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A human resources model for excellence in global organization performance

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Abstract
Reviews a number of models, discussing the strengths and the weaknesses of each. In every case, the contribution to global competitiveness is highlighted, so that piece by piece, a comprehensive outline of current knowledge is developed. Based on this comprehensive background, a new model is proposed. As the authors have benefited from the work of many other scholars and practitioners, the “individually-focused model” is a pragmatic tool that can be used by the practising manager.

A global organization depends on people who are willing to take personal initiative and to co-operate with one another, who have self-confidence and a commitment to the company, and who are able to execute relatively routine tasks with the same proficiency as they are willing to learn new skills and ways to take the company to the next stages of ambition” (Bartlett and Ghoshal, 1995, p. 11). The globalization of an organization, therefore, embraces social processes that override the constraints of geography and ethnicity (Levitt, 1983). Its members, no matter where they work, are acculturated to embrace the values and the beliefs of the global organization. This acculturation process is a cognitive event that engages cross-culture interactions to evolve common norms, values, and meanings which provide sustained opportunity for material, political, and symbolic exchange and synergy (Nahavandi and Maleksadeh, 1988).

There are three basic characteristics of the global organization:
1. the scope of the organization is geographically extensive, often involving several regions of the world;
2. there is a global cognitive orientation or a geocentric mindset;
3. global strategy links worldwide contacts to accentuate and to enhance competitive advantage, e.g. “good ideas come from any country to any country” (Heenan and Pelmutter, 1987).

The purpose of this paper is threefold:
1. to discuss present global performance models;
2. to use this knowledge to propose a new model that locates the human resources management (HRM) function within the global organization; and
3. to examine how managers can use the HRM function to enhance global competitiveness.

Strategic profile of the global organization
Mission, and the resulting strategic objectives are the foundation of any global organization. Global missions are concerned with: the best development and growth opportunities; investments with the highest returns at the lowest risks; manufacturing, production and marketing locales that are the most efficient and effective; the most competent and capable technical and personnel capabilities. Objectives operationalize, or provide clear, measurable results with accompanying deadlines and accountability (Moran et al., 1993). The global mission and objectives should generate strategic alternatives, and strategy should help determine the structural characteristics of the organization. The results of this funneling process vary, as there is no universal global strategy or structure. Flexibility underlies successful global strategy (Wortzel, 1991).

The key is to constantly identify and to capitalize on new sources of competitive advantage, and to be faster and more adept at identifying and implementing opportunities for change. Taking advantage of the opportunities requires ... flexible strategy (Wortzel, 1991, p. 366).

Moran et al. (1993), suggest that successful global organizations develop strategies that focus on identifying and on conquering new markets. This generic process involves an identification of the wants and the needs of prospective world clients, and an economic analysis of the prospective world markets and appropriate staffing to achieve the organization’s mission/objectives on foreign turf.

This is done by keeping a tight connection with consumers; developing a worldwide
information and intelligence system; and positioning the organization to satisfy consumer demands (Moran et al., 1993, p. 219). Strategy determines structure, or the linkages between an organization’s operations. Structure, like strategy, needs to be flexible and adaptable to meet global mission and objectives. Capon et al. (1992), have found, however, that structure is a less significant predictor of performance success than the capabilities of personnel and lines of communication and authority.

Further, within the global organization, human resource management (HRM), acts as a control system that ensures acculturation of the organization’s members and directs their behavior toward the accomplishment of organizational mission and objectives (Eneroth and Larsson, 1996). The HRM function consists of “selecting, rewarding, appraising, socializing, and developing individuals to contribute as much as possible to the achievement of organizational goals” (Eneroth and Larsson, 1996, p. 8). Thus, HRM is acknowledged as a critical dimension of global strategy, as global organizations are venturing into a variety of strategy/structure arrangements that require an integrated, strategic utilization of human resources, along with financial support and the application of technology.

There is no commonly-accepted strategy or structure that leads to success on a global scale. In the following section, we describe the current “state-of-the-understanding” of global performance, before adding our own synthesis in the form of what we feel is a more pragmatic global performance model. We use the term “global” as our model builds on the literature and the practice of global management.

### Global organization performance models as they relate to managing the human resource

Several performance models have been developed, all emphasizing different elements of the organization. They range from the abstract to the concrete, dealing mostly with macro-level concepts.

