Strategic Management of Human Resources in the Multinational Enterprise

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The efficient operation of a multinational enterprise is contingent upon the availability and effective utilization of numerous strategic resources—technology, capital, know-how, and people. It is my contention that human power is a key ingredient to the successful operation of a multinational, without which all the other aforementioned resources could not be effectively and efficiently utilized or transferred from corporate headquarters to the various subsidiaries in the world; hence the need for multinationals to devote greater attention to the strategic management of human resources as part of the overall planning and control process in a firm. This article identifies the most common pitfalls to human resource planning in U.S. multinationals and offers guidelines for the development of a paradigm for the strategic management of human resources in the multinational enterprise.

The focus of strategic management has recently begun to shift from a focus on the effecrive and efficient use of critical strategic resources, such as capital, technology, and know-how, to also include an emphasis on the quality of management (Salter, 1971; Bickford, 1981; Stybel, 1982; Lorange and Murphy, 1983). In the international arena, quality of management seems to be even more critical than in domestic operations. With the increased pressure for global competitiveness, the firm's resources cannot be effectively and efficiently transformed into marketable outputs, or transferred from corporate headquarters to the various subsidiaries in the world without a highly developed pool of managerial and technical talent.

According to a study by Tung (1981), it was found that the incidences where expatriates had to be recalled to corporate headquarters or dismissed from the company because of their inability to perform effectively in a foreign country were numerous. More than half of the firms surveyed (n = 80) had failure rates of between 10 and 20 percent, and some 7 percent of the respondents had recall rates of 30 percent. This is consistent with the findings of Henry (1965) which showed that approximately 30 percent of overseas assignments in U.S. multinationals had been mistakes. These failures are costly to the company, timewise, moneywise, and human resourcewise. Because of their inability to operate effectively abroad, the company's foreign operation may stagnate and lose existing

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market share to its competitors. Given the difficulty of managing multinational enterprises, greater attention needs to be paid to the strategic management of human resources to maximize performance overseas.

This paper examines the most common pitfalls to human resource planning in U.S. multinationals, specifically selection and training of personnel for overseas assignments. In many cases, these pitfalls can be overcome by learning from the human resource management of Japanese multinationals. While there are limitations associated with the Japanese system and some of their practices are inapplicable to the U.S. context, certain policies and principles espoused by Japanese multinationals with regard to human resource planning may provide guidelines for the development of a paradigm for strategic human resource management.

PITFALLS TO HUMAN RESOURCE PLANNING IN U.S. MULTINATIONALS

In general, the human resource planning function in most U.S. multinationals suffers from several major limitations: lesser role of human resource planning in the multinational strategic management; criteria used in selection of personnel for overseas assignments; failure to consider family concerns; lack of adequate training for overseas assignments; duration of overseas assignments; criteria for evaluation of performance; and underutilization of alternative sources of human capital. Each of these pitfalls is discussed below.

(1) Lesser Role Assigned to Human Resource Planning

The human resource management function in most U.S. multinationals is generally relegated a subordinate status *vis-à-vis* marketing, research and development, and corporate planning functions. In many instances, human resource managers are regarded as "glorified file clerks" who simply assist in the hiring function of the organization by screening applicants and handling such mundane tasks as the company's payroll and other employee benefits (Richardson and Ueda, 1981, pp. 10–11). Lorange and Murphy (1983), for instance, found that human resource managers generally play a less active role in the company's overall planning process. Thus, the human resource function is often shortchanged in the company's overall planning process.

(2) Selection Criteria for Overseas Assignments

Most U.S. multinationals use technical competence as the primary criterion for selection in an overseas assignment. This practice stems from two primary reasons: One, the difficulty of identifying and measuring attitudes appropriate for cross-cultural interaction; and two, the self interest of the selectors. Since technical competence almost always prevents immediate failure on the job, particularly in high pressure situations, the selectors play safe by placing a heavy emphasis on technical qualifications and little on the individual's ability to adapt to a foreign environment (Miller, 1972).

