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# Global Human Resources Management (HRM)

— A Comparative Study of HRM Practices between Japanese  
and Western Firms —

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## I. Introduction

The increasing complexity in business transactions has made firms realize the importance of the human factor in global business. In the past, in order to generate revenue and profits, more attention was paid to technology and marketing rather than to the human factor (Adler, 1990, Milliman et al., 1990). Human Resources Management (HRM) was put aside and the activities of employees were to be handled on their own (Milliman et al., 1990). Within Japanese firms, this neglect was particularly acute owing to strong power distance and hierarchy, Japanese firms' level of globalization, and the Japanese government's protectionist policies. Collectively, these factors acted to produce an emphasis on centralization and vertical hierarchy while neglecting variables like empowerment, diversity and equality.

Japanese HRM has been characterized as hierarchical and bureaucratic

(Dowling, Schuler, and Welch, 1994), resulting in a very strong ethnocentric policy in the overseas HRM of Japanese firms (Oddou and Mendenhall 1994). Due to the strong ethnocentric HRM practices of Japanese firms, expatriates of the Japanese firms did not need to interact with other nationals deeply. Porter points out that, in particular, the service industry in Japan has been protected by the government for a long time, which has hampered enhancing its global competitiveness (2000). Most of the service sector has expanded its business to overseas markets, however the transaction was mainly confined to Japanese businesses. Thus, even though the Japanese service industry sent many expatriates overseas, they had few opportunities to actually acquire global skills and knowledge during the assignments.

In addition, even inside Japan, many firms put less emphasis on the need to manage outflows from the organization. Skills, know-how, and others are all firm-specific (Porter, 2000). This kind of notion was transferred to the overseas production sites and offices. Almost every important decision of the overseas offices tended to be made by expatriates based on the head office policy. Thus, it put lower importance on promoting cultural diversity. A survey conducted by Japanese companies with more than 50 employees and more than 50% shares of capital show that 88% of CEOs in Japanese overseas subsidiaries were Japanese (Yoshihara, 1996). Another recent survey also shows that this trend remains almost the same (JOEA, 2000). In particular, the top management positions of Japanese firms are still mainly dominated by Japanese executives. In the past five years, however middle management positions have been localized about 7-8% on an average (Yoshihara, 1996).

## **II. Purpose**

The purpose of this three-part comparative research study is to analyze the differences in Global HRM practices between Japanese and Western firms. This research intends to identify the necessary competencies required for a successful global manager, to clarify which HR practices support developing successful global managers, and to measure the efficacy of such practices within global firms.

The study focuses on global staffing/selection, and identifies factors which have an impact on the global staffing/section of both Japanese and Western firms.

## **III. Research Background**

### **1. Increasing Importance of Global HRM Strategies**

Increasing globalization has meant that multinational firms now have to think about the importance of global HR utilization. When global hyper competition became more and more intense, and when business started to be transacted with a borderless concept, firms had to deal with different types of people who had completely different backgrounds, life styles and cultures. Global managers have to be involved in dealing with Parent Country Nationals (PCNs), Host Country Nationals (HCNs), and Third Country Nationals (TCNs) (Dowling, Schuler, and Welch, 1994).

The complexities of operating in different countries and employing different national categories of workers are the main factors that differentiate domestic and global HRM.

However, many firms underestimate the complexities involved in global operations. Business failures and poor productivity in the international arena may often be linked to poor management of human capital. In particular, the importance of degree of expected interaction and similarity between PCNs and H/TCNs needs to be taken account of (Mendenhall & Oddou, 1986).

There are also several critical variables that moderate, diminish or accentuate national differences, and can lead to success in global business. These include 1) the cultural environment, 2) the industry, and 3) the attention and concern of senior management to global business operations (Dowling, Schuler, and Welch 1994).

These three components should be well balanced in order to yield success in global business operations.

#### 1) Culture:

First, whenever we deal with people from different countries, we have to pay careful attention to the impact of culture on norms, values, attitudes, and behaviors of the people (Trompenaars, 1994). This allows expatriates to adjust in a relatively short time and helps to promote effective intellectual interactions.

#### 2) Industry:

In addition, business strategies determine how a firm competes in a given industry. Firms select business strategies in accordance with both evaluations they make about the environment in which they wish to compete and the resources available within the firm. However, HRM strategies tend to be dealt separately from corporate business strategies.

### 3) The attention and concern of senior management:

Moreover, top management should also provide a clear mission statement for their external and internal stakeholders. When such a clear mission statement from top management is given to all of employees, the entire organization is united and the employees feel that they are happy to be able to work together regardless of nationalities. The mission statement plays an important role in unifying various mindsets of employees who have different cultural backgrounds (Porter, 1990). The challenge for human resources managers is to work with top management in fostering the desired global mindset in the entire company. From that perspective, the human resource manager is requested to think globally, to formulate and implement policies that facilitate the development of globally oriented staff.

