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Strategic Human Resource Staffing of Foreign Subsidiaries

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Abstract

The strategic management of international human resources has received extensive attention, focusing on staffing issues related to overseas subsidiary management primarily through expatriation. However, empirical findings indicate limited success of expatriation as an effective method for managing the breadth of international human resource opportunities. As market opportunities increasingly shift to countries having significant social knowledge asymmetry from the parent organization and as organizations evolve their strategic orientation from multinational to global activities, it appears that organizations would be best served in developing a breadth of candidate pools for effective management of overseas subsidiaries. The objective of this article is to develop a theory based-examination of overseas subsidiary staffing resulting in identifiable human resource candidate pools that might be selected for managing an overseas subsidiary. This discussion uses an agency theory perspective to examine the conditions under which specific strategic staffing choices might be most appropriate.

Introduction

To compete in a global marketplace, organizations must create an effective means to develop and sustain a global competitive advantage (Minehan, 1998). There is a growing consensus that globally competent organizations will depend on the uniqueness of their human resources and their system for managing human resources effectively to gain this advantage (Bartlett & Ghoshal, 1992, 1995; Pfeffer, 1994; Ghoshal & Bartlett, 1997). Identifying, attracting, and retaining an adequate supply of global managers who are capable of coordinating the global strategic efforts of the firm while at the same time controlling local host country strategies is a daunting task. It is not clear that existing approaches to overseas subsidiary management results in sufficient numbers of high caliber managers to fill existing positions (Stroh & Caligiuri, 1998; Welch, 1994).

This paper examines significant trends influencing an organization's ability to increase their global presence and how these trends relate to the management of overseas subsidiary operations. Organizational complexity is heightened as firms increasingly emphasize their global operations. This increase in complexity is derived from a more heterogeneous cultural context of global business and the challenge of managing in a wide variety of competitive environments requiring greater coordination and integration (Huault, 1996; Sanders & Carpenter, 1998). A firm's ability to deal with this headquarter/subsidiary complexity efficiently and effectively is dependent on the governance structure implemented (Sanders & Carpenter, 1998) where this structure should complement the existing organizational strategy (Barney & Zajac, 1994; Jones & Wright, 1992). Given the emphasis on the role of governance, an agency theory perspective is used to examine the relationship between the headquarters and subsidiary operations across existing strategic approaches an organization might implement when internationalizing its operations. By viewing these relationships from an agency theory perspective, we focus on the factors that exacerbate the agency problem resulting in the selection of managers from different candidate pools for staffing subsidiary management positions (e.g., a senior manager within the organization) efficiently. We then augment this perspective by taking a resource-based view of the firm focusing explicitly on human resource system effectiveness[1].

Global Environment: Strategies and New Markets

Strategic international human resource management (SIHRM) has become a critical management issue as multinational corporations (MNCs) increasingly globalize their operations requiring effective managers throughout the world (Schuler, Dowling, & DeCieri, 1993; Taylor, Beechler, & Napier, 1996). Past research has focused heavily on strategic international human resource expatriation-based staffing for managing the combined control and coordination needs between subsidiary and parent operations (Baliga & Jaeger, 1984; Martinez & Jarillo, 1989; Sohn, 1994; Taylor et al., 1996). The appropriateness of this focus needs to be examined in light of significant changes occurring in today's international marketplace – a growing emphasis on global as opposed to multinational strategies and the expansion of global operations into countries having high cultural, legal, and geographic distance from the parent organization. These changes exacerbate the urgency with which organizations should develop configurations of human resources facilitating the bridging of diverse cultures and traditions (Beamish & Inkpen, 1998).

Multiple approaches to internationalizing an organization's operations have been identified (Adler & Ghadar, 1989; Bartlett & Ghoshal; 1995). Adler & Ghadar define four stages – domestic, international, multinational, and global that reflect, a growing maturity and importance of worldwide operations to a focal organization. This life-cycle approach illustrates a growing involvement in international business as an organization develops experience competing in foreign markets. Although domestic is considered the first stage in the evolutionary process, very little importance is place on worldwide business in this stage and a company following this approach would have little if any exports. The international phase of the life-cycle marks the initial foray into worldwide operations and is typically operationalized as the expansion of existing products or services into a new overseas market.

Once entrenched in this international stage, many organizations evolve into a multi-foci perspective that leads to a multinational orientation (e.g., involved in overseas businesses across multiple nations) (Doz, 1985; Pucik, 1985; Pucik & Katz, 1986; Doz & Prahalad, 1986). This multinational approach to internationalization places significant emphasis on developing overseas operations and the organization is likely to source, produce, and market its product or service on a worldwide basis. Using this approach, standardized products are often produced at the overseas operation where cost is lowest and then distributed from that location throughout existing worldwide markets (e.g., global integration). This approach involves limited coordination across an organization's business units (Gupta & Govindarajan, 1986) and a similar independence of operations exists across subsidiary locations (Roth, Schweiger, & Morrison, 1991), as each subsidiary is predominately self-contained (Roth & Ricks, 1994). From a human resource management (HRM) perspective, the need for a sufficient supply of qualified managers who are capable of managing in foreign markets increases as the importance of overseas operations expands within the organization (Stroh & Caligiuri, 1998).

Over time, organizations may mature into a global approach to the market place where the various overseas locations are integrated into network to deliver low cost, highly customized products to worldwide markets (Adler & Ghadar, 1989). In this stage, decision making authority is more dispersed and horizontal linkages across locations intensify (Malnight, 1996), thereby integrating operating units resulting in greater goal congruency (Roth & Ricks, 1994). It is possible for competitive advantage to arise from the successful exploitation of interdependencies resulting in effective integration as opposed to realizing location-specific advantages (Roth, et. al., 1991).

Strategic International Human Resource Staffing

Successful formulation and implementation of a corporate strategy for managing global operations requires a commensurate strategy for managing international human resources (Bartlett & Ghoshal, 1992; Schuler, et. al., 1993). Existing SIHRM frameworks describe policies and practices focused on aligning the strategic initiatives of the organization with the development of global managers while simultaneously managing the tension between integrating global operations and achieving local responsiveness (Black, Gregersen, & Mendenhall, 1992; Schuler, et.al, 1993; Taylor et. al., 1996). More specifically, a SIHRM system is viewed "as a way for MNCs to effectively manage and control their overseas operations" (Taylor et. al., 1996).

Existing SIHRM models (Schuler et. al., 1993; Edstrom & Galbraith, 1977; Heenan & Per 1979; Adler & Ghadar, 1989; Millman, von Glinow, & Nathan, 1991; Kobrin, 1991) are systematic in their assessment of human resources management. This article delves into these existing frameworks and focuses on the SIHRM policies and practices related to SIHRM staffing selection. Staffing is the primary practice that MNCs have used to coordinate and control their dispersed global operations (Dowling & Schuler, 1990).

