HR Guidelines for Mitigating Cross-Border Regional Differences: 
Creating the Foundation for a Global Mindset

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Abstract: Multinational organizations experience the need to diversify their managerial talent throughout their organizational hierarchies to achieve what is known as a global mindset – attaining a holistic perspective of how to conduct businesses while recognizing and acting upon the many forces of globalization. Optimal composition of managerial talent exists when multiple perspectives or cultures are included in decision-making processes that allow organizations to compete more effectively. Through this practice some organizations may acquire a competitive advantage over others. By incorporating global talent, organizations have a responsibility to assess current HR policies and practices and build in flexibility to foster a more strategic sense of incorporating talent. This paper discusses ways to leverage diversity by making a case for flexible and strategic global human resource policies and practices.

Keywords: National culture, cultural distance, strategic global human resource management, global mindset, expatriation/inpatriation

“Cultural differences are a nuisance at best and often a disaster” – Geert Hofstede (The Economist, 2008)

The former Dean of Harvard University’s Kennedy School of Government, Joseph Nye, described the phenomenon of globalism as the need to incorporate networks of connections spanning across multiple continents (Nye, 2002). The successful management of global networks becomes central in achieving not a global status per se, but to obtain and signal a strategic intent to competitors in the global marketplace. Success as such will not be determined by becoming global, but by the ability to manage performance in the context of a highly diversified global marketplace. Yet, the notion and process of embracing globalism as a means to obtain a competitive advantage remains exceedingly ‘foreign’ to many organizations. Little progress has been made relative to identifying the management changes necessary to the current standard operating procedures (SOPs) to help
insure being successful in the global marketplace.

While volumes have been written on the topic of enhancing cross-cultural competence (see Ross, Ross, Arrastia, & McDonald, 2009; Zhu & McKenna, 2007), implications on cross-border human resource (HR) policies and practices are less abundant in the literature. An understanding of the implications of diversity management on global HR policies and practices should take precedence in attaining a global outlook. Dr. Ludwig Hantson, Head of Pharma North America and CEO of Novartis Pharmaceuticals Corp., which was rated DiversityInc’s Top Company for Global Cultural Competence (DiversityInc, 2010b), suggested the benefit of cultural diversity inclusivity to be as follows:

“By harnessing the power of diversity, we can better anticipate, understand and meet the expectations of our diverse customers and ultimately deliver better patient outcomes. And by creating an environment for employees that embraces diversity and encourages inclusion, we spark more innovative ideas, broaden our perspectives and enhance adaptability.”

IBM Corp., PricewaterhouseCoopers, Accenture, KPMG, Sodexo, Procter & Gamble, Novartis AG, American Express Co., Merck & Co., and Newell Rubbermaid are among the DiversityInc (DiversityInc, 2010a) Top 10 Companies for Global Diversity, averaging over 51% of their revenue from outside the United States. A majority of these organizations have instituted diversity training (i.e. programs to build cultural awareness, knowledge, and skills) and anti-harassment global policies, yet cultural consideration in to other areas of HR remains limited. The root cause of these circumstances appears to be a lack of HR executives to view policies and practices from the standpoint of host country employees, not just their own (Duane, 2001). This is as such a call for the implementation of a pluralistic perspective (i.e., deriving insights/benefits from cultural differences) by HR departments, which could allow for a capitalization on diversity rather than its dismissal as, in Hofstede’s world, a nuisance (Novicevic & Harvey, 2001).

If the management of human resources is recognized as a way of competing, the first step in obtaining an ability to compete could be manifested in what is known as a global mindset (Begley & Boyd, 2003). For organizations to employ a global mindset, managers must think differently about operating in a global hypercompetitive context, rather it is not attempting to attain a certain skill (Gupta & Govindarajan, 2004; Maznevski & Lane, 2004). A global mindset has been described as “the ability to scan the world from a broad perspective always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives” (Gupta & Govindarajan, 2004, p.24), and thus has the potential to present a mechanism by which organizations may differentiate themselves competitively.

One could argue that a global mindset is less likely to be developed and fostered in the long-run if relationships across distant cultural environments are not managed properly. As such, national culture should not be an afterthought, rather a focal-point to managing performance in the global marketplace. To be successful, organizations must realise that the achievement of employing a geocentric staffing approach (i.e., the most qualified employees are chosen without their consideration for country of origin (Isidor, Schwens, & Kabst, 2009)) lies in the cultivation of a global mindset that allows knowledge to be disseminated and incorporated across cultures and borders.