There is abundant research to show that while technical competence is the most important factor in the overall determination of success, relational abilities appeared to increase the probability of successful performance considerably (Hays, 1971; Howard, 1974; Tung, 1981). In Tung (1981), lack of relational skills (i.e., the inability of the individual to deal effectively with one's clients, business associates, superiors, peers, and subordinates) was found to be a principal cause for failure. However, the relational skills criterion is seldom emphasized in the selection decision.

(3) Failure to Consider the Family Situation Factor

Another important reason for failure overseas is the family situation factor. This refers to the inability of the expatriate's family to adjust to living and working in a foreign country. While the majority of personnel administrators recognized the importance of this factor to successful performance in an overseas assignment, few firms actually take it into consideration in the selection decision (Borrman, 1968; Harris and Harris, 1972; Hays, 1974; Miller, 1972; Hill, 1977; Tung, 1982). Of the 80 U.S. multinationals surveyed in Tung (1981), only 52 percent and 40 percent of the companies interviewed the spouse as part of the selection procedure for managerial and technically oriented positions, respectively. In the same study, it was found that those U.S. multinationals which conducted interviews with candidate and spouse to determine the person's suitability for an overseas position experienced significantly lower incidences of failure among the expatriates.

Given this finding and the personnel administrators' recognition of the importance of this factor, it is surprising that nearly half of the multinationals surveyed did not consider the family situation in the selection decision.

(4) Lack of Adequate Training for Overseas Assignments

Among the 80 U.S. multinationals surveyed in Tung (1981), only 32 percent of the respondent firms had formalized training programs to prepare candidates for overseas work. Of the firms that sponsored training programs, most used environmental briefing programs only. When used alone, environmental briefings are inadequate for preparing trainees for assignments which require extensive contact with the local community overseas (Textor, 1966; Harrison and Hopkins, 1967; Lynton and Pareek, 1967). In Tung (1982), it was found that the use of more rigorous training programs could significantly improve the expatriate's performance in an overseas environment, thus minimizing the incidences of failure. Given this finding, it appears all the more important for U.S. multinationals to provide more comprehensive training for their expatriates.

(5) Short Duration of Overseas Assignments

On average, the duration of an overseas assignment in a given country for most U.S. multinationals is two to three years. This practice stems from the shorter term orientation of U.S. firms with regard to overall planning and evaluation of performance and the general reluctance of expatriates to serve extended periods of time abroad for fear of being forgotten, and hence passed up for promotion in the corporate organizational hierarchy. This latter fear is justified to a large extent because of the revolving door policy at top-management level in U.S. corporations—an expatriate who has been abroad for an extended number of years may find himself a stranger to the members of the board.

Short stints of overseas assignments are not conducive to effective performance abroad because they often do not give the expatriate sufficient time to get acquainted with a foreign environment. It was reported, for instance, that when a U.S. food manufacturer sent its marketing manager to Japan for 18 months, the individual spent the first six months in adjusting to Japan and the last six months planning for his reentry back to the United States. Given his preoccupation with the problems of entry to and exit from Japan, the company lost approximately 98 percent of its market share to a major European competitor over the 18-month period.

Because of the problems of repatriation, many of the elite trackers in U.S. multinationals have been reluctant to undertake overseas assignments. This attitude may be changing, however. According to a 1983 survey by Kenny, Kindler, and Hunt, a recruiting firm in New York City, many fast trackers now view an overseas assignment as an expedient means to acquire broad management experience. A full 37 percent of the executives surveyed ($n = 125$) were willing to accept an overseas assignment as compared to 10 percent ten years ago. This finding was supported by Heidrick and Struggles, another recruitment agency. In the past, an overseas assignment was generally described as "two-years into oblivion;" now, the international division in an increasing number of multinationals has become the "primary farm team" for top executive talent (Lublin, 1983, p. 1).