Existing research demonstrates the importance of examining HRM systems as a whole (e.g., the integration of selection, training, incentives, etc) instead of examining HR policies and practices in isolation. Our emphasis on selection is not intended to dismiss the importance of integrating appropriate HRM policies and practices together to achieve global competitive advantage. However, we believe that there is a contingent relationship between an organization's global strategy and the location of overseas subsidiaries that influences subsidiary manager selection from candidate pools that could result in more effective realization of the organization's strategy. The interaction of these factors can result in asymmetric knowledge sharing between the parent and subsidiary (Roth & O'Donnell, 1996) suggesting a heavy reliance on input control (i.e., selection) (Snell, 1991; Snell & Youndt, 1995) as opposed to behavioral or output control which emphasize compensation and monitoring practices for managers overseas. Furthermore, the very nature of the selection process (e.g., different candidate pools for different situations) has significant implications for training, compensation, and other SIHRM policies and practices that must ultimately be appropriately integrated together to form an effective bundle of high performance work practices (Huselid, 1995; Huselid, et al, 1997) for global managers. A broader discussion how our emphasis on selection should be integrated within an overall SIHRM system is provided in a later section of the paper.

Existing strategic human resource management staffing policies and practices are initiated with "determining and maintaining staffing levels that are an appropriate mix and flow of international assignees" (Schuler et. al., 1993). Three strategic orientations have been espoused for addressing global staffing[2] 1) exportive/ethnocentric; 2) adaptive/polycentric; and 3) integrative/regiocentric and geocentric (Heenam & Perlmutter, 1979; Ondrack, 1985; Taylor, et. al., 1996; Welch, 1994). Although an organization with an international emphasis may adopt a specific strategic orientation as a goal, at any given time the organization is likely to use a combination of these orientations based on a specific subsidiary's needs with respect to the parent company (Rosenzweig & Nohria, 1994). First, an exportive or ethnocentric orientation to international HRM staffing emphasizes a centralized focus with a headquarters-based authority (Edstrom & Galbraith, 1977) and results in a full-scale transfer of the parent organization's HRM system to the subsidiary. From a SIHRM perspective, an exportive orientation facilitates organizational control while at the same time providing important international developmental experience for promising domestic managers in the parent organization (Black & Mendenhall, 1992; Schuler, et. al., 1993; Tung, 1993). Therefore, this orientation has depended heavily on parent-country nationals (i.e., expatriates) for staffing key subsidiary positions.

Secondly, an adaptive or polycentric orientation focuses on widely dispersed authority in managing the existing parent subsidiary relationships (Edstrom & Galbraith, 1977). The subsidiary adapts its human resource policies, philosophies, and personnel to the local environment with limited intervention or control from the parent organization (Edstrom & Galbraith, 1977; Taylor, et. al., 1996). This orientation has resulted in a heavy reliance on recruiting local nationals (e.g., individuals from within the country where the subsidiary is located) to manage the subsidiary operation.

Finally, an integrative orientation suggests that HRM policies and practices transfer from the parent to the subsidiary and from the subsidiary back to the parent organization (Taylor et al., 1996) resulting in a high volume of communication in both directions (Edstrom & Galbraith, 1977). This orientation extends prior research on regiocentric and geocentric approaches that focused on staffing subsidiary locations by using the most qualified personnel (within a region or globally respectively) regardless of nationality (Heenam & Perlmutter, 1979; Schuler, et. al., 1993; Welch, 1994). Thus, in addition to the local national and expatriate candidate pools, the integrative orientation might also involve the use of third-country nationals (TCNs) as the most qualified candidate pool (Heenam & Perlmutter, 1979). Third-country nationals are experienced managers from neither the parent nor host country, who have the skills to run subsidiary operations and often take on regional management responsibilities (Peterson, Sargent, Napier, & Shim, 1996; Schuler et al., 1993). One of the key advantages of the TCN is that they do not, by definition of their nationality, bear the parent country "brand" (Moynihan, 1993). Therefore, these managers can often be effective where there is a strong dislike for the parent country culture within the subsidiary or when difficult layoffs or restructuring within the subsidiary is necessary and it is desirable to minimize the extent to which any negative reaction would be directed towards the parent organization (Moynihan, 1993).

Although past examinations of international HRM orientations have included TCNs, local nationals, and expatriates as plausible facilitators of the integrative orientation, the transfusion of knowledge between subsidiary and parent locations requires these candidate pools do not easily facilitate knowledge of both operations and thus, this orientation. Developing multicultural managers with an integrative orientation requires both socialization within the subsidiary environment and culture as well as corporate acculturation (Hualt, 1996). Some believe this organizational ideal of an integrative orientation has failed because of the organization's inability to develop and motivate mangers to accept these overseas assignments (Edstrom & Galbraith, 1977). For example, local and third country nationals are unfamiliar with many formal and informal aspects of the parent company operations making it difficult to share informal knowledge that might be valuable. This lack of parent company norms and processes makes it difficult for these managers to coordinate the subsidiary operations with the parent organization effectively. Alternatively, expatriates are typically brought in from the parent organization primarily to control the overseas operation (Adler & Ohadar, 1990; Schuler et. al., 1993) and although they may learn about the environment of the overseas subsidiary, are unlikely to transfuse human resource as well as local cultural information back to the parent company effectively.

Injecting the dual expertise (e.g., formal and informal parent and subsidiary knowledge) necessary to staff subsidiary management positions in an integrative orientation has resulted in examining the formal transfer of high potential local staff (e.g., local or third-country nationals) to the parent company (Barnett & Toyne, 1991; Peterson, et.al, 1996; Schuler, et al, 1993). This results in managers having knowledge of the subsidiary and local culture transferring to the parent country to be immersed into the culture and informal knowledge structures of the parent organization (i.e. an "inpatriate"). Inpatriation is a formalized process of transferring and/or hiring local or TCN managers into the parent organization of an MNC on a semi-permanent to permanent basis (Harvey, 1997a). Inpatriates can provide a unique global frame-of-reference regarding the development of HRM strategy given their intimate knowledge of subsidiary operations, markets, and culture while at the same time having been socialized into the culture of the parent organization (Harvey & Buckley, 1997). Recent surveys of Fortune 100 companies suggest that US-based organizations are increasingly using inpatriates in their operations (Solomon, 1995a, 1995b).

Each of the three SIHRM generic orientations – exportive, adaptive, and integrative – can be employed within an MNC for managing global business operations to complement a MNCs corporate strategy. The exportive strategy (i.e., expatriation) has received the majority of research attention because of its long history of practice and is explored in more detail in the following section to obtain better insights into SIHRM issues.