Inpatriate managers, through their addition to existing global staffing compositions, have been suggested as one means to create a global mindset. Inpatriate managers represent “host or third-country nationals sent to the home-country organization (HCO) on a semi-permanent to permanent assignment with the intent to provide knowledge and expertise by serving as a ‘linking-pin’ to the global marketplace” (Harvey, Ralston, & Napier, 2000; Harvey & Novicevic, 2004). It is precisely this knowledge and expertise that facilitates organizations to tap into new markets, generate new ideas, and gain first-hand insights into customer demands (i.e., wants and needs). The luxury of
having these pieces of information readily available makes inpatriation a valuable asset for any organization.

Given the nature of this staffing method, in many organizations attempting to compete in a global context, the strategic use of inpatriate managers underscores a shift in the traditional human resource paradigm; namely, that of international human resource management (IHRM). IHRM differs from strategic global human resource management (SGHRM) as SGHRM refers to deliberately allocating and managing human resource talent worldwide (Boxall & Purcell, 2003) as opposed to the mere management of employees across borders.

The continued dismissal of globalism as a mechanism to global organizational success could be considered a death sentence in that industry competitors who put forth resources and actively create a global business perspective could be expected to consistently outperform those without a global strategy. It could seem reasonable to re-conceptualizing current HRM status quos regarding across-culture staffing, training and development, performance appraisal, compensation, and retention policies and practices. From a HRM perspective it could be argued that current HR practices are out of line with inpatriate managers’ need to allow for the successful integration of such individuals across time. In fact, by continually imposing domestic HR policies and practices onto inpatriate managers, these practices may be stunting the benefits which could be reaped from employing such individuals.

**Inpatriation as a Viable SGHRM Staffing Approach**

Recently, a relatively new group of global managers has emerged - inpatriate managers (Harvey, Ralston, & Napier, 2000; Reiche, 2007a). The idea that inpatriates represent a linking-pin may create advantages that other staffing methods such as expatriates are unable to bring to the table. Table 1 highlights a majority of differences between expatriates and inpatriates. Specifically, inpatriate managers are less likely to encounter the same level of influence, credibility, and respect as expatriates who carry a distinct status, and therefore influence, over other subsidiary members (Harvey & Buckley, 1997; Harvey et al., 1999a,b,c; Harvey et al., 2005). Furthermore, inpatriate managers are prone to experience greater acculturation pressures due to a change in not only national culture but organizational culture as well (Adler, 2002).

Table 1

**Distinctions between inpatriates and expatriates**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Inpatriate</th>
<th>Expatriate</th>
</tr>
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<tbody>
<tr>
<td>Perceived Status by Locals</td>
<td>Peripheral Member</td>
<td>HQ Representative</td>
</tr>
<tr>
<td>Level of Influence in Host Unit</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Focus of Cross-Cultural Adjustment</td>
<td>Organizational and National Culture</td>
<td>National Culture</td>
</tr>
<tr>
<td>Goal Congruency between HQ and Subsidiary</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>MNC Staff Composition</td>
<td>Geocentric</td>
<td>Ethnocentric</td>
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*Adopted from Reiche, Kraimer, and Harzing (2009)*

Perhaps most importantly, inpatriates represent a pool of overseas assignees that appears to have the ability to effectively achieve inter-subsidiary and headquarter connectivity (Harvey et al., 2000). Expatriates, on the other hand, could best be utilized when goal congruency is low, as global organizations may require the main impetus for such an overseas assignment to be undertaken with respect to controlling and/or enforcing compliance based on HQ standards (Harzing, 2001). Finally, utilizing an inpatriate staffing method signals the global organization’s conscious attempt to diversify their staffing composition at HQ, thereby fostering a geocentric staffing approach.
Employing a geocentric staffing perspective is suggested to be at the focal point for developing a global mindset. Relative to the expatriate staffing method, as the expatriate generally continues to coordinate with their own HQ management team, it exemplifies a staffing approach more ethnocentric in nature. It should be noted here that many attributes of inpatriate managers, such as low levels of influence, credibility, and respect from locals, compel inpatriates to experience greater levels of workplace stress (Harvey, Speier, & Novicevic, 1999b, 1999c), which can then inhibit integration of inpatriate managers (Selmer, Ling, Shiu, & deLeon, 2003).