(6) Evaluation of Performance

Due to the shorter term orientation of most U.S. multinationals and the overriding concern with immediate profitability and return on investments, U.S. multinationals generally do not allow the expatriates sufficient time to adapt to the foreign environment; hence the individual may be labeled as a misfit too soon. As Harrari and Zeira (1978, p. 61) recommended, to ease the acculturation process and to avoid costly mistakes, expatriates should be exempted from active management duties in the first six months of arrival in a foreign country. This pressure to produce immediately in a foreign assignment compounds to the demands imposed on the expatriate as the representative of a U.S. company and resident of a foreign community, and thus may negatively affect performance on the job.

(7) Underutilization of Alternative Sources of Human Power

A final pitfall associated with the human resource planning function in U.S. multinationals pertains to the underutilization of alternative sources of human power supply. In Alpander (1973), for instance, only 3 percent of the U.S. multinationals surveyed tried to recruit U.S.-educated foreign students for staffing their overseas operations. The advantages associated with the use of host country nationals are severalfold: familiarity with culture, knowledge of language, reduced costs, and good public relations. This practice has been changing, however. By the late 1970s, most U.S. multinationals were vigorously pursuing a policy of employing host country nationals where possible (Tung, 1982).

While this policy of employment of local nationals is commendable and should be continued, there are two reasons why U.S. multinationals could not depend solely upon this source for staffing of overseas operations: One, while local nationals can effectively manage their fellow countrymen and relate well to domestic clients, they may have problems in communicating with corporate headquarters because of their inability to comprehend the overall goals and objectives of corporate headquarters. Hence many U.S. multinationals recognize the need to send over a number of expatriates who can serve as liaison persons between the foreign subsidiary and corporate headquarters. Two, with the increasing cooperation among nations in the fields of commerce, there will be a greater need for individuals who can interact effectively with foreign clients and nationals. Consequently, U.S. multinationals could not simply dismiss the issue, but should seek to improve their present policies with regard to the strategic management of human resources.

Another source of human power for staffing overseas operations is women. According to a study by Adler (1983), only 3 percent of expatriate managers in a sample of 686 U.S. and Canadian firms were women. The underutilization of women in expatriate assignments may stem from the presumption that foreign countries do not accept women as business partners and equals. While there are genuine barriers in many Middle Eastern nations, most countries make a distinction between American women professionals and local women. According to Adler (1983, p.

11), many of the women interviewed expressed that they were viewed as "foreigners who happen to be women," and that "the added visibility of being the first female manager in the region" gave them greater access to clients. While there is no empirical research to support or disprove the effectiveness of women expatriates in foreign subsidiaries of U.S. multinationals because of the limited use of women to date, U.S. multinationals should explore the possibilities of utilizing this alternative source of human power supply. In their desire to advance up the organizational hierarchy, women may be eager to pursue assignments considered less desirable by their male counterparts. Furthermore, as noted in Tung (1981), a principal reason for failure among U.S. expatriates is the lack of relational skills. These are the innate abilities generally ascribed to women administrators. In Tung (1980), it was found that women administrators, as compared to their male counterparts, experienced significantly lower levels of boundary-spanning stress, i.e., women were more adept in coping with the pressures and strains associated with relating to extraorganizational entities.

STRENGTHS OF JAPANESE MULTINATIONALS IN THE AREA OF STRATEGIC MANAGEMENT OF HUMAN RESOURCES

In a comparative analysis of the selection and training procedures of U.S. and Japanese multinationals (Tung, 1982), it was found that the latter experienced significantly lower incidences of failure. More than three-quarters of the Japanese firms surveyed ($n = 35$) had recall rates of below 5 percent. In general, it appeared that the Japanese multinationals sent abroad individuals who were more adept at living and working in a foreign environment. This is all the more remarkable in the light of the fact that the Japanese, by culture and history, do not readily mix with *gaijins* (foreigners). Because of the homogeneity of Japanese society and its relative isolation from the outside world (with the exception of China) until the mid-nineteenth century, its people are by nature less accustomed to interacting with foreigners. However, through self-discipline and meticulous preparation, the Japanese who have been sent abroad to establish foreign subsidiaries have succeeded in making Japan a most formidable force in the global economic arena. While much of this success could be attributed to the quality and competitiveness of its products, the ingenuity of its workforce also played a very major role in ensuring that its products are effectively marketed in foreign countries.