Assessment of the Exportive (Expatriate-focused) Orientation to SIHRM

Historically, expatriates have typically been the preferred choice in staffing strategy for overseas assignments in the United States-based MNCs because of their advanced technical/business skills, experience, and informal knowledge in working within the parent organization (Black, et. al., 1992; Marquardt & Engel, 1993; Dowling, Schuler & Welch, 1999). It appears that the primary organizational appeal of selecting expatriates has been in the parent organization's ability effectively exert control through expatriate assignments (Adler & Ohadar, 1990; Beamish & Inkpen, 1998; Birdseye & Hill, 1995; Black, et. al., 1992; Edstrom & Galbraith, 1977; Feldman & Thompson, 1993; Schuler, et. al, 1993; Tung, 1993). However, there is ample evidence that expatriate managers experience a high rate of failure related to difficulties in adjusting and managing across cultural settings (Birdseye & Hill, 1995, Black, Mendenhall, & Oddou, 1991).

In the United States, the failure rate of expatriates has been estimated as between 20-40 percent (Mendenhall, Dunbar & Oddou, 1987; Dowling, et. al., 1999; Forster, 1997) resulting in significant direct(i.e., training, relocation, compensation) and indirect costs (i.e., reduced service to customers, strained relations with home country networks, damage to the expatriate's career) (Tung, 1987; Webb & Wright, 1996). Numerous reasons have been advanced for the high failure rate of expatriates including lack of training, inadequate selection criteria, ineffective compensation programs, ineffective leadership, and family adjustment issues (Harvey, 1985; De Cieri, Dowling & Taylor, 1991; Dowling, et. al, 1999).

In addition to increasing the rate of expatriation failure, family-related issues create an additional problem for HRM managers - expatriation assignments are increasingly refused with an estimated 25 percent of the top candidates turning down offers for overseas relocation assignments (Noe & Barber, 1993; Global, 1996). A primary driver of this increased refusal rate is the growing number of dual-career couples (Harvey, 1997b).

Drivers of Change in International Business

While expatriation refusal rates have been increasing, there appears to be a growing need for overseas managers in emerging markets throughout the world (Expatriate, 1997). Given the significant forecasted population increases in developing countries, it is not surprising that new, untapped markets will emerge and increase the importance/necessity of operating globally (World Population Prospects, 1995; World Resources, 1996). Therefore, the growing international market opportunities is also likely to escalate the movement towards a global internationalization strategy for many organizations. This escalation has resulted in an increasing number of calls for the development of multicultural management teams to increase management effectiveness within global firms (Geletkanycz, 1997; Rowe & Wright, 1997; Wright, Smart, & McMahan, 1992).

The difficulties of managing operations in many of these emerging markets countries (eg., China, Russia, India, Indonesia, Thailand, Malaysia, Turkey, Philippines, several Eastern European countries) relate to less-developed economic infrastructures, significant cultural distance from existing operations, higher personal risk (social, legal, political, safety, medical), and increased business complexity. These factors make managing the subsidiary more difficult for "an outsider" to comprehend and are likely to be viewed as less desirable management positions. Furthermore, the greater the economic, legal and cultural distance, the more likely the expatriate and his/her family will have difficulty in acclimating to the new environment (Feldman & Thompson, 1993) accentuating expatriation failure rates (Webb and Wright, 1996). Given these trends (e.g., developing markets, growing emphasis of global strategies, multicultural management teams) what are the most appropriate alternatives for selecting subsidiary managers in the global marketplace?

Theoretical Grounding of SIHRM Staffing

SIHRM staffing research has tended toward an acceptance of expatriation as the dominant corporate international human resource strategy utilized by United States-based MNCs (Mayerhofer & Brewster, 1996). Given the increasing importance of markets in developing countries, expatriation failure/refusal rates, and the strategic need for multicultural management teams, it is important to reexamine the effectiveness of existing candidate pools across existing environmental contexts. However, it is critical that this examination has both intuitive and theoretical appeal. A theoretical approach to SIHRM issues is particularly relevant in view of Bacharach's (1989) recommendation that a theoretical foundation is needed in the areas of HRM and strategy. Therefore, we examine international subsidiary management selection from an agency theory perspective.

Agency theory focuses on problems that arise when principals delegate tasks to agents because the principals have neither the time and/or the ability to complete the tasks themselves (Jensen & Meckling, 1976; Eisenhardt, 1988). Agency problems occur when the agent acts in a manner inconsistent with the best interests of the principal and such problems can be mitigated by exerting monitoring (i.e., behavioral control), incentives (i.e., output control) or socialization into the company (i.e., input control) [Eisenhardt, 1989]. Agency theory has been applied to work domains where tasks are highly unstructured, outcomes are difficult to evaluate, and agents enjoy a great deal of discretion regarding their activities (Eisenhardt, 1988; Tosi & Gomez-Mejia, 1989; Gomez-Mejia & Balkan, 1992). The relationship between a domestic parent and foreign subsidiary is consistent with a principal-agent structure

(Nohria & Goshal, 1994; Roth & O'Donnell, 1996) and therefore, agency theory provides an appropriate backdrop for examining SIHRM selection as a remedy for the agency problems associated with the headquarters subsidiary agency relationship.

Agency theory has been criticized for taking an overly strong efficiency focus (Perrow, 1986; Putterman, 1984) even though its focus is more broadly on assessing contract alternatives (Eisenhardt, 1989; Jensen, 1983). As suggested by the preceding commentary from Roth and O'Donnell (1996), agency theory can also be used to assess a broader array of outcomes. Developing a broader perspective of political and interpersonal attributes is seen as a progression away from efficiency and towards a more balanced set of social, political, or cultural factors that influence the agency relationship (Barringer & Milkovich, 1998; Fligstein & Freeland, 1995). This broader, relational view suggests that utility is created between the principal and agent beyond that of a simple contract. Furthermore, both principal and agent develop expectations regarding future interactions that can facilitate the growth of trust between the principal and the agent (Sappington, 1991).

When viewed from a longitudinal perspective, the agency problem, by definition, is mitigated and a broader use of rewards and outcomes are typically evaluated (Pratt and Zeckhauser, 1985; Tsui, Pearce, Porter, & Tripoli, 1997). However, agency theory, per se, does not incorporate organizational effectiveness issues explicitly into the development of a contract between principal and agent. An alternative perspective that does focus explicitly on effectiveness is resource-based theory (Barney, 1991). Therefore, we develop initial propositions within an agency theory context and then reassess these propositions relative to resource-based theory.

