Managing Expatriates in Multinational Companies[MNCs]: An International Human Resource Management and Cultural Diversity Perspective

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Abstract: The growth of multinational companies is determined by the effective management of their international assignees. Such task is clustered with several challenges since expatriates' lives in environments different from their places of origin, which requires satisfactory emolument to retain their commitment. This study determines to unravel critical issues of managing expatriates in multinational companies with an international human resource management and cultural diversity perspective. Data was obtained from secondary sources published in the subject matter in order to establish the relevance of the study and analysis was drawn from retrieved information which outlined the significance of the role of human resource professionals in multinational companies, expatriates and cultural diversity issues, global workforce planning, staffing, training and management development, global compensation, benefits and managing assignees performance, and health and safety issues affecting expatriates on international assignments. Retrieved sources disclosed that the effective management of expatriates originates from addressing cultural principles which enables multinational companies to establish effective teams, stimulates performance and enhance organisational success. Evidences established in this study will aid practising international human resource managers in multinational companies and will also serve as guide to companies that intends to go internationally.

Keywords: Expatriates, Multinational Companies, International Human Resource Management, Cultural Diversity

INTRODUCTION

The growing internationalisation of business and the ever increasing number of multinational companies and international joint ventures have resulted in an increase in the dispatch of mainly managerial and technical staff on foreign assignment, for periods ranging from a few months to a few years. The growing cost of foreign assignments shows the strategic importance that companies attach to this aspect of their operations[1]. These foreign assignments can present significant individual and organizational challenges. Yet these international assignments are not limited to the traditional parent-country national [PCN] expatriate assignment but are changing dramatically. For example, due to the significant company cost and personal and family disruption of a [PCN] expatriate assignment, companies might resort to finding more economical and convenient arrangements by staffing key management positions in foreign operations with experienced and qualified host country and third-country nationals. The effective preparation of a host-country national [HCN] for such a critical assignment of carrying out multinational companies [MNC] objectives in the host country can be optimized through a preceding significant inptrate experience at parent company headquarters, which constitutes an international assignment for the HCN [2]. Shareholders are mainly interested in the financial value of a company as evaluated by share price or rates of return. Other important shareholders' wants include operational performance, for example, quality, productivity, standardization, innovation. Expatriates are often seen to be amongst the most expensive people any organization employs, with their whole compensation and benefits package costing three to four times that of a normal salary. The need for tight financial control has led many organizations to focus on trying to reduce the size of the expatriate compensation and benefits package[3]. HR managers, no matter the type of organization for which they work, can and do confront aspects of international human resource management [IHR]. The extent of this involvement will vary according to a number of factors, such as the degree of development of the global strategy of the enterprise, and will invariably increase with time. But as the general internationalization of business increases in extent and intensity, HR managers are being called upon to contribute increasing expertise to that internationalization. Whether the local HR manager is from headquarters, from the host country, or from a third country, he or she will be sandwiched between his or her own culture and legal traditions and those of the

firm, whether headquarters or local affiliate. HR managers at the local, regional, and headquarters levels must integrate and coordinate activities taking place in diverse environments with people of diverse backgrounds as well as with their own diverse backgrounds. They are frequently also looked to for expertise in helping other managers to be successful in their international endeavours, as well [4]. Corporate strategies, distribution chains and financial management have long been in the consciousness of senior executives. It is perhaps only since the apparent effects of Globalisation have emerged that the need for more integration of HRM considerations into the corporate agendas of MNCs have begun to be addressed [5]. Competitive pressures, regional economic development and the rapid development of more sophisticated technologies and production methods have prompted many of the most successful MNCs to think more carefully about aligning human resource management [HRM] more closely with other strategic considerations. Because of the complex operating environment of international human resource management [IHRM], HRM strategies in MNCs vary. Of course, there are a number of ambiguities around the notion of corporate strategy and in particular the notion of strategic HRM, let alone strategic IHRM. However, the challenge for senior executives, and managers and employees in local contexts, is to find an appropriate 'fit' for achieving organisational objectives, product strategies, national and organisational cultures among a host of other complex factors[6]. There are many ways of examining cultural differences and their impact on international human resource management. Culture can affect technology transfer, managerial attitudes, managerial ideology, and even business-government relations. Perhaps most important, culture affects how people think and behave. A major dimension in the study of culture is values. Values are basic convictions that people have regarding what is right and wrong, good and bad, important and unimportant. These values are learned from the culture in which the individual is reared, and they help direct the person's behaviour. Differences in cultural values often result in varying management practices[7]. The cultural diversity and intensity of feeling on national issues in a close-knit and economically developed region like Western Europe indicates the significance of cultural difference on a global scale. Nationality is important in HRM because of its effect on human behaviour and the consequent constraints on management action. Globalisation has become a dirty word, sparking demonstrations and being blamed for many of the ills in the developing world, yet HRM in any business has to contend with the human resource implications of globalisation. There is always an HRM dimension to any strategic initiative, and international moves perhaps present the strongest case for the HRM specialist to be involved at the beginning in formulating the overall approach, simply because the HRM implications and opportunities are not immediately obvious. International HRM is a particular type of decentralisation and expansion of the HR role. As an organisation increases its international activities, it inevitably steps up the degree of decentralisation, but internationalisation is not simply a form of decentralisation. It is the most complex form of decentralising operations and involves types of difference – language, culture, economic and political systems, legislative frameworks, management styles and conventions – that are not found in organisational growth and diversification that stay within national boundaries [8].