In an attempt to gain a better understanding of the reasons for the lower failure rates of Japanese multinationals, in-depth interviews were conducted with a sample of 18 Japanese multinationals engaged in different industries. For the 18 multinationals, the failure rate nowhere exceeded 5 percent. In addition, an interview was conducted with the Director of the Institute for International Studies and Training which provides three-month and one-year training programs to prepare expatriates for overseas assignments (Tung, 1984). These in-depth studies provided interesting insights into the strengths of Japanese multinationals in the area of strategic management of human resources, which are presented below.

(1) Importance Assigned to Human Resource Management

As a Japanese maxim goes: "A company is its people." Thus, paramount importance is placed on the strategic management of human resources within the enterprise. The human resource planning function is centralized, and the personnel division reports directly to the office of the president; its members are often regarded as the "trusted personal staff" of the company's president (*Japanese Corporate Personnel Management*, 1982, p. 23). The human resource division wields considerable authority over all aspects of the company's operation, such as recruitment, career development, evaluation, promotion, and compensation of all employees.

The reason for the central importance assigned to the human resource division in Japanese organizations is the emphasis placed on education and training, and development of human relational skills. In Japanese organizations, talent and technical competence alone do not warrant promotion to top management; rather, those who are selected for the upper echelons of the organizational hierarchy are inevitably those who possess good human relational skills. Since the human resource division provides the focal point for the development of such skills, the power structure in most Japanese organizations is vested in the hands of the executive vice-president responsible for personnel affairs and his staff (Tung, 1984).

As noted earlier, a principal reason for failure among U.S. expatriates is the lack of relational skills. This is precisely the forte of their Japanese counterparts.

(2) Longer Duration of Overseas Assignments

The average duration of an overseas assignment for Japanese companies is 4.67 years (*Japan Economic News*, 24 June, 1982). The longer duration of overseas assignments means that the Japanese expatriate has more time to adjust to the foreign country. Most of the 18 Japanese multinationals indicated that they did not expect the expatriate to perform up to full capacity until the third year of assignment. In the first year, they allow the individual to adjust to the foreign culture. In the second year, the expatriate "tries to be active," but corporate headquarters make allowances because this is still viewed as part of the basic period of adjustment. In the third year, the expatriate begins to function at full capacity. The leniency and understanding of the employer in this regard result in greater commitment on the part of the Japanese employee. The expatriate feels obligated to endure hardships and work hard even if not liking the overseas situation.

(3) Support System in Corporate Headquarters

As noted previously, there are problems with repatriation in U.S. multinationals. While there are some Japanese expatriates who voice a similar concern, it is only infrequently mentioned. In general, most Japanese multinationals provide a comprehensive support network for the expatriate to set his mind at ease once he is overseas. This support mechanism covers a fairly broad spectrum of activities: One, many of the large multinationals have a division of which the sole purpose is to look after the needs of expatriates. For example, Nissan Motors has an overseas section within the company's human resource division. Similarly, two divisions in the Bank of Yokohama, namely the international department and the personnel department, provide both "mental and financial support" to their expatriates. Two, the superior–subordinate relationship or mentor system in Japanese organizations implies certain obligations and responsibilities. In the words of a Japanese expatriate, "My boss will continue to be my boss for a long time. I know he will take care of me." Three, due to the Japanese organization's greater concern for the total person, the company will try to find excuses for those expatriates who go overseas alone because of the problem of their children's education, to make frequent business trips to Japan. Four, at any time, there is usually a fairly large contingent of Japanese expatriates who have already settled in a given country. Because of the strong group orientation among the Japanese, the early settlers will provide assistance to the new arrivals. The support mechanisms found in the Japanese firm are to a large extent absent from U.S. multinational corporations who would do well to develop similar practices for their own expatriates.