An Agency Theory Perspective

In this article, we focus on the agency relationship between a domestic parent and foreign subsidiary location and the corresponding agency problems that might emerge. The subsidiary manager plays a critical role in managing the agency problem that might exist between a parent and subsidiary (Roth & O'Donnell, 1996) and therefore is the primary control/coordination mechanism examined. The remainder of this section describes which subsidiary manager candidate pool is likely to monitor the subsidiary's behavior and performance most efficiently based on the specific nature of the agency problem between a parent and overseas subsidiary.

Two factors that influence the degree to which there is an agency problem are goal congruence and knowledge symmetry between principal and agent (Eisenhardt, 1985; Jensen & Meckling, 1976; Levinthal, 1988; Nilakant & Rao, 1994; Sharma, 1997) and these two issues have been examined in prior SIHRM research (Roth & O'Donnell, 1996; Sanders & Carpenter, 1998). Specific to SIHRM staffing, these factors are defined as – 1) the degree to which the goals established between the parent and subsidiary location are congruent, thereby increasing the need for coordination between operations (Roth and Ricks, 1994) and 2) the degree to which knowledge symmetry exists between the parent organization and subsidiary operation (Gomez-Mejia & Balkan, 1992).

The degree to which a parent-subsidiary relationship requires goal congruence influences the level of control (Baliga & Jaeger, 1984) and monitoring (Nilakant & Rao, 1990) required and ultimately the human resource strategy implemented (Hannon, Juang, & Jaw, 1995). When there is a low level of goal congruence required between the parent and subsidiary, the subsidiary typically has a great deal of strategic autonomy regarding operating decisions within the subsidiary (Roth & O'Donnell, 1996; Nohria & Ghoshal, 1994; Roth & O'Donnell, 1996; Wright & McMahan, 1992). In these situations, the parent organization is most concerned with the monitoring of activity with some emphasis on control should the subsidiary deviate significantly from the overarching goals of the organization. For example, the subsidiary may take its authority too far in supplying local customers resulting in insufficient slack within the subsidiary to pursue more global organizational goals (Birkinshaw & Fry, 1998; Roth & Ricks, 1994).

In situations where there is the parent-subsidiary relationship requires high degrees of goal congruence (i.e., coordination), the principal must rely on more complex methods of control than simply monitoring and social control increases in importance as a mechanism for managing the relationship (Eisenhardt, 1985; Ouchi, 1979). The integration of social control into parent-subsidiary relationships has been explicitly recommended (Nohria & Ghoshal, 1994; Huault, 1996, Roth & O'Donnell, 1996; Roth & Nigh, 1992) and is seen as an integrative tool to bridge the complexity inherent in the global environment (Huault, 1996).

A critical aspect of social control is the development of trust between the parent and subsidiary (Nohria & Uhoshal, 1994) where the subsidiary manager acts as an intermediary on behalf of both operations. It is incumbent on the subsidiary manager to bridge the social and physical distance inherent in a parent/subsidiary relationship. A subsidiary manager who has been embedded in the fabric of both operations is more likely to gain the trust needed to bridge the existing distance (Shapiro, 1987). Therefore, the importance of developing and being able to trust potential subsidiary managers is accentuated when goal congruence is high thereby increasing the desirability of expatriates and inpatriates with whom ongoing embedded relationships have been established. Given the choice, agency problems can be reduced with those individuals of known reputation with whom the organization has had past dealings (Shapiro, 1987).

This trust also extends into future expectations and dealings as the firm extends consideration into the employee's well being as an investment into the employees' career with the firm (Tsui, et. al., 1997).

The second factor influencing the degree to which an agency problem exists between parent and subsidiary is related to the degree to which there is knowledge symmetry between the two entities. Knowledge symmetry exists when the principal clearly knows what the agent does and perhaps more importantly, knows how the agent performs its tasks (Sharma, 1997). Knowledge symmetry can be divided into two types, knowledge symmetry related to: 1) a common understanding of the task effort/outcome relationship and 2) the commonality in cultural, political, and economic knowledge (Roth & O'Donnell, 1996).

With respect to task effort/outcome symmetry, there is greater knowledge symmetry when there is very little difference in the information needed/available between a parent and subsidiary location for managing operations and assessing performance (Roth & O'Donnell, 1996: Sanders & Carpenter, 1998). Asymmetric task effort/outcome situations are likely to occur when: 1) when a subsidiary is given or requires increased strategic autonomy (Rajagopolan & Finkelstein, 1992; Birkinshaw & Fry, 1998) and 2) a significant cultural and/or economic distance exists between the headquarters and the subsidiary (Roth & O'Donnell, 1996) resulting in an elevated need for social knowledge (i.e., knowing how to conduct business in a unique economic, social, and political environment) for conducting business in a given culture.

Although cultural symmetry can directly influence task effort/outcome symmetry, differences in cultural knowledge can also exacerbate the agency problem directly. Cultural distance is determined by the degree to which there are differences in the cultural characteristics between the headquarters and subsidiary organizations/markets (Erez & Earley, 1993; Roth & O'Donnell, 1996). From the inception of a corporate internationalization strategy, locating subsidiary operations outside of home markets has tended towards expansion into existing developed markets often resulting in locating subsidiaries into countries that have similar cultural/economic/legal attributes as the parent organization. As populations in developing countries increase and new market opportunities emerge, corporations will gravitate to these new markets increasing the cultural distance between the parent and emerging subsidiary locations substantially. As cultural distance increases, the knowledge asymmetry associated with the operations, markets, personnel, etc. increases (Gomez-Mejia & Balkin, 1992; Janssens, 1994) resulting in greater reliance on the knowledge of overseas subsidiary managers' local social knowledge (Thomas, 1994). This reliance places increased importance on input control processes (i.e., emphasizing the need to select appropriate managers for foreign subsidiary assignments) and socialization of these managers into corporate (Roth & O'Donnell, 1996).

For example, communication problems can often occur when there is cultural asymmetry resulting in an atmosphere of frustration and mistrust between managers at the headquarters of foreign subsidiaries (Hitt, Tyler, Hardee, & Park, 1997). When this occurs, the parent organization is more likely to focus on a strong formal subsidiary control orientation ensuring that the subsidiary manager will respond appropriately to parent company directives. Another component of cultural symmetry stems from the degree to which there is economic and/or political stability within the country housing the subsidiary operation (Gencturk & Aulakh, 1995). Existing evidence indicates that the very nature of the economic, social, and political environment as well as the difference between a known environment and the one where a manager will be located can exacerbate the agency problem (Hitt, Hoskinsson, & Ireland, 1994; Nohria & Ghoshal, 1994) and influence human resource decisions. From an agency perspective, when the economic, social, and political environment is not clearly understood or unpredictable, risk should be shifted away from the principal (Gencturk & Aulakh, 1995) by putting a manager in place who has social knowledge of the environment. By shifting the risk to a manager who has social knowledge of the environment and thus enhanced skill level raises the accountability the principal can place on the manager for the ensuing outcomes and results in more efficient and effective monitoring (Kowtha, 1997).