Research Aim

Multinational companies have been experiencing challenges in managing expatriates, since the cost involved in retaining their services is exorbitant when compared to the cost of managing host country nationals. Expatriates are recruited for their expertise in order to aid MNCs in addressing critical management issues that leads to competitive advantage. In relation to those difficulties, this study aim to assess the procedures of managing expatriates in multinational companies with an international human resource management and cultural diversity perspectives.

Research Objectives

The research objectives outline composed elements in the aim and segment them so as to assemble relevant facts in order to have a structured review in the subject matter. The research objectives are outlined as follows:

- Describe the Role of Human Resource Professionals in Multinational Companies.
- Explain the process of managing international assignment in dealing with expatriates and cultural diversity issues of international human resource management.
- Discuss global workforce planning, staffing, training and management development in multinational enterprise.
- Explain global compensation, benefits, and taxes and the performance of international assignees and foreign managers
- Describe health and safety management in the global enterprise.

Significance of the Study

Managing expatriates in multinational companies has been a challenge as a result of diversity

of cultures, effective rewards to stimulate performance and benefits to retain such experts. This has been a growing concern for MNCs since their desire is to host expert managers whose intellectual capital [tacit and explicit] will bring about growth in the operations of MNCs which eventually leads to competitive advantage. Considering the aforesaid, this study is relevant to MNCs as the effective implementation of their operations requires experts in diverse disciplines in order to accelerate growth. It is also noteworthy to international human resource managers since managing international workforce requires high intelligence in human resource management which entails planning, forecasting, recruiting, selecting, and compensating employees for outstanding performance.

LITERATURE REVIEW

Multinational companies [MNCs] have a great deal in common with single-nation firms, but at the same time they are unique because their operation sites, distribution networks, suppliers, and their customers are spread across nations beyond their familiar home ground. In order to operate internationally or globally, they need to negotiate entry into other countries, adjust their operations to comply with the host country legal requirements, modify their products and services to reflect the religious and other cultural preferences of their foreign customers, and deal with a variety of accounting and taxation systems and trade policies. They also employ people from different parts of the world. The multicultural nature of MNCs' workforces makes their human resource management strategies, policies and practices perhaps one of the most delicate and complicated of all managerial tasks [1].

The Role of Human Resource Professionals in Multinational Companies

The role of the HR professionals in internationalizing businesses then, is distinctly different to that of his or her counterpart in the domestically bound corporation, or even the 'home-centred' personnel executive overseeing traditional expatriate assignments. The role must be seen in an holistic context, operating as the navigator in partnership with both commercial and operational management colleagues, coaching, counselling and informing them about the essentials of business success internationally, drawing on the talents of people[9]. The role of the international corporate HR function in supporting globalizing strategies of MNCs was recognized by Ghoshal and Bartlett [10], who argued that the recruitment, training and management development of managers was crucial to MNC success. Brewster *et al.* [11] identified four major roles: talent management,

management through global networks, development of intellectual integration through the management of knowledge, and the global e-enablement of HR processes. Scullion's work on international management cadres [12] also places the development of senior management teams with international experience as a prime responsibility of the corporate HR department. The ability to capture and promote diversity and to have a clear understanding of cultural issues have been seen as key HR disciplines [13]. However there is recognition that such high-profile activities must not be done at the expense of traditional administrative roles and the fostering of traditional technical HR expertise.