Parallel to the inherent differences found in inpatriation and other staffing methods, is the notion that directionality of the overseas assignment could significantly influence the adjustment process. While it is becoming crucial to incorporate emerging markets (Hanousek, Kočenda, & Svenjar, 2009), assignments whose target location is based in emerging versus developed markets may have further implications on not only the appropriateness (Harvey, Speier, & Novicevic, 1999c) of expatriate/inpatriate utility but on the speed and quality of assignee adjustment alike — cultural distance being the driving force behind the adjustment process.

Global talent management as a function of human resource management, seemingly is an unparalleled task at which few if any organizations have succeeded (Farndale, Scullion, & Sparrow, 2001; Schuler, Jackson, & Tarique, 2011). If we operate under the assumption that organizational successes may in part be built by allocating the right people at the right time to the right place, the following question then arises — “What constitutes right?”

The “correct” composition of global teams is crucial. Beyond an expertise or functional standpoint, recent literature has revived the importance of addressing liability-of-foreignness (LOF) issues associated with foreign nationals (Moeller, 2011), paying special attention to the extent to which cultural distance may exercise influence over interactive behaviours. Globalism is consequently suggested to expose management to the variation in societal/cultural differences surfacing as the trend of the selective transferring of individuals dominates the means of dissemination of information and knowledge in the global marketplace. It is such a culture that can act as a bottleneck to successfully operating in a global environment.

It is in the interest of HR managers to review currently employed HR policies and practices and allow for modifications to be made that suit the present composition of staffing approach, particularly inpatriate managers whose career life-cycle favours/predicts a long-term career at the HQ and/or domestic organizations. The following section describes a framework which could allow organizations to make global HR decisions regarding the modification and implementation of HR policies and practices useful to foster a global workforce and a global mindset. This framework is based on data collected at IBM between 1967 and 1973, it covers more than 70 countries. The dataset provides a fundamental picture of the extent to which cultures subscribe to differing levels of power distance, masculinity/femininity, individualism/collectivism, and uncertainty avoidance. In close comparison to the dataset utilized, future papers of this kind may find value presented in the works of Project GLOBE (Global Leadership and Organizational Behavior Effectiveness Research) (see House, Hanges, Javidan, Dorfman, & Vipin, 2004). As the criticism relative to Hofstede’s work begins to mount (McSweeney, 2002), tangent but similar criticisms may be found within the works of House and colleagues (2004). The justification for utilizing Hofstede’s work lies in its seminal and exceedingly cited nature, making it a compelling source for seeking knowledge to evaluate cross-cultural encounters. HR implications of acknowledging and incorporating a variety of cultural backgrounds, based on this data, are addressed.

**A Hofstede Approach to SGHRM**

An idea discussed in many global organizations is whether and how to embed inpatriates into global teams. This decision necessitates a comprehensive look at individual differences in inpatriate managers relative to their cultural backgrounds in the development of a cohesive working environment composed of multiple nationalities. Although generalizations are often made,
distinctions between cultures and/or regions are real and potentially harmful to teams and their productivity. The next logical step is to assess the current HR policies and practices and take measures that allow different nationalities to be treated equitably as should be the case when a geocentric staffing approach is practiced. If the current HR policies/practices are not suitable for a multicultural workforce, modifications to the conceptualization and implementation of policies and practices is necessary.

To allow for a proper analysis of potential cultural differences that inpatriate managers might experience when relocating to the home country of the global organization, this paper draws upon Professor Geert Hofstede’s work (see Hofstede, 1983, 2001; Hofstede & Hofstede, 2010). Over the course of the last four decades Hofstede has centred his research on understanding culture in the context of similarities and differences between cultures. His initial claim was and still is, that much remains to be learned from cultural divergence.

It is a well-documented fact that HR managers subscribe to the notion that the breath of national culture may be an equally important determinant of organizational success as functional expertise (e.g., Cummings, 2004; Dahlin, Weigart, & Hinds, 2005; Reagans & Zuckerman, 2001; Williams & O'Reilly, 1998). While functional expertise has always played a major role in making assignment determinations, organizations’ interests should now narrow their focus to incorporate cultural aspects as well to make the best overseas assignee determinations possible.

Hofstede’s work is substantial and provides us an opportunity to gain insight into the cultural dynamics among diverse sets of cultural settings present within global organizations. His work includes the analysis of a large database of employee value scores collected at IBM across more than 70 countries between 1967 and 1973. He eventually confined the analysis to 50 countries and three regions that span across the globe (Hofstede, 2001). From his initial study, four cultural dimensions emerged (i.e., power distance, individualism, masculinity, and uncertainty avoidance), described here as per Hofstede (2010, pp. 28-32):

Power Distance Index (PDI) is the extent to which the less powerful members of organizations and institutions (e.g., the family) accept and expect that power is distributed unequally. Individualism (IDV) on the one side, and its opposite, collectivism, is the degree to which individuals are integrated into groups. Masculinity (MAS) and its opposite, femininity, refers to the distribution of roles between the genders, which is another fundamental societal issue for any a range of solutions are employed. Uncertainty Avoidance Index (UAI) deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent a culture primes its members to feel either uncomfortable or comfortable in unstructured situations (see Hofstede, 1983; 2010).