## 2. HRM Practices of Japanese Firms and Western Firms

Even though many Japanese firms expanded business into the global market, the HRM practices are very Japan-centered. It is very surprising that the HRM practices still have a very ethnocentric orientation given the world market penetration of Japanese products.

In reality, there exists a large gap between the globally penetrated level of Japanese products and the globalization level of Japanese firms' HRM practices. This strong ethnocentricity largely stems from Japan's history.

**Collectivism:** Japan is often described as a unique homogeneous group-based society. The deeper roots of Japan's 'groupishness' or collectivism is usually attributed to some or all of the following factors (Hodgson, Sano and Graham 2000): a.) Japan's long history of rice-growing which fostered intensive community effort and collaboration; b.) its period of isolation (1635-1853) during which contact with outside cultures was largely prohibited and; c.)

the density of Japan's population which dictated an on-going consideration for others. This homogeneity helped Japanese people enhance commonly shared values, norms, and be able to work together in harmony in order to achieve the same goals.

**Hierarchy:** Numerous researchers have also commented on the hierarchical nature of Japanese society and Japanese corporations (Nakane 1970, Condon 1984, Gudykunst and Nishida 1994). Hofstede (1980) classifies Japan as a high power distance culture which: a.) emphasizes hierarchy, formality, and seniority-based privileges and reward systems, b.) encourages subordinates not to question authority and to adopt a dependent, compliant attitude towards their bosses, and c.) is regulated by paternalistic management processes. In a similar vein, Trompenaars (1994) characterizes Japan as a predominantly ascribed status culture where people carry clout by virtue of factors like age, class, gender, education, social connections, and so on. These two culture dimensions have strongly influenced the unique characteristics of Japanese corporations.

Another strong factor responsible for the strong ethnocentrism is the lack of practical English language skills of Japanese people. This assumption can be proved by several surveys which the TOEFL Association has conducted over the past thirty years. According to a survey conducted by the TOEFL Association from 1997 to 1998, the average TOEFL test score of Japanese people was 498 points, the lowest ranking score along with North Korea among 25 Asian countries. Despite this poor English achievement (TOEFL Association, 1999), from the early 1960s to the late 1990s, Japan grew to become an economic power and many Japanese firms expanded into the global market. Nevertheless, the low level of language competency is one of the obstacles preventing Japanese firms from developing more polycentric

or geocentric HR practices.

In order to increase the number of employees who can handle various types of job and who can build up solid human networks throughout the entire company, employees are rotated from section to section every three or four years. Employees are trained to share the company's common objectives and corporate philosophy. The most important area is to build up a strong informal human relationship network among employees. This strong relational networking dynamic is exported to overseas operations in order to maintain constant communication with working colleagues in head office. It is hypothesized that one of the purposes for the overseas assignment is to give expatriates a chance to experience global business regardless of global competencies. Because expatriates may lack global competencies, ethnocentric communication channels are reinforced and automatically strengthen the convergence of global strategies. In order to be able to do this, the duration of Japanese foreign assignments is about three to four years on an average. This is longer than that of American and European firms (two to three years) (Dowling, Schuler, and Welch, 1993).

In the past, the strong ethnocentrism of Japanese firms contributed considerably to expanding Japanese business into the global market. However, Japanese firms now have to cope with the keen competition inside and outside Japan. In order to maintain overseas productivity, Japanese firms can no longer afford to assign employees overseas just for the purposes of enhancing their internal communication. Firms now expect employees to maintain high productivity no matter where they work. Therefore, more effective and efficient HR practices have to be introduced on a global basis. From this point of view, it is vital to enhance skills of PCN managers to maintain high productivity.



Japanese firms which have a strong ethnocentric orientation are still at an early stage of globalization (Bartlett and Ghoshal, 1992). On the other hand, Perlmutter points out that many Western firms are able to take polycentric or geocentric approaches towards globalization (1969). “Polycentric” is similar in definition to Bartlett and Ghoshal’s (1992) “Multinational” form, while “Geocentric” is similar to Bartlett and Ghoshal’s “Global” form. Firms taking these approaches are able to select expatriates based upon their capabilities. Thus, the overseas assignment is normally given to the right person for the right position regardless of nationality (Bartlett and Ghoshal, 1992).

In order to stay at the competitive edge of world competition, firms will need to optimally utilize competent employees. Porter (1996) pointed out that Japanese firms have no business strategies due to the protectionist policies of the Japanese Government. However, his main focus was on broader corporate strategies, not on HRM strategies.

To test the above mentioned characteristics of HRM practices of Japanese firms, the researcher proposes the following.

Hypothesis 1: Japanese firms will not tend to integrate business strategies with HRM strategies.