Managing International Assignments (Expatriates and Cultural diversity issues)

Many companies dispatch expatriate managers and other senior staff to their subsidiaries in order to maintain their integration into a coherent whole and to maintain effective communication between the HQ and the foreign operation. Most international assignments are still 'demand driven', filling positions where local know-how is insufficient or where the authority of the centre needs to be upheld in a more direct fashion. In other words, international managers are teachers, transferring new capabilities and maintaining order [1]. Many of the most important and difficult challenges to the conduct of international human resource management stem from the differences encountered in various countries' and MNCs' cultures. National and organizational cultures vary significantly from one country and firm to another. Often these differences clash when firms conduct business in multiple countries and with enterprises located in various countries. This can become a particularly salient challenge when business people lack knowledge of or sensitivity to these differences, resulting in their making mistakes in both their business and their personal interactions. Even when they know the differences, they can mistakenly assume that their own country or company way of doing things provides the best way to conduct business. Thus they can make decisions and behave in ways that alienate their foreign counterparts, the people with whom they interact from other countries or companies, such as foreign customers, suppliers, and employees, or they make mistakes that lead to business and/or personal problems [14].

Expatriates: Expatriate assignments of management employees represent an important activity for HR management. Expatriates frequently see opportunities to advance their career development, and companies tend to pursue the goal of developing global leaders.

Expatriates are employees who live and work in management positions outside of their country of citizenship. Expatriate assignments usually involve the drawing up of an explicit formal agreement between the individual concerned and his or her company, which encompasses the tasks and responsibilities the company obliges the employee to perform, as well as the remuneration package to be received by the employee in return. However, the reciprocal expectations and obligations of both parties may extend far beyond the terms of the formal agreement and therefore coexist implicitly in the form of a psychological contract. The employees' expectations towards the employer depend on the perceived willingness of the company to support him beyond the terms of the formal agreement. Expatriate assignments are particularly significant for the psychological contract due to the fact that the relationship between the expatriate and the employer is one which is especially close and which cannot be compared with that between the employer and domestic employees [15].

Freelance Expatriate: Freelance expatriates can be hired and fired fairly easily so they have none of the problems of re-assimilation back into the parent at the end of the assignment. They have few claims on the employer other than for their pay and benefits. The employment of freelance expatriates is usually governed by a short term contract for a specific period. The laws of the host country apply to such contracts and these laws are usually of more benefit to the employer than to the employee. The employer does not give them the same level of training and development as is given to seconded expatriates. Any training is likely to be job specific as they are expected to be ready trained before they are taken to carry out a task. If the work changes and they are no longer capable of handling a job they will be replaced by another ready trained expatriate or by a host country national. Like the host country nationals, the freelance expatriates' loyalty and commitment to their employer are not certain. This can be seen as an advantage for the employer as it feels no need to give support or commitment beyond that necessary to accomplish a particular task. The employer may also view the absence of loyalty and commitment as providing neutrality and impartiality. Freelance expatriates tend to specialise in working in a particular region or industry. They have specific knowledge and capability not always available to other expatriates or to host country nationals. They are often more willing to work in locations not attractive to other expatriates and seem to be more willing to take risks in their career—if the immediate reward is sufficient [1].

The Nature of Culture: Major challenge of doing business internationally is to adapt effectively to different cultures. Such adaptation requires an understanding of cultural diversity, perceptions, stereotypes, and values. In recent years, a great deal of research has been conducted on cultural dimensions and attitudes, and the findings have proved useful in providing integrative profiles of international cultures. The word culture comes from the Latin word cultura, which is related to cult or worship. In its broadest sense, the term refers to the result of human interaction. Culture is acquired knowledge that people use to interpret experience and generate social behaviour. Because different cultures exist in the world, an understanding of the impact of culture on behaviour is critical to the study of international human resource management. If international managers do not know something about the cultures of the countries they deal with, the results can be quite disastrous[7].

Importance of Culture: Every country has at least some variances from all others, e.g., its history, government, and laws. The more countries with which an MNC interacts [sells, sources, hires or transfers employees, develops joint ventures and partnerships, etc.], the more complex and difficult conducting business becomes. And, today, it is common for MNCs to interact with dozens of other countries. So, one of the central causes of this complexity and high level of difficulty has to do with the importance and critical nature of the differences between the national cultures of all these various countries. Variances in people's values, beliefs, and behaviour patterns [for example, what they consider to be right and wrong, normal and not-normal] are critically important to such international business activities as cross-national negotiations, sales interactions between people from different countries, management of the performance of employees from different countries, the understanding and treatment of contracts between firms from different countries, and all HR responsibilities, such as recruiting and hiring, compensation, training, labour relations, and performance management [15].

Cultural Perspectives: National culture is said to impact organizations by selecting and framing the particular sets of organizational values and norms that managers perceive as being consistent with the basic assumptions that are developed within their countries [as a product of national patterns of early childhood, formative experiences and education, language, religion and geography]. Differences in national culture affect organizations in many ways and are widely seen as central to international human resource management.