The different stages of internationalization involve very different strategies and relationships between the headquarters and subsidiary operations (Roth, et. al., 1991) and influence the acquisition and selection of specific human resource skills (Adler & Ghadar, 1989; Delery & Doty, 1996; Martinez & Jarillo, 1989; Milliman, et. al., 1991; Roth, et. al., 1991; Schuler et.al., 1993; Snell, 1992; Welch, 1994; Wright, et. al., 1995). A primary component of this difference is the degree to which there is interdependence and goal congruence between the parent and subsidiary. It is believed that the degree to which there is goal congruence is the primary factor influencing the degree of control delegated to the subsidiary and the resulting types of controls, including the subsidiary manager, who monitor, control, and coordinate subsidiary activities (Baliga & Jaeger, 1984). Therefore, it is important to understand the manner in which the stage of internationalization in conjunction with the degree of knowledge symmetry (i.e., task/effort outcome and cultural symmetry) and goal congruence between the headquarters and specific subsidiary result in differences in the magnitude of the agency problem (Roth & Ricks, 1994) resulting in preferences for different subsidiary manager candidate pool.

Although four stages of internationalization have been identified (e.g., Adler & Ghadar, 1989), the domestic and international approach involve limited investment in overseas subsidiary operations. Therefore, the remainder of this paper focuses on differences between the multinational and global stages. We are also limiting the development of the following propositions to parent countries located in developed countries. Although this reduces the generalizability of the discussion, corporate internationalization is primarily a phenomenon in which parent countries in developed countries extend their reach to subsidiaries in other overseas locations. Finally, we assume that there are limited numbers of potential candidates in any one of the candidate pools (Stroh & Caligiuri, 1998; Welch, 1994). We feel that this is an important assumption when assessing two or more pools of candidates that might be "equally appropriate" to consider for selection. There may be circumstances where, although both pools result in equivalent preferences for a specific subsidiary, the entire network of subsidiaries would be better served by focusing on one candidate pool over the other given the limited number of overseas managers resources available to the organization. The preferred selection of managers for the circumstances identified is presented in Exhibit 1.

Exhibit 1: Candidate Pool Preferences Based on Agency Theory Predictions Regarding Parent-Subsidiary Relationship

	Symmetry in Social Knowledge Derived from A and B			
	A) Task Behavior/Outcome Symmetry			
HQ/Subsidiary Goal Congruence	**Low**		**High**	
	B) Cultural Symmetry		B) Cultural Symmetry	
	Low	High	Low	High
Low 'Control Orientation'	Inpatriate (P^1)	Expatriate (P^2)	Third Country National (P^3)	Expatriate (P^4)
High 'Integration Orientation'	Inpatriate (P^5)	Expatriate (P^6)	Inpatriate (P^7)	Local National (P^8)

MNC Stage of Internationalization

An multinational stage of internationalization creates a parent-subsidiary relationship that is relatively low in goal congruence as each subsidiary operates relatively independently (Roth, et. al., 1991; Roth & Ricks, l994) In general, the parent company in this stage is guided primarily by a desire to exert control over the subsidiary operation ensuring that the goals of the parent organization take precedence over goals local to the subsidiary (Bartlett & Ghosha 1987; Doz & Prahalad, 1986; Martinez & Jarillo, 1989; Sohn, 1994) resulting, in general, in an exportive (e.g., parent company based decision authority) human resources orientation. A combination of factors including subsidiary location and parent knowledge regarding the subsidiary's task and economic/cultural distance are likely to influence the degree to which different subsidiary manager candidate pools can exert control effectively and therefore, the specific candidate pool which would result in the most efficient control mechanism.

In circumstances where there is low task effort/outcome symmetry between parent and subsidiary, the parent organization is likely to focus on an exportive based orientation. Given the parent's inability to fully assess the how specific decision are implemented and the resulting performance outcomes, there is a strong desire to put in place a manager who can communicate existing activity into the language and frame-of-reference of the parent organization. If cultural symmetry is also low, the parent organization is faced with a difficult challenge: the parent organization neither understands the behavior/outcome relationship nor does the parent organization have fully developed insight into the cultural, political, and economic knowledge needed to facilitate effective behavior. Given the need for formal and informal parent company knowledge, ability to communicate effectively with parent company management, and the need for cultural knowledge specific to the subsidiary location, a subsidiary manager would most appropriately be selected from an inpatriate pool. Existing evidence suggests that low cultural symmetry can impede relationships between the expatriate subsidiary manager and local personnel as well as complicate the decision making context of the local subsidiary (Adler, 1986; Kogut and Singh, 1988).

A secondary argument in favor of the inpatriate candidate pool relates to the motivation (or lack there of) of expatriates. The expatriate candidate pool could provide effective control for this situation of low goal congruence and low behavior/outcome symmetry. Although they may not have the explicit cultural knowledge necessary, managers could be immersed in a cross training program to facilitate some of this development. As noted previously, an implicit notion of agency theory is existing motivation on the part of both the principal and agent to participate in the relationship. Although a subsidiary manager can be "the solution" to an existing agency problem, this manager must also have sufficient personal motivation for filling the role of a manager in an overseas operation. Although many mangers accept and even compete for expatriation assignments with the goal of creating upward mobility after successfully completing the assignment promotion upward through the corporate hierarchy, not all subsidiary assignments are created equal. In addition, there are issues associated with the failure rate of cohorts and how a similar overseas failure might impact a manager's career path.

A potential expatriate may have limited motivation to accept an assignment where there is a significant cultural asymmetry between the expatriate's cultural knowledge and that needed for the assignment. Although positive career incentives exist, the hardship on a family may be untenable. Language barriers, consequential cultural differences, and educational and safety concerns are likely to make a family move difficult, if not impossible. Parent organizations may target single assignees or married assignees without children; however, this reduces the possible expatriate pool significantly and adds additional cost to the search/selection process. Additionally, the cultural barriers make expatriation success far more difficult in these environments and are likely to result in an assignment with less overall appeal. Therefore:

P_1: When in an multinational stage of internationalization and effort/outcome symmetry and cultural symmetry are low between the parent and subsidiary, selection of overseas subsidiary managers should be from an inpatriate pool.