### **3. Staffing/Selection**

One of the reasons why expatriate managers of the Japanese firms are assigned overseas is to accumulate the experience through living and working abroad (Black, 1999). However, the productivity of Japanese expatriate managers is not always high due to the lack of effectiveness and efficiency. On the other hand, the roles and responsibilities of host and third country nationals are limited to a minimum level. Even on an anecdotal level,



the researcher has observed that the Japanese firms where the researcher is involved in consulting have no strategic HRM system to integrate HRM practices of expatriates with those of host and third country nationals.

#### 1) Staffing and Selection of Parent Country Nationals (PCNs) - Expatriates

Expatriates play a critical role, both in managing the business and continually learning to become more effective as managers. They carry the corporate culture, policies, practices, and technologies to new locations around the world. In addition to these roles, the expatriate's assignments are considered as an unforgiving training and development arena for senior leadership. On these assignments they are challenged to adopt multiple technical, functional, managerial, business, and cultural perspectives when dealing with any situation. .

However, the adaptation of expatriates to host countries often takes a long time, during which they often make mistakes and make poor decisions (Black, 1999). Given the potential importance of the expatriates to their organizations and the benefits of this experience for future leadership roles, it is dismaying that their failure rate is high (Tung, 1982). In order to avoid failure in global assignments, Japanese firms need to establish a clear policy in the area of the staffing and selection of expatriates.

Considering the characteristics of Japanese firms, the researcher proposes the following in order to test the HRM staffing/selection practices.

Hypothesis 2: Japanese firms will utilize global assignments as giving expatriates a chance to experience and learn something new in accordance with Black's observations (1990).

Hypothesis 3: In conjunction with Hypothesis 2, improper selection such as selection of incompetent person will be made for the

global assignments of Japanese managers in Japanese firms.

Hypothesis 4: Western firms will consider an expatriate's family conditions for the selection of expatriates more than Japanese firms.

## 2) Staffing and Selection of Host/Third Country Nationals (HCNs)/(TCNs)

The responsibilities of host and third country nationals were limited to a minimum level especially at the early stage of internationalization. However in order to cope with the present complexity of business and the rising costs of expatriate assignments, firms have to start to realize the importance of localization. The actual implementation of business in host countries should lie upon the responsibility of HCNs and TCNs.

In order to cope with the changing global business, it is now clear that the roles and responsibilities of locally employed staff will get heavier as firms pursue corporate effectiveness and efficiency strategies in the global market. Thus, it is important for firms to set up a clear policy for the career development and the career paths of HCNs and TCNs in order to retain competent locally-employed staff. Firms which normally take polycentric and geocentric/regiocentric approaches employ them positively and these firms normally tend to make maximum utilization of HCNs and TCNs by giving them wider responsibilities. In some Western firms which take geocentric approaches, consistent HRM policies are applied to all staff members regardless of the country of origin (Perlmutter et al., 1986).

To test the continuation of ethnocentric policies of Japanese firms, the researcher proposes the followings:

Hypothesis 5: Strong ethnocentric approaches which Japanese

managers take on the overseas assignments will negatively impact the promotion of HCNs and TCNs.

Hypothesis 6: Strong ethnocentric approaches which Japanese managers take on the overseas assignments will negatively impact the career development and the career path of HCNs and TCNs.

## **IV. Research Review**

### **1. Methodology**

For this survey, questionnaires were distributed to approximately 850 managers in 145 Japanese and Western firms in a wide range of industries. The data collected included 176 responses from Japanese managers in 52 firms, and 65 responses from Western managers in 36 firms. The area of the research covers HR strategy, staffing/selection training, career development, repatriation, and level of satisfaction of both Japanese managers and Western managers. In this paper, the researcher focuses on analyzing the staffing/selection practices of both Japanese and Western firms. The data was analyzed using factor analyses at each stage of the global assignment in order to identify the differences in HRM practices in Japanese and Western firms.

### **2. Sample**

The demographic distribution of the participants in the research is specified in TABLE ONE. The number means the breakdown of the participants and the percentage refers to the valence of the same sector.

As can be seen from TABLE ONE, the demography of the Japanese and

TABLE ONE: Demographics

BUSINESS SECTOR	JAPANESE MANAGERS		WESTERN MANAGERS	
	No.	%	No.	%
1. MANUFACTURING	122	69.3	30	48.4
2. SERVICE	48	27.3	32	51.6
DEFICIT	6	3.4	3	4.6
WORK LOCATION				
1. EUROPE	27	15.3	22	33.6
2. N & S AMERICA	54	30.7	1	1.5
3. JAPAN	37	21.0	42	64.6
4. EAST ASIA	42	23.9	0	0
5. SOUTH EAST ASIA	13	7.4	0	0
DEFICIT	3	1.7	0	0
NO. OF ASSIGNMENTS				
1. 1 <sup>ST</sup> TIME	103	58.5	35	54.7
2. 2 <sup>ND</sup> TIME	38	21.6	21	32.8
3. MORE THAN 3RD T	35	19.8	8	12.3
DEFICIT	3	0.1	1	1.5
AVG ASSIGNED YEAR	4.23		2.84	
POSITION				
TOP MANAGEMENT	56	31.8	14	21.5
MID MANAGEMENT	57	32.4	35	53.8
LWR MANAGEMENT	26	14.8	9	13.8
NON MANAGEMENT	17	9.7	7	10.8
DEFICIT	20	11.4	0	0
GENDER				
MALE	170	96.6	47	72.3
FEMALE	6	3.4		27.7
EDUCATION				
GRADUATE SCHOOL	24	13.6	50	76.9
UNDERGRADUATE	132	75.0	14	21.5
OTHERS	17	9.7	1	1.5
DEFICIT	3	1.7	0	0
AGE RANGE				
20-30	8	3.4	14	21.5
31-40	62	35.2	29	44.6
41-50	43	24.4	17	26.2
OVER 51	62	35.2	5	7.7
DEFICIT	3	1.7	0	0