**Application of Hofstede’s cultural dimensions.** The following set of tables is derived from Hofstede’s culminated data collection effort; it is based on 65 countries across three regions. A total of 16 regional clusters (see Table A2, Appendix A) were identified independent of Hofstede’s works, based on cultural similarity such as language spoken and geographic proximity (see Shenkar, 2001).

Table A3 (Appendix B) paints a condensed picture of Table A2 data, it lists the clusters and simultaneously provides a regional cluster ranking scheme based on the following data ranges: Low (0-33), Medium (34-67), and/or High (68-100+) PD, IDV, MAS, and UAI. The idea is that consideration should be given to the composition of distances, as global teams are formed. Conflicting principles of the aforementioned distinct cultural categories may in fact represent obstacles to achieve a pluralistic perspective and global mindset. That is, the greater the distance between the cultural dimensions ranking found within global teams, the greater the degree of cultural amiability, from an HR perspective, is required to ensure that the benefit of employing managers for their functional expertise is not succumbed by relatively-speaking fixed cultural
factors.

For example, global teams strictly composed of Anglo-Celtic (Australia), Anglo-Celtic (Europe), and German-speaking or Anglo-African, Anglo-American, Anglo-Celtic (Caribbean), Asian (East), East Central European, Latin European, Latin American (South), Middle Eastern, and Scandinavian or Asian (North), Asian (South/Southwest), Mediterranean, and Latin American (Central), could on average, experience limited issues relative to the understanding of the PD valued within and across similarly ranked clusters. Based on Table A3, the above-named clusters represent low, medium, and high PD regions, respectively. The same logic applies to the cultural dimensions IDV, MAS, and UAI.

As soon as the composition of global teams is marked by more than one cultural dimension rank (e.g., teams composed of managers stemming from low and high PD cultures), there is reason to pay close attention to the team dynamics arising out of such circumstances. It is the extreme of cultural distances that provide organizations with the most cultural clashes, which must be addressed immediately after if not before they may occur. If cultural adversities are addressed and managed appropriately, only then does it allow for members of a diverse global management team to successfully co-exist. In leadership scenarios, for example, an Anglo-Celtic (PD-29) global team leader may find it difficult to interpret the fact that a North Asian (PD-93) subordinate is less willing to approach the leader with ideas or corrections to their game plan. Alternatively, a North Asian manager (PD-93) may find it confusing and excessively irritating to receive continuous input from his Anglo-Celtic (PD-29) subordinate.

Applying Hofstede’s research to the management of human resources across social/political/economic borders, presents the opportunity to subscribe to a SGHRM paradigm, as consideration for differences in cultural distance reflect HR flexibility. Despite the critics, the application of Hofstede’s four cultural dimensions is therefore crucial for organizations wishing to maintain a competitive edge in the 21st century. If anything, it may present a selection tool to determine the appropriate combination of national cultures to achieve productive multicultural/multinational global teams. What follows are examples of staffing, training and development, performance appraisal, compensation, and retention implications, based on the proposed cultural distance framework:

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**Implications for staffing.** There are 65,000 visas allotted each year for foreign workers to be employed in the United States under what is known as the H-1B program (Herbst, 2009). This trend is continuing to occur despite staggering job losses/unemployment rates in the United States. The H-1B Visa allows employers to sponsor skilled workers from overseas for up to three years, with the possibility of extending for additional years. Organizations such as Wipro, Microsoft, and Intel are leaders in this trend with 6% of the 65,000 H-1B visas (foreign workers in the U.S.) issued each year (Herbst, 2009).

When hiring talent globally, it is important to remember the mindset of the different cultural backgrounds of managers potentially joining a global team. A majority of individuals from low power distance cultures, for example, may experience others behaving in ways that portray them as continually aspiring to and/or demanding to hold posts with greater/more prominent status, titles, privileges, and levels of accountability. These behaviors, mostly exhibited by high power distance cultures, are in direct conflict with the philosophy employed by low power distance countries - that power should be distributed equally.