#### The learning systems model

The learning systems model, for example, is a relatively abstract concept, that suggests the organization’s learning orientation or style consists of a common culture and a set of core competencies that endow it with unique competitive qualities. There are also facilitating factors that function synergistically with the organization to enhance its competitive capabilities. Human resource inputs, for example, have an impact on organizational ability, potentially through the creation of flexibility, and thus the maximization of potential capabilities within the global environment. HRM acts as a control system, enhancing this organizational flexibility through the brokering of internal/external human resources.

The learning systems model (Figure 1) recognizes three factors that relate to success:

1. well-developed core competencies that instigate new products and services;
2. an organizational culture that fosters continuous improvement; and
3. the ability to exit outmoded lines and enter new ones, i.e. change (Nevis et al., 1995).

Competitiveness, then, relies on the ability to generate and to articulate new knowledge. This concept becomes critical to success when global organizations shift away from a dependency on low-cost labor and seek relationships with countries where there are educated and technically-competent individuals.

#### The task model

The task model divides organizational tasks into operational and strategic categories. The crux of this approach is that employees are a strategic resource that need to be developed for either operational, or strategic roles within the organization. That is, there needs to be sufficient human resources available to meet the demands of the organization’s operating needs, as well as for strategic development. Flexibility surfaces again as part of the model, as in an ideal world, while human resource transfer may appear to be easy, people cannot be managed mechanistically. This caution holds especially true for the global organization, where human resource transfer extends to culture re-orientation within the workplace and across geographic, cultural, political and linguistic boundaries. Thus, cross-cultural training and in-career development strategies must be designed to avoid potential misplacement of people (Shaughnessy, 1995).

Successful human resource transferability depends on good internal and external fit (Figure 2). Internal fit refers to the match between individual’s skills strengths and weaknesses and the unique demands of a task. External fit deals with the match between the demands of the geographic locale and the cultural sensitivity of the individual (Black et al., 1992).
The capabilities model

The capabilities model extends the concept of core competencies, by utilizing the fit between an employee and a particular capability (Stalk et al., 1992). A capability is defined as a set, or a complex string of business processes that deliver value to clients in a unique way. The uniqueness of a capability makes the product more difficult to duplicate than, for example, core competencies.

Capabilities-based companies have been very successful at transferring their critical business processes to new geographic locations and to new business ventures (Stalk et al., 1992). While the transfer of core competencies is a piecemeal approach that requires intensive coordination of people, when using the capabilities approach, employees are trained to utilize process(es), so it is easier to match employees’ (internal/external fit) to global needs. As well, capabilities encompass an entire value chain, so the degree of toughness or novelty that may challenge organizational members working abroad, can be readily assessed (Figure 3). The HRM function serves as a control mechanism for this assessment process, in order to formally and informally disseminate information and to encourage co-ordination.

The core/flexible ring model

The core/flexible ring model was designed to deal with contingent workers in uncertain business environments, but it adapts well to the global HR issues raised so far (DeLuca, 1988). DeLuca’s model consists of a core of permanent employees and a flexible ring of contingent workers who are available on an as-needed basis. The flexible ring often comprises individuals on limited-term contracts. In a global organization, core employees often are process experts or managers. The flexible ring consists of individuals in other countries who can be trained and retained for short-term needs. Of great importance is the selection and the
development of core and contingent employees, as the purpose and conditions of employment are different for each group. Nevertheless, upholding the mission and meeting organizational objectives are central to the development of an effective work culture.

Similar to the learning systems model, the core/irregular ring model differentiates between primary and supportive functions (Figure 4). Primary processes are vital to the production of outputs, services or products. Supportive processes enhance the efficacy of the primary processes. Determining the nature of the primary and supportive processes, and selecting and developing employees in these roles (as core or flexible workers, respectively), are key HRM responsibilities. Indeed, HR professionals must identify the key skill, knowledge and attitudinal attributes that cut across specific assignments and use this information in the design of training and development programs for both core and contingent employees.

**The behavior engineering model**

Gilbert’s (1978) classic behavior engineering model enables the HR professional to organize and to monitor key human resource attributes of the global organization. The model has three cells that correspond to the workplace environment (information, resources, incentives), and three cells that correspond to employee performance factors (knowledge, capacity, motives). When planning for excellent performance, the focus is on employee factors, but general research has shown that when employees are adequately provided with information, resources and incentives, they are able to perform at exemplary levels.