Western participants in the research varies in terms of industry sector, work location, age, gender, education, and overseas work experience. One reason for the unequal distribution in work location of the Western managers in relation the Japanese managers is that the researcher asked the HR sections of the Japanese firms to evenly distribute questionnaires to expatriates and returning expatriates who live or used to live all over the world. In contrast, the Western managers who are working in Japan and in Europe were targeted due to the access restrictions.

### 3. Results

#### 1) Linkage between Business Strategies and International HRM Strategies

TABLE TWO shows a breakdown of the survey results regarding the linkage between business strategies and international HRM strategies, obtained from both the Japanese managers and the Western managers. TABLE THREE AND FOUR show the detailed distribution of data of the Japanese and Western managers.

The results show that the Western managers record a higher MEAN (DIFF-0.95) and MEDIAN (DIFF-1.00) than the Japanese managers. To the

**TABLE TWO: Linkage Between Business and HRM Strategies-1**

ITEMS	JAPANESE MANAGERS	WESTERN MANAGERS
NO. VALID	174	63
DEFICIT	2	2
MEAN	3.56	4.51
MEDIAN	4.00	5.00
HIGH FREQUENCY	2	5
VARIANCE	2.583	2.899

**TABLE THREE: Linkage Between Business and HRM Strategies-2**  
**Japanese Managers**

	FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
VALID				
1	15	8.5	8.6	8.6
2	45	25.6	25.9	34.5
3	25	14.2	14.4	48.9
4	29	16.5	16.7	65.5
5	40	22.7	23.0	88.5
6	16	9.1	9.2	97.7
7	4	2.3	2.3	100.0
TTL	174	98.9	100.0	
DEFICIT	2	1.1		
TTL	176	100.0		

**TABLE FOUR: Linkage Between Business and HRM Strategies-3**  
**Western Managers**

	FREQUENCY	PERCENT	VALID PERCENT	CUMULATIVE PERCENT
VALID				
1	3	4.8	4.8	4.8
2	6	9.2	9.5	14.3
3	11	16.9	17.5	31.7
4	7	10.8	11.1	42.9
5	15	23.1	23.8	66.7
6	14	21.5	22.2	88.9
7	7	10.8	11.1	100.0
TTL	63	96.9	100.0	
DEFICIT	2	3.1		
TTL	65	100.0		

1-Strongly disagree, 2-Disagree, 3-Somewhat disagree, 4-Neutral, 5-Somewhat agree, 6-Agree, 7-Strongly agree

question of “Does your firm have a linkage between business and International HRM strategies?”, the Japanese managers record 2 (Disagree) and the Western managers chose 5 (Somewhat agree) as the most applicable choice. In summary, the Japanese managers show a negative response to the question, however the Western managers positively respond to the question. This result actually supports Hypothesis 1 to prove a weaker linkage between business and HRM strategies of the Japanese firms

## 2) Staffing and Selection Research

In regard to expatriate staffing and selection, 16 questions in the total were given to respondents. Among the 16 questions, a question asking whether English ability is considered for selection was excluded for the Western managers. Analysis was conducted to identify the mean of each variable and to place in order from higher to lower shown in TABLE FIVE. One question regarding the present level of English is showed in TABLE SIX.

TABLE FIVE shows the mean of each selection variable. Both the Japanese and Western managers show the highest Mean in the variable of “PCN’s Happiness Level” and “Past Job Performance Influence”. “Family Happiness” also shows the high mean in both the Japanese managers and the Western managers. Among the “Happiness” variables, the mean of “Children Happiness Level” of the Western managers is much higher than that of the Japanese managers. In the Western firms, the variable of “Family Consideration” is ranked no.4 (the mean -5.25), however the Japanese managers rank it in 11<sup>th</sup> position (the mean -4.09). In general, the figure shows that Western managers put a higher priority on family issues than Japanese managers.