Cultural clashes have the potential to occur if, for example, managers from high power distance cultures (clusters 4, 5, 7, and 15) are subordinates of managers from low power distance cultures (clusters 8, 9, and 13) or vice versa. The first scenario could foster confusion for the high power distance subordinate since their understanding rests on the idea that power is distributed unequally.
and that as inequality is usually defined from below, it is mirrored and endorsed by leaders also. However, with a lower power distance individual in the position of the leader, this will most likely not be the case. In the second scenario (i.e., lower power distance subordinates to higher power distance), it is expected that subordinates are confused by the personal and professional distance maintained by their leader. Either scenario fosters environments that are not conducive to long-term sustained cooperation between these cultural mixes. In fact, feelings of distrust and a plethora of misunderstandings regarding responsibility and accountability expectations, may arise as the result of simple misunderstandings based on ingrained cultural values.

A dominant and prevalent adjustment difficulty of overseas assignments over the last decade has been the issue of dual-career couples (GRTS, 1999, 2010). Dual-career couples are psychologically and emotionally engaged in continual professional employment (Bradbury, 1994; Bruce & Reed, 1991). The significance of dual-career couples has increased to the extent that they are inhibiting individuals from taking overseas assignments. A recent survey indicated that family concerns and spouse’s/partner’s career were among the top reasons for assignment refusal (GRTS, 2010). China, a generally collectivist culture by nature, was cited as the country that poses the greatest assignment difficulties for managers relative to dual-career couples, and this is in addition to being the top-ranked new emerging location for international assignments (GRTS, 2009, 2010, 2012). Examples of why China has the greatest assignment difficulties include: migration limits for age, increased difficulty with work documents, visa issues for non-professionals, new social security tax laws, language barriers, cultural and economic climate, and remoteness of location, to name a few (GRTS, 2012).

As collectivist societies are recognized for their in-group/family cohesiveness and unquestionable loyalty to extended families, so too could dual-career concerns may be more prevalent in collectivist cultures. In an instance in which an Anglo-Celtic European (Cluster 9, high individualist culture) and South/Southeast/East Asia (Cluster 7 and 8, high collectivist culture) managers are placed on the same global team, it is natural for the behaviour of managers from Cluster 9 to resemble that of loose ties between individuals and to look after themselves first before showing concern for others. This is again in direct contrast to the values preferred to be exhibited by Cluster 7 and 8 among others. Similarly, hiring a majority of managers from extremely individualistic countries has the potential to stifle group cohesiveness, especially if they are appointed to self-managing global teams.

For high uncertainty avoiding cultures, some of the ambiguities perceived may be associated with insecurities regarding their long-term stay in the organization’s home country. GRTS (2010) revealed that one of the greatest assignment difficulties is that of visa attainability. For example, countries like India, Indonesia, Saudi Arabia, China, and Russia are among those that: 1.) experience work permit and visa processing issues; 2.) are submitted to changing host-government rules and regulations regarding foreign workers; 3.) encounter difficulties justifying to the government that they need to obtain a visa; and above all, 4.) incur extended waiting periods to obtain the correct visa. For managers, dual-career or not, from high uncertainty avoiding cultures such as Asia (North), East Central Europe, Latin Europe, Latin America (Central), Latin America (South), the Mediterranean, the Middle East, and Scandinavia (Cluster 5, 12, 2, 4, 5, 15, 16, and 14, respectively), great discomfort may arise from not being able to obtain the proper long-term visa documents for the inpatriate himself and a respective spouse. As such, it is the organization’s responsibility to be informed and to reassure the inpatriate, particularly for cultures high on uncertainty avoidance.

Similar considerations may need to be given to female global managers. Many organizations are currently employing practices that allow female managers to staff global positions (Linehan & Scullion, 2008). Global organizations must provide the support to ensure successful placements for these managers. The likelihood of organizations headquartered in countries characterized by
stronger masculine traits may not enable women to be as successful as they might have been in a more feminine culture – the proverbial glass ceiling affect may take effect (Ibarra & Obodaru, 2009). Role differences between men and women in masculine cultures may inhibit the success experienced by the organization, as female global managers have insights also. Over the course of 10 years, the percentage of overseas assignments allocated to females averaged 16%, a trend not to be left unnoticed (Altman & Shortland, 2008).