In circumstances where behavior/outcome symmetry is low and cultural symmetry is high the need for explicit cultural, political, economic, and social knowledge regarding the subsidiary location is significantly reduced. The parent organization could continue to take a strong control orientation given the ambiguous understanding of behavior/outcome decisions necessitating the selection of a manager with strong parent company knowledge. This concern primarily for control encourages the parent organization to select overseas managers that are most likely to make decisions in the best interest of the parent organization and can most effectively integrate the subsidiary operations into the parent "way of thinking". These candidates are most likely to be selected from an expatriate pool (Dowling, et. al., 1994) as they have a better understanding of overall corporate priorities, easier acceptance of parent-based rules and norms, and a perceived greater commitment to overall organizational goals (Doz & Prahald, 1986; Kobrin, 1988). Furthermore, host-country nationals and third-country nationals do not have existing informal relationships with parent organization management and are less likely to communicate problems or make significant changes on behalf of the parent organization (Marquardt & Engel, 1993). Given the frequent use of overseas assignments as a developmental prerequisite for executive management team consideration (Marguardt & Engel, 1993), managers from an expatriate pool are likely to have sufficient motivation to accept the position.

P_2: When in an multinational stage of internationalization and effort/outcome symmetry is low and cultural symmetry is high between the parent and subsidiary, selection of overseas subsidiary managers should be from an expatriate pool.

When the principal-agent relationship is comprised of high task behavior/outcome symmetry and low cultural symmetry, the parent organization can exert control by assessing the performance outcomes of the subsidiary. Local nationals would likely not be given consideration for this position given the existing low goal congruence and corresponding need for control – something that local nationals are particularly unlikely to provide (Palich, Hom, & Griffeth, 1995). Given the low cultural symmetry, it would be difficult for an expatriate to effectively manage the local environment minimizing this pool of candidates' management effectiveness.

The TCN (Kobrin, 1988; Tung and Hav 1996) and inpatriate candidate pools would both have the potential for sufficient cultural knowledge to manage the subsidiary. Although an inpatriate could be selected for this assignment, this manager's knowledge and communication effectiveness with the parent organization is not needed given the existing high behavior/outcome symmetry between the parent and subsidiary. Having this additional skill set is by no means negative, however, the overall cost associated with inpatriates (e.g., socialization into the parent organization, training, etc.) may result in higher costs than that of TCNs minimizing their selection appeal. In addition, there will likely be situations in which the inpatriate pool provides clear advantages over the alternatives and from an overall organizational resource standpoint, it might be valuable to reserve the use of inpatriates for those subsidiary assignments.

Selecting a subsidiary manager from a TCN pool appears to represent an efficient solution to the existing agency problem. This candidate pool is particularly effective when the control needs of the subsidiary involves difficult restructuring and/or layoffs where there is value in the subsidiary manager not having a direct association with the parent company or where the conflict cannot be resolved effectively and/or impartially by either local nationals or expatriates (Moynihan, 1993). Given the existing task behavior/outcome symmetry, the parent company can construct an incentive contract that ensures the third country national sufficient compensation for complying with its desires and explains why TCNs are often thought of as hired guns.

P_3: When in an multinational stage of internationalization and effort/outcome symmetry is high and cultural symmetry is low between the parent and subsidiary, selection of overseas subsidiary managers should be from a third country national pool.

The final set of circumstances for an multinational organization involves low goal congruence and high knowledge symmetry (both task behavior/outcome and culture). In this situation, the parent organization can focus on its primary goal of control suggesting a exportive-based orientation resulting in selection from either an inpatriate or expatriate candidate pool. Although an inpatriate would be able to implement and enforce the desires of the parent organization, this manager would have a wealth of valuable cultural knowledge that would likely not be used during this assignment. Therefore, from an overall staffing system perspective, it would be more efficient for the parent company to select a subsidiary manager from an expatriate pool in these circumstances leaving the pool of inpatriate managers for assignments where low cultural symmetry exists. Therefore:

P_4: When in an multinational stage of internationalization and effort/outcome symmetry and cultural symmetry are high between the parent and subsidiary, selection of overseas subsidiary managers should be from an expatriate.

Global Stage of Internationalization

When an organization attempts to create a global strategy, balancing the needs of global rationalization (e.g., subsidiary is a single part of a worldwide system) and lateral centralization (e.g., subsidiary has world-wide responsibility for a specific product or product line) becomes paramount (Ghoshal & Bartlett, 1990, 1997; Roth & O'Donnell, 1996). Therefore, the subsidiary operations focuses on two primary, and potentially conflicting interests – the subsidiary's role in the network and the local customization issues that might influence the product/service and/or the manner in which it is produced/distributed. Balancing these potentially conflicting goals necessitates a heavy emphasis on goal congruency between the parent and subsidiary locations. Therefore, the parent organization focuses less on exerting controls but on integrating activities between operations (Marinez & Jarmillo, 1989) with the subsidiary manager position taking a prominent role in this integrative activity.

Implementing a corporate global internationalization strategy creates a more critical need for both gathering and acting on the contextual information associated with each subsidiary operation (Roth & Ricks, 1994). This increases the complexity associated with the subsidiary manager position and results in a human resource challenge to find and develop managers who can think and act across national and subsidiary boundaries (Welch, 1994; Sanders & Carpenter, 1998). This added complexity increases the principal's ambiguity regarding cause and effect relationships (Sanders & Carpenter, 1998) resulting on a heavier reliance of input control/socialization governance. This results in greater information gathering from customers, suppliers, governmental regulatory bodies as well as environmental scanning regarding competitive activity (Roth & Ricks, 1994). Although parent/subsidiary relationships with high cultural distance provide a set of difficulties across all stages of involvement, these difficulties are exacerbated given the additional information needs of the organization employing a global strategic focus.

When following a global stage, successful organizations will develop global corporate cultures that explicitly recognize and develop cultural diversity and its corresponding influence on the organization (Adler & Ghadar, 1989). Therefore, in the global stage, subsidiary managers must be multilingual and culturally sensitive to differentiated market segments (Adler & Ghadar, 1989). In other words, these managers, in general, must fulfill an integrative orientation (Taylor, et. al., 1996) requiring the simultaneous management of parent concerns while addressing world-wide activities (Welch, 1994).

In circumstances where there is low overall symmetry (e.g, both behavior/outcome and culture), the parent organization should focus on an integrative SIHRM orientation to facilitate information sharing between organizations and ultimately reduce the existing knowledge asymmetries among subsidiaries and between the domestic organization and foreign subsidiaries. Mechanistic control structures are likely to rapidly deteriorate in situations of low knowledge symmetry and high goal congruence (Coff, 1997). Therefore, a heavy reliance on social control (Ouchi, 1979) should help to minimize the agency problem given the difficulty with explicit monitoring and the necessity to better manage social complexity (Coff, 1997).