They influence attitudes in international negotiations, which themselves may determine the outcome of investments, trade and ownership within organizations. They also create assumptions about: appropriate pay systems and the importance of distributive justice; the importance of centralization and hierarchies within organizational structures; the extent to which the manager-subordinate relationship facilitates effective performance management; and attitudes towards job and career mobility [16].

Cross-cultural Management: Undoubtedly Hofstede's contribution to management is the fact that he could identify cultural dimensions with hard data, make comparisons across countries and show culture's consequences in managerial behaviours. Previously, culture was seen as vague and intangible, a soft dimension that couldn't be quantified nor measured. Hofstede influenced the way culture is perceived in management: composed of recognizable dimensions, centred on values and relatively stable over time. Hofstede shows that national cultures contain at least five universal dimensions. These dimensions are said to be universal because they appear to be fundamental problems with which all societies have to cope. Power Distance deals with human inequality, Uncertainty Avoidance with the level of stress caused by an unknown future, Individualism versus Collectivism deals with individuals' relationships with primary groups, Masculinity versus Femininity relates to emotional role differentiation, and finally, Long-Term versus Short-Term Orientation deals with people's choice of focus for their actions. Cultural dimensions rest on value systems that are said to affect 'human thinking'. Culture is consequently presented as consisting of values, organized into systems [dimensions]. Hofstede's definition of culture presents 'traditional [i.e. historically derived and selected] ideas and especially their attached values' as 'the essential core of culture' [17]. Individuals raised in a society have acquired components of the national culture and its implicit values to which they are exposed from early childhood. Culture is learned partly unconsciously; cultural values are deep-rooted. This is what Hofstede calls the 'mental programming' that influences people's thinking and action. He argues that this mental programming is at the source of differences in management practices across countries [18].

Cultural Convergence and/or Divergence: One of the continuing controversies that surrounds any discussion of the role of culture in international business is whether or not, due to increasing globalization, there is a growing convergence of national cultural values and characteristics. There is some evidence to support both the point of view that modern technology and the modernizing of industries around the world are influencing firms to adopt similar "best practices" [convergence] as well as support for the view that countries' cultural values and practices continue to exert quite strong influences on their business and HR practices [divergence]. It is likely that reality is somewhere in between: Convergence and divergence perspectives may represent polar extremes. As most firms struggle to find the optimal trade-off between globalization and localization, that is, "glocalization," perhaps the reality is closer to a more balanced or middle-ground view called "cross-vergence," or the intermixing of cultural systems between different countries [14].

Caveats on Culture and Global workforce Management: Whatever position one may take among the various cultural orientations, it is hard to deny the fact that cultural differences still exist across borders. It is probably true that we tend to overemphasize cultural differences, suggesting a distinctive approach to conducting businesses in each country. As many consultants and even academics commonly suggest a ready-made formula such as a "dos and don'ts" list for correctly handling cultural differences, people are easily trapped in the pitfall of hypersensitivity, in which they tend to overrate or exaggerate the influences of cultural differences. Markocay illustrates this point vividly with the comment, "When we view behaviour from someone of our own culture, we treat it in a rather mundane manner, but when we view the identical behaviour from someone of another culture, we attribute deep cultural explanations. More often than not, we tend to search for an easy answer based on nationality whenever different behaviours are shown among people from different cultural backgrounds. However, stereotypes regarding national culture may not always be accurate and should be exercised with great caution[2].

Global Workforce Planning, Staffing, Training and Management Development:
Planning: As with employment planning in a purely domestic firm, the objective of global workforce planning is to estimate employment needs and to develop plans for meeting those needs from the available global labour force. The term "workforce" applies to any enterprise's employees. The term "labour force" applies to the pool of potential employees, the labour market, from which a firm hires its workforce. The size of the labour force – and whether or not it is global – from which a firm seeks employees varies according to many variables, such as the participation

rate of men and women in various locations, whether only local people would be expected to apply for a particular job, whether the education or skills required for a particular job would require a firm to seek job candidates from all over the world, etc. One of the key complexities added by operating in the global environment is that an enterprise's activities are potentially spread all over the world, in dozens or hundreds of locations, languages, and cultures. And the labour pool from which they draw staff is also located in all of those places, languages, and cultures [and, possibly and potentially, in all others, as well][14].