**Training and development HR implications.** Pre-departure training includes creating inpatriate cross-cultural awareness training relative to the new environment in which they will be embedded. A recent survey composed of 120 respondents representing small, medium, and large organizations with offices around the world, indicates that 83% of respondents considered the training provided to be of good or great value (GRTS, 2010). While 80% of companies (e.g., Accenture, Bayer AG, Cisco, Ford Motor Company, General Motors, HP, IBM, Kraft Foods Inc., Nokia, and PepsiCo Inc. to name a few) do, 20% still do not provide cross-cultural preparation. Fifty-three percent of companies make cross-cultural preparation available on some assignments; 27% indicate that it is available on all assignments. Of those companies offering cross-cultural preparation on all assignments, 57% make it available in certain countries only, 8% only at the request of the employee, and 2% by grade of the employee. Thirty-eight percent of companies made preparation available to spouses/partners also. Fifty-five percent provide training to the entire family (GRTS, 2010). The extent to which training is made available varies greatly across organizations, individuals, and assignments.

Training must begin before the inpatriate is transferred. The lack of credibility experienced upon arrival at the HQ may be mitigated by proper training prior to their home-country departure. The value of pre-assignment training (i.e., functional, cultural, or otherwise) cannot easily be substituted with post-arrival on the job mentoring/coaching, as inpatriates will be struggling with increased levels of stress, having a lower level of influence than usual and a level of credibility that may be repeatedly questioned, ignored, or disrespected. Neither of these outcomes are conducive to a productive work environment. Responsibility lies within HR to facilitate adjustment of inpatriate managers by providing them with training both prior to and upon arrival.

Educational resources such as CultureQuest (2010) and global etiquette guidelines (see Martin & Chaney, 2006), which encourage transition into different cultural settings, are available as a foundation for inpatriate training. These means are delivered via CD-ROM, the Internet, intranets, extranets, local area networks, and DVD compilations. A significant downfall of this way of incorporating and fostering diversity is the lack of recognition in HR departments of the effort expended in mending cross-cultural differences – and they are at best a temporary fix to a persisting and global problem.

The historical average for media-based or web-based alternatives to face-to-face training is 26% (GRTS, 2010). The alternative was predominantly implemented for the following reasons: 1.) they serve as additional pre- and post-arrival support training programs; 2.) portability; and 3.) cost reasons (GRTS, 2010). HR departments could consider the use of web-/media-based programs as a training tool that allows countries such as those presented in Clusters 1, 8, and 9 [highly individualistic countries (e.g., USA, Australia, United Kingdom, Netherlands, Canada, and Italy)] to select training tools that allow them to exercise their loose bonds with others, thus continuing to exercise their individualist attitudes. Given the premise that the tools selected to train and develop inpatriate managers should in part be determined by their preference for learning, online (i.e., web-/media-based) training programs could be a potential source for overcoming individual adjustment issues in a highly collectivist environment. The psychological stressor of being reliant on others, cohesive in-groups, and experiencing loyalty and obligation to one another are thus reduced by the availability of training that may be conducted on one’s own.

Post-arrival HR practices should incorporate proper means of orientation. Orientation would be a
highly beneficial component to achieve integration of inpatriates into the organization. Performance coaching and mentoring are essential as well. Team building exercises could at first appear to be more welcomed by collectivist cultures. Training on ethical issues is necessary in countries that are perhaps more open to uncertainty and who are eager to work in ambiguous environments, as opposed to those who seek more certain situations (see Alderson & Kakabadse, 1994). Because Hofstede’s cultural dimensions have been found to correlate with other, cultural, and religious paradigms, it is feasible to say that greater attention to ethical discrepancies should also be conducted in cultures with higher uncertainty avoiding attitudes (see Transparency, 2010).

Post-recruitment support is crucial for inpatriates. The greater the distance between feminine-masculine oriented cultures, the more leadership is required to making the other culture more or less assertive. Women in feminine countries are valued similar to men; in masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values. Length of training may be determined by previous inpatriate international experience, such that other inpatriates know what to expect and how best to manage cross-cultural ambiguities.

**Performance management implications.** The ranking of the top three performance review methods was similar to that published in the past four reports by Brookfield Global Relocation Services in association with the National Foreign Trade Council (NFTC): 1.) performance review in the host country; 2.) performance review in the host and home locations, and 3.) performance review in the home country. In the current report, however, 18% of respondents replied that they did not know how performance was measured – an increase from 6% in the 2009 report. Additionally, the survey suggested that overseas assignment turnover could be reduced with improved performance evaluation (7%) (GRTS, 2009, 2010).