In this situation, the parent company would likely be guided by both a desire to better integrate its diverse global operations while at the same time being highly responsive to the marketplace. Because of the low knowledge symmetry between the subsidiary and parent, it is critical to select an overseas manager who can report back to the parent organization the nuances and differences in the two locations while at the same time having the information and social knowledge to communicate with locals in the subsidiary location. This duality calls for an integrative SIHRS orientation resulting in a preferred selection of inpatriates for these assignments (Harvey, 1997a; Harvey, Speier, & Novicevic, 1999).

P_5: When in a global stage of internationalization and effort/outcome symmetry and cultural symmetry are low between the parent and subsidiary, selection of overseas subsidiary managers should be from an inpatriate pool.

A second set of circumstances involves situations with low behavior/outcome symmetry yet there is high cultural symmetry between the parent and subsidiary. As before, a primary driver of integration will be the subsidiary manager's ability to communicate both formal and informal knowledge effectively between the operations resulting in preferential staffing from either expatriate or inpatriate candidate pools. Although managers from both pools have the requisite characteristics to manage the complexity of the subsidiary location, expatriates may well result in more efficient selection. First, the cultural knowledge of the inpatriate is not likely to be put to effective use in these situations suggesting an overall sub-optimization of staffing resources given the likely low supply/high demand of explicit and implicit cultural knowledge. Secondly, expatriates are likely to have significant motivation to accept the assignment given the low language barriers sufficient educational opportunities for children, and the absence of amenities that the expatriate and his/her family expect to maintain their standard of living. Therefore, a potential expatriate who is interested in a successful long-range career path within the parent organization is likely to perceive an overseas assignment in a country with minimal cultural distance as appealing with attainable acculturation risks.

P_6: When in a global stage of internationalization and effort/outcome symmetry is low and cultural symmetry is high between the parent and subsidiary, selection of overseas subsidiary managers should be from an expatriate pool.

Global organizations having high task behavior/outcome symmetry yet having low cultural symmetry are likely to select subsidiary managers from an inpatriate candidate pool. Inpatriates can bridge the low cultural symmetry between the operations given their intimate familiarity with the culture yet have the parent company credibility to create and strengthen integration opportunities. As the subsidiary operation becomes more tightly intertwined with its other subsidiaries, it may take on a role of lateral centralization within the network of operations, decreasing the cultural symmetry to even a greater extent. The parent organization would likely select an overseas manager from a candidate pool who can facilitate integration while at the same time, have an understanding of the local cultural/business/government surroundings.

P_7: When in a global stage of internationalization and effort/outcome symmetry is high and cultural symmetry is low between the parent and subsidiary, selection of overseas subsidiary managers should be from an inpatriate pool.

The final principal-agent relationship exists in circumstances when there is high knowledge symmetry (e.g., both behavior/outcome and culture) and high goal congruence. Given the existing goal congruency, specific goals can be clearly established and communicated from the parent to the subsidiary resulting in shared understanding. Similarly, the parent organization can assess the actions and outcomes of the subsidiary location because of the common set of knowledge/information shared between the two organizations. Given the ease of monitoring, the parent location can form the most efficient contract by focusing on the least expensive candidate pool available – relying heavily on local nationals (Heenan & Perimutter, 1979; Schuler, et. al., 1993; Taylor et. al., 1996).

P_8: When in a global stage of internationalization and effort/outcome symmetry and cultural symmetry are high between the parent and subsidiary, selection of overseas subsidiary managers should be from a local national pool.

Managerial Implications for Staffing Global Subsidiaries

Given the dearth of information on the inpatriation of foreign managers into the home organization, an plan designed to address the issues associated with the inpatriation process is articulated to assist practicing managers in implementing a program to staff subsidiaries. We suggest the following steps be taken in designing a proactive program.

Step One: Inpatriate Orientation Assessment. One of the most critical aspects of any inpatriation program is to determine the degree of difference among the incoming managers. The degree of heterogeneity among inpatriate managers can have an impact on the type of training and organizational support necessary. Two indicators of the relative level of adjustment for inpatriate managers would be the differences between their home country environment and the United States as well as the magnitude of difference in the organizational environment between the two operating units.

The country-of-origin of the inpatriate manager will provide a cue as to the social, cultural, and economic differences the manager will experience upon arriving in the United States. To adequately respond to these differences, the MNC must assess the magnitude of expected adjustment of each manager; therefore, some type of classification scheme needs to be developed to differentiate the necessary training and support for each inpatriate manager. This may be as simple as an individual skill analysis – as long as those issues discussed earlier are included in the necessary skill set.

The external environment categories could be based upon Hofstede's classification of culture. His indicators were: social orientation, power orientation, uncertainty orientation, and more recently, he had added time orientation. By using these variables as cultural indicators, he classified countries into distinct cultural categories. This analysis does not imply that countries in the same category are the same, but rather have greater similarity to countries in the category than between categories. The greater the cultural distance from the United States, the more difficulty the inpatriate manager may experience in adjustment. It would also be logical to expect a longer adjustment cycle and additional support from the MNC once relocated domestically.

The "fit" between the two organizational cultures becomes an indicator of the adjustment problems inpatriate managers will experience. The greater the similarity of the two cultures and human resource policies, the less traumatic the adjustment process for inpatriate managers. The more familiar the corporate setting, the less stressful the adjustment process and the less likely that there will be spillover into an inpatriate's private life. The internal cultural distance that the inpatriate manager experiences relate to the level of sophistication or development of the inpatriate's own organization to that of the domestic organization. The degree of control or involvement of the MNC in the foreign operation can be used as a quasi indicator of cultural "fit."

Step Two: Assessment of External/Community Support. The external/community environment can directly impact inpatriate adjustment. The "sophistication" of the community can influence the degree of acceptance of "foreigners." The social environment relative to newcomers can influence the trailing spouse's acceptance of the transfer and thereby the level of stress in the inpatriate family unit. If the inpatriate family unit is accepted into the community, all family members can better handle the transition. On the other hand, if the inpatriate family is isolated and cutoff from a social support network, the stress within the family unit will grow and compound the inpatriate manager's stress on the job.

The level and composition of the minority community within the community may also be used to gauge the ability of the inpatriate's family to assimilate into the social setting or community as a whole. While social support can come from representatives and families of the MNC, the more natural the affiliations are, the more likely they will be lasting ones. Frequently, when a newcomer enters a new community there is an initial flurry of support activity that quickly dwindles. Without a more natural set of companions, i.e., others who were originally "foreign" to the community, lasting community support will be lacking.