(4) Selection of Overseas Assignments

While the Japanese multinational may not administer specific tests to determine the candidate's relational abilities prior to an overseas assignment because of the inavailability of such tests in the Japanese context, it reviews every aspect of the employee's qualifications before making a final decision. This is possible because of the difference in personnel systems between the United States and Japan. First, because of the strong group orientation and the after-hours socializing among the male career staff five days a week, the immediate supervisor in a Japanese company is thoroughly familiar with an individual's family background, general preferences, qualifications, and so on. Given such knowledge, the supervisor generally does not make unreasonable assignments. Second, most Japanese companies keep very detailed personnel inventories on all their career staff. These are compiled from the annual or semiannual written performance evaluations which are completed by the individual, his immediate supervisor, and the chief of his division. These written evaluations are generally supplemented by 45- to 60-minute interviews with each career staff. Third, most of the candidates considered for an overseas assignment (excluding those selected to study abroad) have generally been with the company for ten years, during which time they have been carefully indoctrinated with the company's philosophy and overall objectives, thus facilitating the implementation of corporate strategy. The ten-year period also provides the company ample opportunity to assess each individual's capabilities and qualifications. Consequently, while Japanese multinationals may not administer specific tests, they generally have sufficient information to assess the candidate's suitability for a position abroad.

(5) Training for Overseas Assignments

Because of the system of lifetime employment and the longer term perspective of most Japanese firms, they feel safe to invest in their employees' future by spending huge sums of money to groom and train them for an overseas assignment. In Tung (1982), it was reported that a full 57 percent of the Japanese multinationals surveyed sponsored formal training programs to prepare their expatriates for overseas assignments. This is consistent with the finding of the *Japan Economic News* survey (June 24, 1982), which showed that 70 percent of the 267 largest companies in Japan offered some preparatory courses for their expatriates. While the content of the programs varies from company to company, in general, they consist of the following components: (1) Language training. To promote fluency in a foreign language, many Japanese companies invite Caucasians to share the same dormitories with the trainees to provide ample opportunity for the latter to practice their language skills and to gain a better understanding of the foreign country. (2) General training for career staff. The initial ten years of employment could be viewed as one extensive training period wherein the individual is trained in the various aspects of the company's business. (3) Field training. Many of the Japanese multinationals surveyed send select members of their career staff as trainees for one year to their overseas subsidiaries. As trainees, their primary mission is to observe closely and hence learn about the foreign operations of the company's business. (4) Graduate programs abroad. Many of the Japanese multinationals surveyed send ten to twenty career staff every year to attend graduate business, law, or engineering programs abroad. In the graduate programs, the prospective expatriate is exposed to foreign principles of management which comes in handy when he/she is assigned overseas in the future. (5) In-house training programs. Besides language training, the expatriates take courses in international finance, international economics, and are given environmental briefings on the country of assignment. (6) Use of outside agencies. Besides in-house training programs, there are a number of institutes in Japan which prepare expatriates for overseas assignments. One such agency is the Institute for International Studies and Training which was established under the auspices of the Ministry of International Trade and Industry, and is a joint venture among business, government, and academic circles. For more detailed description of the human resource development programs of all 18 multinationals, see Tung (1984).

This is not to suggest that the human resource planning function of Japanese multinationals is perfect. There are limitations associated with the system, such as the underutilization of host country nationals (this policy is changing, however); prolonged separation of families because of the problem of children's education; and increasing reluctance of the younger generation to undertake an overseas assignment (Tung, 1984). This topic is beyond the scope of the article, however.

From the foregoing analysis of the strengths associated with the strategic management of human resources in Japanese multinationals, it appears that a multitude of factors has contributed to the lower failure rates among Japanese expatriates, which in turn accounts for the increasing competitiveness of Japanese firms in the international arena.