TABLE FIVE: Each Variable Mean/Selection & Staffing

	VARIABLE (JAPANESE MGR)	MEAN	VARIABLE (WESTERN MGR)	MEAN
1	PCN's Happiness Level for selection	5.76	Past Job Performance influence on selection	5.95
2	Past Job Performance Influence on selection	5.43	PCN's Happiness Level for selection	5.73
3	Improper Selection is made for foreign assignments.	5.34	Children Happiness Level for selection	5.28
4	Family Happiness Level for selection	5.12	Family Consideration for selection	5.25
5	Selection is based on competencies	4.90	Family Happiness Level for selection	5.11
6	Age should be considered for selection	4.87	Educational Background is important for foreign assignments	5.06
7	Language Ability should be considered for selection	4.74	Cross Culture Skills should be considered for selection	4.94
8	Children Happiness Level for selection	4.74	Improper Selection is made for foreign assignments	4.82
9	Educational Background is important for foreign assignments	4.53	Clear Selection Policy	4.53
10	Cross Culture Skills should be considered	4.39	Global Managers fitting into overseas considered specialists	4.06
11	Family Consideration for selection	4.09	Selection is based on competencies	3.91
12	Clear Selection Policy	4.01	Age should be considered for selection	3.66
13	Selection is made for giving experiences	3.76	Global HR is decided same as Domestic HR Policy	3.48
14	Global Managers fitting into overseas considered specialists	3.63	Selection is made for giving experiences	2.81

“Cross-Cultural Skills” are placed among the Western managers a little higher than the Japanese managers (DIFF -0.55). “Clear Selection Policy” is also a little higher in the Western firms than in the Japanese firms (DIFF-0.52). The variable of “Global Managers are considered specialists” is also slightly higher (DIFF -0.3) in the Western managers than in the Japanese managers.

On the other hand, the variable of “Improper Selection is made for foreign assignments” is higher in the Japanese managers (the mean -5.34) than in the Western managers (the mean -4.82). Age is also considered as an important variable for the Japanese managers. The mean of “Age” shows 4.87 in the Japanese managers and 3.66 in the Western managers. The variable of “Giving Expatriates Experiences” is higher in the Japanese managers. The difference is 0.95 higher in the Japanese managers.

The most surprising result is that the mean of “Educational Background” is 0.53 higher in the Western managers than in the Japanese managers, and that the mean of “Selection is based on Competency” is 0.99 higher in the Japanese managers than in the Western managers.

As was already pointed out in the section of demographics, the Western managers have a much higher educational background than the Japanese managers. This is why the Western managers feel that education is very important for global business. The researcher assumes that the other variable of “Competency” is considered to have some kind of expectations of the Japanese managers. TABLE SIX shows that the English level of both the Japanese and Western managers. As the researcher predicted, the MEAN of the Japanese managers is 3.65. This means that they are ranked between “Good” and “Fairly Good”. The MEDIAN and HIGH FREQUENCY are ranked in a category of 4 which means “Fairly Good”. This is completely

TABLE SIX: English Ability

ITEMS	JAPANESE MANAGERS	WESTERN MANAGERS
NO. VALID	176	65
MEAN	3.65	1.28
MEDIAN	4.00	1.00
HIGH FREQUENCY	4	1
SD	1.195	0.673
VARIANCE	1.428	0.453

Scale-1- Fluently, 2-Very good, 3-Good, 4-Fairly good, 5-Not good

different from the result that the Western managers who almost all are ranked in a category 1- fluently.

In order to increase the accuracy of the data analyses, Varimax rotation was applied to both TABLE SEVEN and EIGHT.

TABLE NINE shows a comparative summary of the factors which influence the staffing and selection of expatriates. Both the Japanese managers and the Western managers rank the variable of "Happiness Level" as the first factor. However, the Western managers put a little more weight on this factor (DIFF-3.065 higher).

The Western managers put the variable of "Job Related Selection Criteria" as the second factor and the variable of "General Selection Criteria" as the third factor. On the other hand, the Japanese managers put the variable of "General Selection Criteria" as the second and put the variable of "Job Related Selection Criteria" as the third factor. The factor weight of "Job Related Selection Criteria" is put evenly on the Western managers and the Japanese managers, however, the variable of "General Selection Criteria" is weighed much more heavily on the Western managers (DIFF-0.465 heavier).

