country benefits that should apply? What impact does taxation have? What are the comparative costs of living? Is the transfer principally at the behest of the organisation or for the benefit of the individual's development? All these questions need to be answered for each transferee. It is not surprising that a lot of time and money is spent with tax advisers not only at the outset of a transfer, but throughout the assignment with every perceived disadvantage that crops up. A whole industry has been developed around identifying rate and cost of living indices. While there is an undoubted advantage in understanding the shape of the benefit package, the actual cash compensation is much more difficult to handle. The entire market rate tables that form part of a company's database focus on the major cities. The market rate in down town state Illinois is nothing like that applicable in Chicago. Do you recruit at the local market rate and restrict the pool of applicants or do you import the Chicago rate and risk upsetting all the local comparisons?

Where does all this take us?

The overriding objective of this paper is that an awareness of and understanding of the cultural context in which one is operating is essential to the successful management of the people dimension. Cultural awareness does not just know that others are different. It is having an openness of mind to understand that other cultures come at issues from a different standpoint. One

that is not right or wrong, but merely different. The manager who wants to succeed in the international arena will ask “why?” sufficiently often and then be prepared for an answer that may challenge their previous experience. They will also recognise the limits of that experience and take time to study the work of others who have contributed much to promoting cultural awareness in the business context. The work of Hofstede (1980) provides a good starting point. More recently Trompenaars (1993) in his book *Riding the Waves of Culture: Understanding Cultural Diversity* (1993) can be a revelation that challenges the traditional Anglo-Saxon view of the world.

Whether cultural awareness may strike, as it did with the author, like St Paul on the road to Damascus or whether it dawns more gradually through repeated experience, once there it can never be discounted. Multinational companies will benefit from those managers and employees who can keep an open mind in dealing with a world that is fast becoming smaller.

Note

1. The direct approach of Scottish and Newcastle occasionally had its humorous side. Following acquisitions of Home Brewery – a family owned business in Nottingham – financial management colleagues were concerned about levels of authority and put out an instruction that limited the discretionary spend of each manager to £500, only to find subsequently the previous level set by the family had been £100.

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