IMPLICATIONS FOR STRATEGIC MANAGEMENT OF HUMAN RESOURCES IN U.S. MULTINATIONALS

Based on the foregoing analysis of the pitfalls to human resource planning in many U.S. multinationals, and the comparative strength of their Japanese counterparts in this regard, the following implications could be drawn for U.S. multinationals. These should assist in the development of a paradigm for strategic management of one of the company's most critical resources, human power.

(1) U.S. multinationals should devote greater attention to the strategic management of human resources within the company. As Lorange and Murphy (1983, p. 134) pointed out, the human resource function currently constitutes the weakest link in the overall planning process of most U.S. firms. They argued that "the effectiveness of, and benefits from, the overall process are only as good as its weakest link;" hence the need to place greater emphasis on the strategic management of human resources.

To rectify the existing limitations in overall planning, the vice-president responsible for human resource management should be elevated to the same status as the chiefs of the other functional divisions, such as finance and marketing. Furthermore, members of the human resource division must be given adequate representation in the strategic planning unit at the top of the organizational hierarchy. In this way, the human resource function will not be shortchanged in the overall planning and strategic management of the company's resources.

(2) Since inadequate relational skills are often responsible for failure overseas, U.S. multinationals should emphasize this criterion in their selection decision for certain categories of overseas job assignments and certain countries in accordance with the contingency paradigm proposed by Tung (1981). In selecting individuals to fill positions which involve extensive contacts with members of the local community, such as chief executive officer and marketing manager, the relational skills criterion must be assigned a weight equal to that of technical competence. This latter strategy must also be pursued in staffing operations located in countries in which social and cultural environments are vastly different from those of the United States.

(3) U.S. multinationals should sponsor more rigorous training programs to prepare expatriates for their overseas assignments. While U.S. multinationals may contend that their Japanese counterparts could afford to invest in their people because of the system of lifetime employment, an argument could be made that the high failure rates among U.S. multinationals are also very costly. The cost of sending an average American family overseas is estimated at around $150,000 to $250,000 per annum. This includes base pay, cost-of-living differentials, and other adjustments. When these six-figure salary/fringe benefits are combined with lost market opportunities, they could be equally as staggering, if not more so, as the costs borne by the Japanese multinationals to train their expatriates.

As noted earlier, of the U.S. multinationals that provide training for their expatriates, most used environmental briefing programs only. These were found to be inadequate in preparing trainees for assignments which require extensive contracts with members of the local community. For such assignments, field experience (whereby the candidate is sent to the foreign country prior to actual duties abroad) should be used. This recommendation is related to the subsequent suggestion that the duration of overseas assignments should be extended, so that the expatriate can be exempted from administrative duties immediately upon arrival in the foreign country to facilitate the acculturation process. Where it is not feasible to use field experience, environmental briefings must be supplemented with the use of culture assimilators. A culture assimilator consists of 75 to 100 short episodes briefly describing intercultural encounters which have been judged by a panel of experts, including returned expatriates, to be critical to the interaction situation between members of two different cultures. Studies designed to test the validity and effectiveness of this training device have shown that in general "these programs provide an apparently effective method for assisting members of one culture to interact and adjust successfully with members of another culture" (Fiedler and Mitchell, 1971, p. 95).

(4) U.S. firms should develop a longer term perspective with regard

to overall planning and control. Americans are unique in this regard in that their European counterparts also tend to possess longer term perspectives in decision making and planning. In general, European managers are judged by long-term profitability, and not so much by short-term fluctuations in their company's earnings. Hence, they could concentrate more on courses of action that are beneficial to the long-term interests of the company (Ball, 1980). Because of the control procedures used in most U.S. firms, many managers tend to focus on the short-run objectives at the expense of long-term goals. This practice should be changed; expatriates should be evaluated on their contribution to both the company's short- and long-term goals, with greater emphasis on the latter.