The Japanese managers place the variable of "Ascribed Status" as the

**TABLE SEVEN: Factor Analysis/Staffing & Selection/PCNs—Japanese Managers:**

	F1	F2	F3	F4	F5	F6
FAMILY HAPPINESS LEVEL	0.906					
CHILDREN HAPPINESS LEVEL	0.855					
PCNS HAPPINESS LEVEL	0.816					
SELECTION IS MADE FOR GIVING EXPERIENCES		0.708				
GLOBAL MANAGERS FITTING INTO OVERSEAS ARE SPECIALISTS		0.658				
CROSS CULTURE SKILLS SHOULD BE CONSIDERED		0.575				
FAMILY CONSIDERATION FOR SELECTION		0.574				
LANGUAGE ABILITY SHOULD BE CONSIDERED		0.502				
PCNS JOB PERFORMANCE INFLUENCE ON SELECTION			0.773			
SELECTION IS MADE ON COMPETENCY			0.683			
CLEAR SELECTION POLICY			0.585			
EDUCATIONAL BACKGROUND IS IMPORTANT FOR SELECTION				0.824		
AGE IS IMPORTANT FOR SELECTION				0.707		
IMPROPER SELECTION IS MADE FOR FOREIGN ASSIGNMENTS					0.863	
GLOBAL HR IS DECIDED SAME AS DOMESTIC HR						0.863
TOTAL	2.398	2.028	1.967	1.304	1.240	1.172
PERCENT OF VARIANCE %	15.989	13.519	13.112	8.691	8.267	7.810
ACCUMULATIVE VARIANCE %		29.508	42.620	51.311	59.578	67.389
Reliability Coefficients	0.8525	0.6235	0.5820	0.4822		

**TABLE EIGHT: Factor Analysis/Staffing & Selection/PCNs—Western Managers:**

	F1	F2	F3	F4	F5
PCNS HAPPINESS LEVEL	0.815				
FAMILY HAPPINESS LEVEL	0.768				
CHILDREN HAPPINESS LEVEL	0.704				
EDUCATIONAL BACKGROUND IS IMPORTANT	0.616	0.462			
PCNS JOB PERFORMANCE INFLUENCE ON SELECTION		0.652			
CLEAR SELECTION POLICY		0.600			
CROSS CULTURE SKILLS SHOULD BE CONSIDERED		0.596			
SELECTION IS MADE ON COMPTENCY		0.521			
AGE IS IMPORTANT FOR SELECTION			0.844		
GLOBAL HR IS DECIDED SAME AS DOMESTIC HR			0.640		
CROSS CULTURE SKILLS SHOULD BE CONSIDERED			0.541		
FAMILY CONSIDERATION FOR SELECTION				0.885	
IMPROPER SELECTION IS MADE FOR FOREIGN ASSIGNMENTS				-0.579	
GLOBAL MANAGERS FITTING INTO OVERSEAS ARE SPECIALISTS					0.904
TOTAL	2.668	1.926	63.5	63.408	1.279
PERCENT OF VARIANCE %	19.054	13.754	6	10.056	9.135
ACCUMULATIVE PERCENT OF VARIANCE %		32.808	3	54.028	63.162
			11.164		
			43.972		
Reliability Coefficients	0.7728	0.5796	0.4200	-0.9235	

**TABLE NINE: Summary of Factor Analyses/Staffing & Selection PCNs**

FACTOR	JAPANESE MANAGERS		WESTERN MANAGERS	
FACTOR 1	HAPPINESS LEVEL	2.398 15.989 %	HAPPINESS LEVEL	2.668 19.054 %
FACTOR 2	GENERAL SELECTION CRITERIA	2.028 13.519 % 29.508 %	JOB RELATED SELECTION CRITERIA	1.926 13.754 % 32.808 %
FACTOR 3	JOB RELATED SELECTION CRITERIA	1.967 13.112 % 43.972 %	GENERAL SELECTION CRITERIA	1.563 11.164 % 43.972 %
FATOR 4	ASCRIBED STATUS	1.304 8.691 % 51.311 %	PROPER SELECTION MANAGEMENT (FAMILY MATTER)	1.408 10.056 % 54.028 %
FACTOR 5	IMPROPER SELECTION MANAGEMENT	1.240 8.267 % 59.578 %	GLOBAL MANAGERS SPECIALISTS	1.279 9.135 % 63.162 %
FACTOR 6	GHRM IS HANDLED SAME AS DOMESTIC HRM	1.172 7.810 % 67.389 %		
TOTAL		67.389 %		63.162 %

fourth factor. The Ascribed Status covers age and educational background in this analysis. The Western managers do not support the variable of “Improper Selection Criteria”, but support the variable of “Family Consideration” as the fourth factor. The researcher categories this factor as “Proper Selection Criteria”. On the other hand, the Japanese managers put the variable of “Improper Selection Management” as the fifth factor. The Western managers rank the variable of “Global Managers are Specialists” as the last factor. The Japanese mangers rank the variable of “Global Human Resources Management is handled same as Domestic HRM” as the sixth factor.

The survey results suggest that there are clearly differences between Japanese firms and Western firms in the area of staffing and selection of expatriates.

Western firms tend to put more emphasis on “Job Related Selection Criteria” than “General Selection Criteria”, which the Japanese firms show the opposite response. Japanese firms also put more emphasis on “Ascribed Status” such as age and educational background (Such a factor is not identified among the Western firms).