Staffing: Some of the major differences between domestic and international staffing are first that many firms have predispositions with regard to who should hold key positions in headquarters and subsidiaries [i.e. ethnocentric, polycentric, regiocentric and geocentric staffing orientations] and second, the constraints imposed by host governments [e.g. immigration rules with regard to work visas and the common requirement in most countries to provide evidence as to why local nationals should not be employed rather than hiring foreigners]which can severely limit the MNC's ability to hire the right candidate [19].Companies operating in the international business environment are faced with a great variety of cultural and institutional variations which makes managing in a multinational context particularly complex [20]. Managers of multinational corporations [MNCs] are increasingly realizing the importance of HR practices in ensuring the profitability and viability of their business operations, and global staffing is increasingly seen as a primary HR practice used by MNCs to control and coordinate their spatially dispersed global operations [21]. Indeed global staffing has emerged as a critical issue in international management for several reasons: First, there is growing recognition that the success of global business depends most critically on recruiting the desired quality of senior management in the MNC [22]. Second, staffing issues are different and more complex in the international environment [23]. Third, the performance of expatriates continues to be problematic and the evidence suggests that the consequences of poor performance in international assignments are often costly in human and financial terms [21]. Fourth, shortages of international managers are a growing problem for international firms and frequently constrain the implementation of global strategies [24]. Fifth, global staffing issues are becoming increasingly important in a far wider range of organizations partly owing to the rapid growth of SME internationalization [25]. Finally, recent research shows the growing importance of staffing strategies such as

inpatriation which reflect the growing need for MNCs to develop a multicultural international workforce [26].

Recruitment: Hiring and deploying people to positions where they can perform effectively is a goal of most organizations, whether domestic or international. Recruitment is defined as searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs. Here, employer branding may play a crucial role, especially in emerging countries such as China or India where it may be difficult to find enough qualified personnel for foreign companies due to the strong growth rates of these economies and the fierce competition for talent in the local labour markets[19].

Selection: Selection is the process of gathering information for the purposes of evaluating and deciding who should be employed in particular jobs. It is important to note that recruitment and selection are discrete processes and both processes need to operate effectively if the firm is to effectively manage its staffing process. For example, a firm may have an excellent selection system for evaluating candidates but if there are insufficient candidates to evaluate, then this selection system is less than effective. Both processes must operate effectively for optimal staffing decisions to be made[19].

Selecting for specific abilities and competencies: MNCs will want to select candidates with specific abilities and competencies that might prove useful in the assignment. The fact that many MNCs starting operations in China select expatriates on the basis of their ability to speak Chinese can be a mixed blessing: on the one hand it saves the cost of training, but on the other hand it might mean that a better performer in other areas is passed over. Although Berrell, Gloet, & Wright, [27] says that companies engaged in international joint ventures benefit from actively recruiting people who have lived for extended periods in the other culture so that they can facilitate knowledge transfer and develop intercultural learning, it might be less useful in other areas in which knowledge transfer is less of an issue than particular technical skills or the ability to be a negotiator. Overall, managers need to have effective cross-cultural communication, a capacity to be non-judgemental, empathy, flexibility and a high tolerance for ambiguity, but quite what these entail in the particular circumstances of the assignment is more ambiguous [27]. Entrepreneurial skills are often cited as advantageous in international managers, as these managers may find themselves developing a new

venture virtually on their own or steering an established branch on a particular course. However, the importance of these skills depends on how isolated the branch is, how much of a controlling role the expatriate has been given and the company's overall strategy vis-à-vis its branches. Ultimately, then, the importance of particular skills to the assignment is very much down to the individual circumstances of the company and the manager in question. In sum, then, selection, like recruitment, is very much dependent on the particular context of the assignment: the needs of the company, the skills of the candidates and the role the manager will play in the organization. It is advisable to use both traditional and non-traditional selection methods to find the right individual for the position [16].

Training and Development: Although learning is a natural and automatic occurrence in the workplace as individuals are motivated to adapt to and master their surroundings, the professional training function is directed at bringing about desired learning in as reliable, timely, and economical a manner as possible. The field of training and development, also known as Human Resource Development [HRD], involves all of the purposeful activities directed at learning that contribute to desired change in individual, group, and organizational behaviour. In fact, in this field, which has its roots in behavioural psychology, learning is equated with measurable behaviour change—the "bottom line" emphasis and priority of organizational performance objectives. Activities of HRD can include immediate learning goals such as workforce mastering of a new technology that is being disseminated throughout a MNC, as well as long-range learning goals, suc has developing a larger, stable supply of global leaders throughout the MNC. Although the terms training and development are used interchangeably, training typically corresponds to efforts designed to address immediate learning needs within an organization, whereas development typically corresponds to efforts aimed at meeting longer range learning objectives and is commonly reserved for middle managers and higher executives within the MNC [2].The instructional ADDIE [analysis, design, development, implementation, evaluation) model, commonly used by instructional designers, focuses on the various stages of training and development [T&D]. Many of the decisions that are made during these stages are impacted by the fact that T&D programs in the MNCs are used by employees in various locations, cultures, and languages. When enterprises operate subsidiaries and partnerships around the world, the training of the members of their global work force takes on special importance and difficulty. The major issues