From a HR perspective, the focal point of a performance review should centre on the inpatriate manager and their performance should be considered a valuable tool to determine the future of inpatriate managers within the company. The shocking report that 18% of respondents were unsure how performance was measured demonstrates the following two dilemmas: 1.) there is a limited amount of insight from inpatriate managers into HR practices and policies, and 2.) there lacks an inclusive picture relative to HR’s ability to sculpt HR practices that fit inpatriate managers’ needs. One way of addressing these dilemmas may be by establishing performance management practices that will help to ensure enough flexibility to be useful for inpatriate managers from diverse national/cultural backgrounds. For example, it may be most important for individuals from uncertainty avoiding cultures to obtain regular performance feedback. An increase in frequency of performance confirmation assures the inpatriate of their performance. High levels of ambiguity in knowing how their performance is valued may evoke feelings of job dissatisfaction (Abramis, 1994), rather, a semi-annual to quarterly assessment may be appropriate for individuals from Clusters 2, 3, 4, 5, 12, 14, 15, and 16 (highly uncertainty avoiding cultures). That is to say that, the level of accountability to adhere to proper business practices of inpatriate in low uncertainty avoiding cultures may suffer; by utilizing cultural knowledge, HR departments have the opportunity to pre-empt dissatisfaction and other potential issues on assignment.

In addition to recognizing of the frequency of confirmation, identification of performance review sources is another culturally-grounded strategic global HR practice. Logic dictates that inpatriate performance review outcomes at first may arise out of the collaboration of multiple sources (i.e., home country and host country managers who have worked with the inpatriate in the past and are able to oversee initial overseas assignment performance levels). As the assignment timeline progresses, the orientation may shift from a bi-lateral performance appraisal to one that is exclusively conducted by HQ nationals. Cultures oriented highly on collectivism may be reluctant or disinclined to undergo individual-performance appraisals, particularly if they have been transferred to a highly individualistic region. Individual considerations given to the inpatriates are,
therefore, not valued as highly as the successful fulfilment of team objectives. As such, inpatriates from Clusters 1, 8, and 9 [highly collectivistic cultures] may place more value on the idea of being evaluated collectively, as they perceive performance outcomes as group efforts. It is in the HR department’s best interest to foster the stability experienced through the collective nature of inpatriates to enable a positive experience that will provide for long-term adjustment that will then be reflected in the organizations’ global performance outcomes.

**Compensation implications.** A majority of overseas assignees are dissatisfied with their compensation packages (Reynolds, 1997; Suutari & Tornikosko, 2001). The gap in addressing this issue might lie in the compensation schemes dictated by multinational corporations (MNCs) evolving into global organizations. However, past practices indicate that overseas assignees are compensated based on home-country standards (65%), or used a combination of home/host-country standards (26%). Both home- and host-country tax liability issues utilized predominantly the tax-equalization approach, with roughly 10% of companies not providing any compensation for the differential (GRTS, 2010).

Despite the fact that cultures and economic environments evolve, they do so slowly. Provided the discrepancies between cultural orientation and national wealth, it is advisable that the HR manager monitor the status of inpatriates stemming from collectivist cultural backgrounds. The majority of current inpatriate transfers occur from emerging to developed markets (Collings, Scullion, & Morley, 2007; Harvey, Speier, & Novicevic, 1999a). Derived from earlier logic, it is no surprise to witness a large percentage of transferees from collectivist to individualist societies. From a SGHRM perspective, it is advisable for HR managers to monitor the work permit status of inpatriate managers as over time, they may change from a temporary visa holder to permanent resident to citizen.

As an inpatriate manager’s status changes, so too must their compensation scheme to keep it in line with the other locals’ compensation patterns. Over the course of the next several years or decade it is likely that we will witness a significant change in overseas assignees compensation schemes. In fact, economic trends point to the idea that inpatriation may soon come in a reversed form in that managers will be transferred from developed markets working for organizations headquartered in emerging market locations (see The Economist, 2010).

Sixty-five percent of compensation schemes are based on home-country standards (GRTS, 2010). This is an alarming statistic, particularly when it is considered that the majority are collectivist-to-individualist assignments and the assignee may become involved in long-term assignments. Over the course of time, cognitive dissonance will set-in and increasing levels of inpatriate dissatisfaction may be made visible in forms of workplace unhappiness. A combination of home/host-country standards may be more appropriate for moves made from individualist to collectivist societies, if national wealth differences take effect.