Two critical elements that need to be assessed prior to transferring inpatriates into the domestic organization are the educational and religious options in the community. Ignoring the most fundamental social support mechanisms, the probability of success of the transfer is diminished. If the community does not have the facility to undertake bicultural/language education for school age children, serious consideration of relocating the inpatriate to a more accommodating community must be examined.

This stage of the inpatriate program requires a clinical, unbiased assessment of the external support systems in the community. The social, religious, educational, and cultural needs of the inpatriate and the family unit must be met. Without this external support, the inpatriate program may fail or face more difficulties.

Step Three: Establishing a Formal Inpatriate Monitoring Process. Given the potential level of stress for both the inpatriate and family members during a transfer to the United States, we recommend a formal, ongoing assessment of the manager and family. The stressors commonly associated with inpatriate relocation are: 1) loss of close relationships in both family and work situations; 2) adaptation to both internal and external environments; 3) problems associated with establishing a new residence; 4) an altered financial state, e.g., higher cost of living or immediate loss of spouse's income; 5) pressure by family members who are experiencing difficulty in adjusting; and

6) pressure to succeed in a new position without the traditional support levels.

High levels of stress are associated with low job satisfaction, family-work conflict, lower on-job productivity, and lower physical and mental well-being of both inpatriate and family. A systematic measurement and longitudinal monitoring of the inpatriate managers stress level must be conducted and a benchmarking of stress levels by cultural background must be established. Similar stress assessments should be conducted with family members due to the spillover of stress into the work environment.

Step Four: Establishing or Training and Development Programs for the Inpatriate Manager. Each inpatriate manager should undergo an assessment regarding his or her training and business experience. An ongoing, broadening educational plan should be designed for each inpatriate based on this deficiency assessment. The base of this business training can take the form of formal educational opportunities, e.g., in-house training programs, short courses, and university extension educational programs. The inpatriate manager could be "exposed" to the business culture by observing business decision being made at higher levels in the organization. By taking on the observer's role, the inpatriate would not be expected to contribute to the decision-making process, but to learn how organizational culture influences the process.

Training beyond formal courses could include short-term assignments to other locations in the United States. These assignments could be designed to expose the inpaulate manager to differences in the operation of the company in the domestic market. The inpatriate manager could also return to their country-of-origin for task specific purposes to test newly learned skills and to be a project manager for some specific problem in the home country. A benefit of periodically returning home is to allow the inpatriate to maintain professional relations with managers in the home country. The successful inpatriate manager can be helpful in recruiting additional managers to inpatriate to the United States.

The inpatriate manager and family should also be provided with professional counseling to facilitate adjustment. The stress management and cultural adaptation counseling could provide the final assistance to insure a successful inpatriation process. Once it is felt that the inpatriate manager and family have made a successful adjustment, they can be enlisted to assist in modifying the program to improve the process. The inpatriate managers can also be used as nurturers and mentors for new inpatriate managers, particularly when they are from the same cultural cluster.

Step Five: Measuring the Impact of the Inpatriate Program. Due to the relative newness of creating a multicultural corporate environment, the inpatriation program impact needs to be assessed. The measurement of success of the inpatriate program will be difficult due to the long-term nature of the project, i.e., to stabilize the corporate culture and implement successful global core competencies. Nonetheless, the inpatriation program must be analyzed for its contribution to providing a unique perspective on the MNC's global strategies and ultimate development of a global core competency.

One problem that needs to be addressed is whether the inpatriate manager can maintain a global perspective in a domestic organizational setting. If taken to its logical conclusion, a very successful adjustment training program for inpatriate managers might westernize them to a point where their value is diminished in building a multicultural environment. This would defeat the goal of inpatriation diversifying the core competency of an organization. Inpatriation is not synonymous with acculturation. Organizations need those managers who are able to expose and synthesize the benefits of different cultures for the purpose of facilitating management appropriate in a global environment. To successfully compete in the global market place, MNCs have to augment their existing domestic management perspective. Without the globalization of an MNC's core competency, organizations will not be adequately prepared to take on their global competitors who are multicultural. A generic core competency will not successfully differentiate the MNC. A fast, cost effective means to develop a global core competency is to inpatriate managers to the domestic organization. MNCs that develop successful inpatriation problems, can reap significant rewards – the strategic ability to differentiate their organization in a global context with a truly "globalized" work force. Inpatriate training will be essential for any organization seeking to maximize opportunities for success in the global environment.

Conclusions

As the management of operations evolve and take on a more global perspective, the primary staffing goals involve increasing systems coordination while facilitating local flexibility and adaptation the local level (Adler & Ghadar, 1989). Specific to a HRM perspective, a cross-cultural management team needs to be developed to effectively manage in a truly global context (Wiersema & Bentel, 1992). Therefore, a parent organization operating with a global strategy may not use a vigorous/explicit control orientation created by the drop-in/pull-out expatriate "paratrooper" used by many MNCs. Instead, SIHRM staffing requires the selection of overseas managers from candidate pools that will exchange information between subsidiary locations and the parent organization in a highly effective and actionable manner.

In conclusion, there is ample support for the notion that current SIHRM staffing selection practices as well as integrated systems designed for specific candidate pools are not fully articulated to allow organizations to move to a global competitive stature. This observation is particularly valid of the necessary modifications in globalization of business and new market opportunities in culturally distant countries. This manuscript focuses explicit attention on developing a broader, more strategic approach to overseas subsidiary management staffing than has been examined previously. Based on this discussion, future research endeavors may want to focus on 1) creating SIHRM systems that are appropriate for the highly varying needs of the subsidiary manager candidate pools identified; and 2) formalizing the development of an inpatriate manager candidate pool enabling an organization to take a proactive step in managing the SIHRM staffing needs. This paper provided a broader perspective on global staffing and therefore identifies a set of research issues assessing the policies and practices needed for the effective and feasible recruiting, selection, development, and retention global subsidiary personnel.

Footnotes

[1] In addition to organizational strategy, other factors, including industry (Huselid 1995; Roth & Ricks, 1994; Welch, 1994) and internationalization experience (Qenctork & Aulakh, 1995) have also been demonstrated to influence human resource needs. Although these factors may have a direct influence on human resource management, much of the influence of these exogenous factors would occur indirectly through the organization's strategy to internationalization (Jackson & schuler, 1995; Makhija, Kim & Williamson, 1997). These factors are not investigated in this paper but we do believe that industry and experience in internationalization can facilitate or impede the development of a more mature strategy to internationalization.

[2] The three strategies have been given different labels by different authors. As noted in the Taylor et. al. 1996 manuscript, the concepts espoused are comparable. We have chosen to use adaptive, exportive, and integrative and note in the text their relationships with prior research.

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