related to global training and development centre around the design, development and implementation of the communication and training programs, including both technical and non-technical training. It is risky to roll these out without localization as it reduces the acceptance and effectiveness of the training interventions. Localization of training programs includes localized translation, adaptation to the local cultural practices, and compliance with local laws affecting training. Too often, corporate T&D simply tries to apply successful training programs from headquarters. But this simply doesn't always work. Of course, part of the challenge for MNC trainers and IHR is that there are no easy answers to these questions. Because of that, many firms develop international training practices to fit their particular needs, resources, and make assumptions about what should work best. The approaches taken by differing MNCs to training of local work forces in their foreign subsidiaries and joint ventures range from total localization, with all training designed and managed at the subsidiary level, to total integration, with all training directed from headquarters and with the goal of full integration with the culture and perspectives of the parent firm [4].

Management Development: Management development is concerned with improving the performance of managers in their present roles and preparing them to take on greater responsibilities in the future. It has been described by Mumford and Gold [28] as 'an attempt to improve managerial effectiveness through a learning process'. Management development activities are associated with talent management and management development policy provides guidelines on the approach an organization adopts to the development of its managers. It is operationalized by a management development strategy which is concerned with the programmes the organization proposes to implement to develop its managers. It is business-led even though it may focus on the development of individual performance and potential. The business has to decide what sort of managers it needs to achieve its strategic goals and the business must decide how it can best obtain and develop these managers. Even when the emphasis is on self-development, as it should be, the business must still indicate the directions in which self-development should go, possibly in the broadest of terms, but explicitly nonetheless. The strategy should be based on an analysis of the future needs for managers that is conducted by means of human resource planning and talent management. Forecasts can be made of the numbers and types of managers required to meet business needs and to cater for management succession. It is also necessary to assess the skills and competencies

managers will need to meet future demands and challenges arising from competitive pressures, new product-market strategies and the introduction of new technology. This can be done through performance management processes that identify development needs and potential, and lead to the agreement of personal development plans [29].

Global Compensation, Benefits and Performance management

Global Compensation: Global compensation practices have recently moved far beyond the original domain of expatriate pay. Compensation is increasingly seen as: a mechanism to develop and reinforce a global corporate culture, a primary source of corporate control, explicitly linking performance outcomes with associated costs, and the nexus of increasingly strident, sophisticated and public discourses on central issues of corporate governance in an international context. Increased complexities in global pay include the growing use of outsourced activities and subsequent labour pricing needs, balancing centralization and decentralization of incentives, benefits and pensions, given the technical capabilities of web-based human resource information systems (HRIS), and balancing the need for more accurate and detailed performance metrics on international assignees with the realities of a cost-sensitive environment resulting from maturing global competitiveness. Increasingly, domestic pay practices of long standing have been questioned as firms move into the global arena. These overt challenges to deeply held national and corporate values and pay systems include challenges to the universal applicability of incentive pay programs and what some critics view as out of control executive compensation programs, often driven by US based multinational pay systems. Critiques of US-based MNC pay for executives have recently expanded to include challenges to the effectiveness of legal and institutional forms of corporate governance and the roles, responsibilities and pay practices of corporate boards, compensation committees and the use of executive pay consultants [19].

Paying for Performance: The practice of "pay for performance," or making at least part of an employee's compensation contingent on achieving individual, group, or organizational performance objectives, has such a critical link to MNC strategy. This approach represents one of the most significant and rapidly growing trends in compensation practices at all employment levels within individual countries and across globally managed MNCs. Much of this growing trend in pay for performance [often called variable pay]

is due to increasing competitive forces that are pushing organizations to use their rewards in as efficient a manner as possible for achieving productivity goals, especially with regard to individual performance. In fact, the Watson Wyatt 2001 Human Capital Index study found that differentiating pay between top-performing and average employees is associated with a significant increase in shareholder value. Thus, there is an increasing concern about avoiding the wasteful practice of rewarding employees who contribute only marginally or completely fail to achieve critical performance objectives, and instead better utilizing rewards to attract and retain strong human talent who actually contribute to organizational effectiveness [2].