**Retention implications.** Great cultural distance requires significant effort on the part of the organization’s headquarters to socialize inpatriate to macro/organizational cultures of the home country. The loss of repatriate knowledge includes: 1.) market specific knowledge, 2.) personal skills, 3.) job-related management skills, 4.) network knowledge, as well as, general management capacity (Fink, Meierewert, & Rohr, 2005). A repatriation program that allows the organization to foster and develop inpatriates, as opposed to leaving them to experience everything on their own, is preferred. It has to do with life-cycle management. Career succession planning is a great concern, as is the ability to motivate someone from a different culture. For example, Anglo-Americans may have a greater need to exploit individualism as opposed to South, Southeast, East, and North Asians. The dynamics between individualism and collectivism may also dictate HR flexibility.

It is necessary to cultivate understanding of the cognitive aspects of committing to long-term career goals/paths. Uncertainty avoiding cultures may seek greater and continuous (i.e., quarterly inputs) levels of input from HR relative to their progress and prospectus within the organization. Some
cultures have a greater preference for stability or change. Inpatriate managers from cultures welcoming change may be asked to relocate on a short-term temporary basis before relocating back to HQ. The flexibility inherent in the cultural backgrounds at the same time provides organizations with greater flexibility of assignment control. In essence, inpatriate managers may be perceived as global nomads (Harvey & Moeller, 2012).

A recent study by Reiche (2007b) on inpatriate knowledge sharing in MNCs suggests that mentoring by senior headquarter (HQ) staff and the availability of repatriation and career programs, moderates the relationship between inpatriates’ structural HQ social capital and global social capital. In addition, inpatriates’ HQ social capital may positively impact their perceived career opportunities in the MNC, to in turn positively impact their intention to remain with the company.

SUMMARY AND CONCLUSION

Twenty-first century organizations must succumb to the realities of globalism. From an HR-standpoint, persistent ignorance and/or dismissal of the role that culture that distance plays in fostering and developing global talent such that they remain ‘aboard’ the organization’s home country team(s), may come at an extremely high cost. The proverbial gap or misunderstandings between individuals designated to be on the same team but from distinctly different cultures, are often ignored in the hope that the talent they were initially hired for will significantly outweigh any dissimilarity associated with their differing origins. This kind of thinking is wishful at best! In fact, we should take note of the implication of culture concerning all interactions, not just in HR (Falcao, 2008).

In the realm of this paper, implications of the intersection of cultural distance and human resource functions are offered. Notwithstanding the complexity that national culture adds to the already convoluted subject of HR management, this paper attempts to shed light on some of the current and potential future inpatriate manager issues as organizations continue to diversify their manpower. Reoccurring themes throughout the human resource management process include the 1.) dual-career conundrum which is quickly becoming one of the most prevalent reasons for overseas assignment failure, 2.) female global manager syndrome, 3.) the importance of temporal adjustments, 4.) taxation, and 5.) ethical decision-making behaviours among others. The goal is to address the role of national cultural distance in creating and sustaining flexibility in the human resource management process.

In an increasingly globalizing workplace, in which multiple cultures have the potential to collide, it is inevitable to escape the effects of national culture on human resource management principles and practices. For HRM practitioners this means that the varying cultural nuances discussed herein will continue to play a role in the success of global organizations. For the best chance of achieving a competitive advantage using human resources, practitioners must be proactive in their efforts to target employees who will be complimentary culturally and able to fulfil the roles they are meant to practice. If and only if the multiple perspective of cultures are accepted in every day workplace dynamics and included in decision-making processes, it then allows organizations to compete globally more effectively. The principles and examples discussed therein may help shape decisions relative to what such a process may mirror in any given organization.

REFERENCES


### Appendix A

#### Table A2

Regional clusters based on Hofstede’s Cultural Dimension Measures

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| Philippines                     | 94  | 32  | 64  | 44  | **Note.** PD = Power Distance; IDV = Individualism; MAS = Masculinity; UAI = Uncertainty Avoidance**
| Singapore                       | 74  | 20  | 48  | 8   | **Estimated values**             |     |     |     |     |
| Thailand                        | 64  | 20  | 34  | 64  | **Regional estimated values**    |     |     |     |     |
| Vietnam                         | 70  | 20  | 40  | 30  | **Arab World:** Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia**
| **East Africa:** Ethiopia, Kenya, Tanzania, Zambia**
| **West Africa:** Ghana, Nigeria, Sierra Leone**

Global Mindset

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### Table A3

**Regional cluster ranking scheme**

<table>
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<tr>
<th>Cluster</th>
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<th>IDV M Rank</th>
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* Cultural Dimension Rank: Low (0-33), Medium (34-67), High (68-100+)