Western managers also support the variable of “Global Managers are Specialists” more than the Japanese managers. This also shows a strong inclination of Western firms toward seeking job related specialists for global assignments. The interesting area of the results is that the Japanese managers put the variable of “Improper Selection is made for Foreign Assignments” as one of the factors. In the variable of “Clear Selection Policy”, both the Japanese managers and the Western managers place the weight 0.585 and 0.600 respectively, however the Japanese managers feel that they sometimes come across a failure in the foreign assignments of Japanese expatriates. The Western managers feel that the firms should take into consideration of family matters for overseas selection & staffing. The degree to which the Japanese managers feel the firms’ support for the family is recorded much lower (MEAN DIFF 1.06 lower). The Western managers also feel that the variable of “Family Consideration for Selection” is one of the important factors for selection & staffing. This result supports the results of previous research that “Family matters are very important for Western managers” (Black et al, 2000). Western firms focus on the practical side of global business and they tend to select expatriates based upon practical skills and expertise. On the other hand, the Japanese managers



tend to be selected and assigned overseas based on positions, seniority, and for rotational purposes. They are expected to acquire various general skills through the experience of overseas assignments. Thus, the research supports Hypothesis 2, 3, and 4.

TABLE TEN shows the MEAN of each variable. Both the Japanese managers and the Western managers feel that HCNs and TCNs shall be given a chance for the promotion to management positions at local offices. In particular, the Japanese managers feel it more necessary to give a

**TABLE TEN: Each Variable Mean of HCNs and TCNs Selection & Staffing**

	VARIABLE (JAPANESE MGR)	MEA	VARIABLE (WESTERN MGR)	MEA
1	HCNs AND TCNs shall be given a chance for the promotion to management positions at local offices	5.96	HCNs and TCNs shall be given a chance for the promotion to management positions at local offices	5.27
2	Local Managers have their career path at local offices	4.82	HCNs and TCNs shall be given a chance for the promotion to management positions at Head Office	5.03
3	HCNs and TCNs shall be given chance for the promotion to management position at Head Office	4.64	Identify critical success factors of HCNs and TCNs at earlier stage	4.86
4	HCNs and TCNs have been given a chance for career development	4.56	HCNs and TCNs have been given a chance for career development	4.81
5	Identify critical success factors of HCNs and TCNs at earlier stage	4.45	Local Managers have their career path at local offices	4.52
6	Linkage between business and HRM strategies	3.56	Linkage between business and HRM strategies	4.51

promotion chance to HCNs and TCNs than the Western managers. The Western managers also strongly feel that HCNs and TCNs shall be promoted to management positions at Head Office. Japanese managers feel weaker in this variable (DIFF-0.47 lower). Japanese managers support more strongly the variable of “Local Manager have their career path at local offices” than Western managers (DIFF-0.30). On the other hand, Western managers support more strongly the variables of “HCNs and TCNs have been given a chance for career development” (0.25 higher) and “Identify critical success factors of HCNs and TCNs at an earlier stage” (0.41 higher).

The last variable of “Linkage between business and HRM strategies” is included in this factor analysis in order to see a correlation between this variable and other variables.

TABLE ELEVEN shows the correlation between the variable of “Business & HRM Linkage” and the other variables. Both the Japanese managers and the Western managers show the correlation at almost each variable, however, much stronger correlations with each variable are identified among the Western managers than the Japanese managers.

TABLE TWELVE AND THIRTEEN show the results of factor analyses of HCNs and TCNs staffing & selection. TABLE TWELVE shows a detailed breakdown of the factor analysis of both Japanese managers and Western managers. In order to increase the accuracy of the data analyses, Varimax rotation was applied to TABLE TWELVE. Reliability coefficients are identified for each factor. The researcher identifies two factors both in the Japanese managers and the Western managers through Varimax rotation.

TABLE THIRTEEN shows a comparative summary of the factors between the Japanese and Western managers in the area of deciding staffing and selection of HCNs and TCNs. Both Japanese managers and Western

**TABLE ELEVEN: Correlations “Linkage between Business and HRM Strategies” and other variables**

	HCN/TCN CAREER PATH	IDENTIFY CRITICAL SUCCESS FACTORS	HCN/TCN LOCAL PROMOTN CHANCE	HCN/TCN HEAD OFC PROMOTN CHANCE	HCN/TCN CAREER DEVELOP- MNT
JAPANESE MANAGERS BUSINESS&HR LINKAGE-Pearson	0.350**	0.446**	0.196**	0.87	0.458**
WESTERN MANAGERS BUSINESS&HR LINKAGE-Pearson	0.519**	0.603**	0.349**	0.402**	0.680**

\*\* Correlation is significant at the 0.01 level.

managers rank the variables of “HCNs & TCNs Career Development Planning & Policy” and “HCNs & TCNs Promotion Chance” as No.1 and No.2 respectively. However, the Western managers put much more weight on these two factors than the Japanese managers. The first factor of “HCNs & TCNs Career Development Planning & Policy” shows a difference of 4.263% higher in the Western managers than in the Japanese managers. Among the four variables of this factor, only the variable of “HCNs and TCNs Career Path” of the Japanese managers record higher (DIFF-0.09 in weight). The second factor of “HCNs & TCNs Promotion Chance” show a much higher difference in between the Japanese managers and the Western managers. (DIFF-9.662% higher in the Western managers than the Japanese managers)