Benefits for Expatriates: Just as there are objectives for an overall international compensation program, the component that involves expatriates must also meet certain objectives in order to be effective. These include: providing an incentive to leave the home country for a foreign assignment; maintaining a given standard of living [although this is being questioned by many MNCs as the cost of sustaining expatriates overseas gets too high); taking into consideration career and family needs; and facilitating re-entry into the home country at the end of the foreign assignment. To achieve these objectives, MNCs typically pay a high premium over and beyond base salaries to induce managers to accept overseas assignments. The costs to firms often range from two to two and half times to four and a half times the cost of maintaining the manager in a comparable position at home [4].

Performance Management: Novel thinking is required to align the efforts of 'home and away' teams for sustained shareholder value creation. The approach to performance management, and associated 'success' measures, needs to be evolved in partnership with line managers and other professional stakeholders. Any approach must reflect the realities of deploying various groups of people in different multi-cultural, global business situations. The HR manager as business partner, helping to interpret key business drivers and linking these to objectives which align people capabilities with the goals for strategic business units, as well as corporate critical success factors, has a critical part to play. The 'motivation factor' is a vital component; performance management processes need to be designed and implemented mindful of the messages they communicate both to managers and staff about the priorities and values of the enterprise and its top management. This needs especially careful handling when messages need to be 'translated' across multiple languages, cultures and traditions [9].

Purposes of global performance management systems: On the surface, the purposes and goals of such systems are quite similar for domestic and international operations, but do not be fooled. As Briscoe and Schuler [4] have noted, the major difference is that implementation is much more difficult in the international arena. To a large extent, the nature of the overseas job, the degree of support from and interaction with the parent company, the nature of the environment in which the performance occurs and the degree of expatriate and family adjustment all affect the ability of a global organization to achieve the goals of its performance management system. Broadly speaking, the goals comprise two domains: evaluation and development. Evaluation goals for global performance management systems in the international environment include: providing feedback to employees at all levels so they will know where they stand; developing valid bases for employment decisions involving pay, promotions, job assignments, retention and termination decisions; and providing a means to warn employees about unsatisfactory performance. Development goals for global performance management systems in the international environment include: helping employees at all levels to improve their performance and develop their professional skills; diagnosing individual and organizational problems; enhancing commitment to the organization through discussions of career opportunities, action plans and needs for training and development; and using recognition to motivate continued or improved high performance [30].

Health and Safety Management in Global Enterprise

The achievement of the highest standards of health and safety in the workplace is important because the elimination, or at least minimization, of health and safety hazards and risks is the moral as well as the legal responsibility of employers – this is the over-riding reason. Close and continuous attention to health and safety is important because ill-health and injuries inflicted by the system of work or working conditions cause suffering and loss to individuals and their dependants. In addition, accidents and absences through ill-health or injuries result in losses and damage for the organization. The importance of health and safety policies and practices is, sadly, often underestimated by those concerned with managing businesses and by individual managers within those businesses. But it cannot be emphasized too strongly that the prevention of accidents and elimination of health and safety hazards are a prime responsibility of management and managers in order to minimize suffering and loss [31].

Health: In most large firms, headquarters-located HR managers responsible for IHR do not often deal with health and safety issues among their firms' foreign subsidiaries or joint ventures. Responsibility for these issues is normally left to local managers and their HR staffs to manage within the constraints of local custom, culture, and regulation. Clearly, attention to these concerns varies dramatically from country to country. From a strategic point of view, it would be helpful if firms [and their IHR staffs] could compare occupational health and safety regulations and experience between countries, for example to help assess the problems and potential costs that might be associated with locating operations in any given country. Yet, this remains quite difficult to do. Different countries follow different reporting standards regarding what constitutes an injury and whether it must be reported. Even for workplace fatalities, variation in methods makes cross-national comparisons difficult. Some countries [but not all] include deaths that occur when an employee is traveling to or from work, whereas others exclude deaths that result from occupational diseases. It is also the case that developing countries, in general, report significantly higher occupational accident and fatality rates than do more developed countries. For IHR planning and decision-making purposes, the most important point is that accident and fatality rates vary widely for a number of reasons, only some of which are related to variances in record-keeping standards and practices. What may be more significant are factors such as the mix of industries present in each country, the percentage of service jobs, and the level of education and training among the general labour force. Some industries and jobs are inherently more dangerous than others. For instance, logging, mining, and quarrying tend to have the highest fatality rates in most countries, while construction, transport, utilities, and agriculture have moderately high rates [14].