To engineer excellent performance, Gilbert (1978), Rothwell (1996) and Wright and Geroy (1999), have suggested that most of the change would likely be found in the environment, rather than in the person. Thus, a two-prong approach is needed to engineer “worthy performance” (Figure 5). In essence, the model results in a gap analysis that determines what factors should be changed to reach optimum work results.

**A synthesis**

Thus far, we have encapsulated four models purporting to conceptualize different ways of creating effective global organizational performance. As well, Gilbert’s (1978) classic model (later used by Rothwell, 1996) has been included. We have used the term “global” throughout, as either the creator’s work has been couched in global terms (for example: Black et al., 1992; Moran et al., 1993; or Shaughnessy, 1995), or we have felt, based on our previous experience and research, that the work of others has a global application (see, for example: Bartlett and Goshal, 1995; Heenan and Perlmutter, 1987).

With the exception of Gilbert (1978) and Rothwell (1996) (Figure 5), whose work can be used at any level of abstraction, we argue that Figures 1 through 5, although valuable in an abstract, or theoretical sense, are very difficult to operationalize by the practicing manager. What is needed, therefore, is to create a more practical tool that might influence the global HR function in a pragmatic manner.

**Toward a new model of global competitiveness**

As illustrated by Wright et al., 1996, and discussed further by Geroy et al. (1997), the management of people in an international or cross-cultural context has become an extremely complex activity, that must take into account a wide range of social, economic and technical factors.

We propose, therefore, to begin with Wright and Geroy’s (1999) assertion, that at the most fundamental level, employee effectiveness is built on an applied combination of the social and the physical sciences.

In turn, employee effectiveness leads to global competitiveness. This model (Figure 6) differs from the others, not in intent, but rather in focus, as more inputs (both social and technical) are called into play. As well,
the primary interest is the individual, both the expatriate, and the host country national. It matters not whether the individual has had previous overseas experience, is assigned for a short or a long term, or belongs to a culture that is different from the parent organization's. In fact, Wright and Nasierowski (1995), found that immigrants to North America who return to conduct business in their country of origin, go through the same kind of psychological trauma as first-timers.

Note that all the major concerns of Figures 1 through 5 can be accounted for by using this individually-focused model. Flexibility (Figures 1, 2, 4) results from hiring the right type of person, installing creative reward systems and preparing the individual (cross-cultural training). The idea that operational and strategic tasks (Figure 2) lead to HR transferability would be covered by job design, job analysis, and, again, training. Those latter activities also would support Figure 4’s separation of primary and supportive processes, as would the organizational development technique.

That unique cultural characteristics provide distinctive value to the customer (Figure 3), is a concept supported by virtually all the functions listed under the social science portion of Figure 6. In large measure, success in international business revolves...
around people skills (e.g. building relationships), intellectual skills (flexibility, creativity) and emotional maturity (adaptability and sensitivity). All these characteristics are fostered by Figure 6, in that the extensive checklists developed by Wright et al. (1996) are distilled here into one model. Thus, managers can create unique approaches by utilizing a wide range of social and physical factors.

By combining the best of previous thinking with more recent work (Wright and Geroy, 1999; Wright et al., 1996), and arranging the concepts in a more pragmatic manner, it is felt that HR professionals will be able to make a concrete contribution to global competitiveness. Indeed, this model can act as a framework for the development of measurement systems that highlight the contribution HR professionals make to preparing individuals for successful international careers.

Implications for practicing managers

Models tend to explain reality at a high level of abstraction. In contrast, Figure 6 allows managers to ask specific questions about concrete phenomena, as each of the inputs can require extensive elaborations and program development. Repatriation, for example, is a process generally handled badly. An HR professional can be assigned the task of creating a system that works (complete with measurement criteria), so that valuable talent is not wasted. The same process can be repeated with each of the model’s functions or inputs, in order to develop a more complete package of programs, procedures and instruments, all heading toward increased global competitiveness.

As the HRM function becomes more skilled, (provided there is real support from senior management), the cultural and the career-potential dynamics of accepting an overseas posting are likely to change. In the past, expatriates often were disadvantaged by their absence from the parent organization. More sophisticated (e.g. knowledgeable) management techniques, however, pave the way for cultural change that places value on international experience. Therefore, the most promising employees will wish to participate.

Thus, Figure 6 gives direction. Line managers can become more demanding of
their HRM function or HR professionals. When both line and staff have a common vision, global competitiveness is enhanced.

References

Further reading

Application questions
1 How important are superior HR practices for competitive success?
2 Are there universally applicable success factors for all businesses, or are they situation-specific?
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