The survey results suggest that there are the clear differences between Japanese firms and Western firms in the area of the staffing and selection of HCNs and TCNs. The research results support that Western firms tend to

**TABLE TWELVE: Factor Analysis/Staffing & Selection / HCNs and TCNs**

JAPANESE MANAGERS	F ONE	F TWO	WESTERN MANAGERS	F ONE	F TWO
HCNs & TCNs IDENTIFICATION OF CRITICAL SUCCESS FACTOR	0.805		HCNs & TCNs CAREER DEVELOPMENT	0.874	
HCNS & TCNS CAREER DEVELOPMENT	0.790		HCNS & TCNS IDENTIFICATION OF SUCCESS FACTOR	0.837	
HCNS & TCNS CAREER PATH	0.745		LINKAGE BETWEEN BUSINESS AND HRM	0.824	
LINKAGE BETWEEN BUSINESS AND HRM	0.704		HCNS & TCNS CAREER PATH	0.653	
HCNS & TCNS PROMOTION TO HQ		0.861	HCNS & TCNS PROMOTION TO HQ		0.929
HCNS & TCNS LOCAL PROMOTION		0.783	HCNS & TCNSLOCAL PROMOTION		0.916
TOTAL PERCENT OF VAR % CUMULATIVE P %	2.515 39.948	1.392 23.195 63.144	TOTAL PERCENT OF VAR % CUMULATIVE P %	2.653 44.211	1.911 32.858 77.069
Reliability Coefficients	0.7630	0.5311	Reliability Coefficients	0.8420	0.8835

**TABLE THIRTEEN: Summary of Factor Analysis/Staffing & Selection/HCNs and TCNs**

FACTOR	JAPANESE MANAGERS		WESTERN MANAGERS	
HCNS & TCNS CAREER DEVELOPMENT PLANNING & POLICY	WEIGHT	2.397	WEIGHT	2.653
	% OF VARIANCE	39.948	% OF VARIANCE	44.211
HCNS & TCNS PROMOTION CHANCE	WEIGHT	1.392	WEIGHT	1.971
	% OF VARIANCE	23.196	% OF VARIANCE	32.858
	CUMULATIVE%	63.144	CUMULATIVE %	77.069

put more emphasis on the career development and promotion of locally employed staff than Japanese firms. They identify the success factors of HCNs and TCNs at an earlier stage and try to make maximum utilization of the resources in order to achieve global business objectives. The relation between business and HRM strategies are also strong in the area of HCNs and TCNs management as already shown. On the other hand, Japanese firms are trying to develop a career path for the locally employed staff. However, in reality, the result of the research shows that there exists no strong strategic HRM policy for HCNs and TCNs in Japanese firms. The researcher assumes that the scope of the responsibilities and roles of HCNs and TCNs seems to be narrow and limited. In addition, the two variables of the “Promotion” factor also show a clear difference in HRM practices between Japanese and Western firms. Thus, the results of the survey show that Japanese firms still take strong ethnocentric approaches to overseas HRM. Thus, it strongly supports Hypothesis 5 and 6.

#### 4) Conclusion

In summary, Western managers are selected mainly based upon their practical expertise in order to be able to demonstrate their competencies as soon as they are assigned overseas. They are categorized as specialists and expected to show their abilities on global assignments. On the other hand, Japanese managers are still assigned overseas as a part of the career development. They are not always selected based on their skills and knowledge. Thus, improper selection is sometimes made for global assignments. Due to the increasing complexity of global business, it will be an urgent necessity to position competent managers overseas.

In order to be competitive in the global market, firms have to make

maximum utilization of the resources of the corporate network. The roles of PCNs are very important for the global operation, however the problem lies in how much return they can produce and return to the firms through global assignments. In a competitive market environment, PCNs are expected to show their expertise as soon as they are assigned overseas. This research results show that Japanese firms lack competent global managers who can meet such global requirements. Above all, it is time consuming work to grow PCN's competent managers within the organization. In order to promote and introduce an effective and efficient style of HRM system, more attention should be paid to the area of staffing and selection of HCNs and TCNs. besides PCNs. Global Staffing is not only a problem of expatriates, but also a problem of host & third country nationals.

Even if PCN managers show high performances on global assignments, the total costs of sending overseas for the assignments are normally very high. The researcher emphasizes that Global Human Resources Management should be administered and operated under a mechanism which can create a labor fit condition on a worldwide basis in order to enhance the effective and efficient utilization of globally spread human resources.

Japanese firms have heavily depended on an ethnocentric HRM system in the past, it is about time to introduce more a geocentric style of staffing & selection system within the organization.

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