Safety: One aspect of the topic of health and safety for IHRM that has received a small amount of attention, but is probably the least important [unless, of course, it happens to you], is the problem of terrorism and/or kidnapping. International terrorists have at times targeted the facilities and executives of MNCs [and/or their families]. Even though the news media attention to these acts when they occur makes it seem as though they happen all the time, everywhere, to all expatriates and their families, the frequency of and danger involved with terrorist acts demonstrates that people are more likely to drown in their own bathtubs than to be killed by terrorists. This is not to say that expatriates and their families don't need to be briefed on such concerns and

oriented to a constant awareness of the potential risks [Briscoe 14].

METHODOLOGY

Addressing cultural diversity in dealing with international staffs requires diligence in the authorities designated with such tasks. Managing expatriate for sustained growth in an intense competitive environment calls for objectivity in dealing with such expatriates. The notion of presumptive reasoning in handling expatriates issues the same way as host country nationals asserts incompetence in the management of MNCs. In light of the facts presented above, this research emanates from a qualitative perspective which warrants the retrieval of secondary sources published on the subject matter. Analysis will be drawn from the information retrieved in order to develop a successful conclusion.

ANALYSIS AND INTERPRETATION

Human resource professionals have a vital role to play in managing expatriates in multinational companies. They are not only limited to recruitment, selection, training and compensating international staffs but also deals with health and safety issues, which are also key issues in managing institutions workforce. Another important aspect of HR professionals includes counselling and addressing stressful issues encountered by experts and their families during their engagements with MNCs.

Cultural diversity issues posed several challenges in managing international executives. Expatriates are habituated to the cultural practices of their home country which sometimes makes it difficult to stay long in international assignments. MNCs should be able to distinguish cultural activities in its operations and must ensure that expatriates are orientated about the culture of their place of assignment. MNCs operations are engulfed with workforce from diverse cultural background which makes the management of international assignees more complex. The complexity of such task requires high quality personnel who can be able to align the different views and perceptions of international assignees to the culture of their place of assignment. Handling such task is quite challenging but MNCs must ensure that its HR management strategy incorporates such components in order to effectively address critical issues bordering around cultural diversity.

Planning for a global workforce to ensure adequate supply of skilled personnel entails a lot of issues. The commencement of MNCs operations and the effective implementation of their activities stem from effective planning for the required personnel so that the various departments or units will be properly managed. The availability of train and qualify candidates are attracted through recruitment process which is followed by an objective selection process in order to prevent hiring the wrong candidates. MNCs have further responsibility to train new recruits on job specific competences and also issues of importance in its operations. The recruitment process administered by MNCs sometimes encounters difficulties as most countries prefer their citizens to be recruited rather than bringing personnel from other parts of the world. Host country nationals at times do not possess the requirements MNCs are looking for that is why it prefers foreign nationals to fill in strategic positions. Management development in MNCs is a strategic issue and authorities entrusted with such task should handle it with utmost diligence as performance is stimulated by the quantum of knowledge that resides in employees.

Equitable distribution of rewards is a determinant for outstanding performance in MNCs operations. Retaining expatriates on international assignments requires a satisfactory reward system in order to complement certain social deprivations. Though expensive to manage, expatriates contributions towards MNCs operations are meaningful since they deal with strategic issues that lead to companies' growth. Managing expatriates' performance in MNCs brings about a careful evaluation of tasks implemented and relates such tasks to objectives set in order to ensure that strategic objectives are achieved.

Occupational health and safety issues in international assignments are of great concern, since assignees will be living in environments that they may not be familiar with or may not be conducive or healthy for them and their families. Also, concern has been shown by expatriates on issues of kidnapping and terrorism acts. MNCs have the responsibility to protect its staffs from such dangers and international staff should be informed about such unforeseen circumstances since they are prone to several constraints as travellers.

SUMMARY AND CONCLUSION

Understanding cultural diversity brings about the effective coordination of international assignees and international human resource managers must ensure that such coordination leads to effective team work. The thorough examination of information retrieved from secondary sources disclosed factual evidences about the significance of managing expatriates in multinational

companies with special attention to cultural diversity. Analysis drawn from sources unveils that, managing expatriate requires an understanding of their different cultures, planning of their tasks to be executed, allocating satisfactory rewards to stimulate performance and retain high quality assignees and also consider the health and security of such executives. Sources further disclosed that even though managing expatriates is costly, nevertheless, the knowledge capacity of most expatriates and their contributions towards the growth of MNCs cannot be compared with most host country nationals.

The conduct of this study originated from a qualitative perspective which restricts the collection of data from secondary sources. Further research could be done using both qualitative and quantitative data collection techniques to further analyse critical issues in managing expatriates in multinational companies.

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