This longer term perspective would translate into more extended durations of overseas assignments, rather than the average two-year stay in a given country. This would provide the expatriate adequate time to adjust to a foreign environment and hence be more productive in the long run. While there is a genuine concern among U.S. expatriates that prolonged absence from corporate headquarters may negatively affect their chances of promotion in the corporate organizational hierarchy, the implementation of some supportive mechanisms (similar to ones in the Japanese companies surveyed) may alleviate these fears. In this regard, U.S. multinationals should establish a separate section within the human resource department or international division to attend specifically to the needs and aspirations of expatriates. Where possible, each expatriate should be paired with a mentor in corporate headquarters so that the former could take solace in the fact that someone back home will look after his/her career path within the corporate organizational hierarchy. Changes in the performance evaluation criteria and durations of overseas assignments entail a fundamental reorientation in the company's overall planning and control procedures, however.

A longer term orientation among U.S. companies may also engender a greater commitment and loyalty among their employees, and hence an increased willingness to sacrifice temporary inconvenience for the company's overall goals. This has a positive impact on other aspects of the company's operation.

(5) Since the family situation factor is one of the primary reasons for failure, U.S. multinationals should assess the suitability of the spouse and children for living abroad. As noted earlier, it was found that those U.S. multinationals which administered interviews with both candidate and spouse to determine the person's suitability for an overseas position experienced significantly lower incidences of failure (Tung, 1982).

As Sieveking, Anchor, and Marston (1981, p. 201) suggested, as compared to interviews for positions in the domestic context, interviews for expatriate assignments should probe more deeply into the candidate's "marital relationships, prejudice, interpersonal relations" and other personality characteristics pertaining to adjustment in a foreign environment. To elicit these psychological traits, the interviews must be conducted by experienced psychologists well versed in both clinical and industrial screening.

The family situation may, of course, be compounded by several other factors: One, the wife may feign preference for a foreign country because she feels that the assignment has a positive impact upon her husband's career. This problem may be partially overcome through rigorous training programs. Two, the provision of training programs for the spouse and children is costly. However, here again the argument could be made that the costs of failure are also very high. Furthermore, the training program provided the family need not be as rigorous as the one given the expatriate, thus reducing costs. Three, with the increase in the number of dual-career families, American wives are becoming less mobile. This latter problem is not unique to overseas assignments alone but to relocations within the United States as well. Consequently, companies should develop procedures to deal with this problem, which is beyond the scope of this article.

(6) Where possible, U.S. multinationals should make greater use of alternative sources of people for international assignment such as U.S.-educated foreign nationals and women, in their overseas operations.

Despite the problems in the U.S. educational system at the primary and secondary school levels, its institutions of higher education have continued to attract an increasing number of students from throughout the world. In 1981–1982, there were approximately 327,000 foreign students enrolled in U.S. institutes of higher education, as compared to 135,000 in 1969–1970 (Goodwin and Nacht, 1983). Contrary to popular opinion, many of these foreign students are anxious to return home upon graduation, and many express a definite preference to work for U.S. subsidiary operations in their home countries (Alpander, 1973). Consequently, U.S. multinationals should embark on a more active program to recruit U.S.-educated foreign students to meet their staffing needs abroad.

In conclusion, if the aforementioned elements could be incorporated into a paradigm for the strategic management of human resources, which should be viewed as part of the overall planning and control functions in the organization, it may reduce the incidences of ineffective or poor performance overseas, and thus help maintain U.S. competitiveness in the international economic arena. When the technological gap between the United States and Japan and other West European nations is narrowing, U.S. multinationals cannot rely solely on technology to gain the competitive edge in international markets. Rather, the focus should be shifted to the area of human resource planning because companies and technology are, after all, managed and operated by humans. In the final analysis, the international competitiveness of U.S. multinationals has to depend on the ingenuity of its people, and more importantly, the people whom they send overseas as representatives or embodiment of corporate headquarters.

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