Internationalization and Human Resource Management:
Having intercultural understanding in the ages of globalization

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Abstract

This paper examines the international management of human resources. People have been one of the first challenges of any company wishing to work and develop an activity in other regions. The various movements of these human resources and competencies have implicated the phenomena of culture exchange worldwide. Intercultural conflicts, intercultural competencies, and intercultural management, are topics multinational companies did not face decades ago. Researchers worked on these differences and how humans can accept and cultivate the cultural differences in society. In recent decades, the global economic scene, and more particularly the European one, has increased international competition affecting both companies with an export profile and companies targeting the domestic market. International trade is a special case in general, it has the same principles as internal trade, but it suffers from certain changes related to phenomena caused by artificial and on the other hand natural barriers such as, distance, communication and interculturalism.

Keywords: globalization; interculturalism; internationalization; competencies; expatriation; risk.

Introduction

The Internationalization concept: leading to intercultural conflicts

Internationalization consists in developing the operation of its portfolio of activities abroad. The choice of internationalization is not planned, but it is the progressive consequence of the search for new markets. It is a strategy with multiple facets and the progressive development of the company leading to cultural and structural changes. In the literature, the authors often associate studies on this concept with expatriation. Internationalization is emerging as one of the drivers of trade development, as local companies with the resources to internationalize their activities offer themselves significant opportunities for economic growth. Traditionally, exporting has always been an undeniable way to increase turnover. While this method remains important today, it is no longer the only representative and characteristic parameter of internationalization. (Chua & Saba 1998) (Hofstede 1983) (Gezundhat 2004)

Partnerships, foreign direct investment and the creation of cross-border networks are also employed today and represent the means to facilitate the exchange of knowledge and technology. Companies must then work on the international value chain. In principle, a company seeks a competitive advantage and has a mission to create value for its customers and shareholders. Developed by Michael Porter, Professor of Business Strategy at Harvard University, the value chain is a strategic analysis tool that identifies, within a group or organization, the various key operations that create value for the customer and generate profits for the company. Understand how each activity, i.e. each link in the company's chain, creates profits or reduces its value. Allocate resources and focus efforts on key activities to make the company more competitive in its market. To achieve this and after this analysis on the value chain, it is necessary to identify the tools that will weld each link in the company. (Aizenman 2000)

In the literature, the authors often associate studies on this concept with expatriation. It is mainly in this context that multinational or transnational organizations train their executives to develop. Internationalization is emerging as one of the drivers of trade development, as local companies with the resources to internationalize their activities offer themselves significant opportunities for economic growth. Some of the main drivers of internationalization are rooted in political, technological and economic developments. The exchange is dedicated to the liberalization of the conditions under which trade takes place. In Europe, for example, closer integration and continuous expansion of the European market, as well as general trends in business liberalization and deregulation, have resulted in the creation of a single European agreement. Old barriers to treaties have been removed, and alliances are expected to emerge, for the benefit of consumers. (Richard 2001: 25)

Technology, a wonderful tool

Technology has dramatically improved access to information and communication, including the leading role of IT, as well as the ability to manage geographically dispersed production sites. Researchers also argue that more efficient and cheaper types of transport have emerged for both goods and people. As a result, a new situation of globalized competition has emerged, and companies must undertake the export of their activities in order to develop them on a different scale and in a different area.

Modern technology has been widely used in the production and delivery of services; this use covers a wide range of applications. Consequently, technology allows for speed in the production process without wasting time. Technology has ensured the continuation of a long process of automation. The contemporary diffusion of modern technology within a company is a new phase of mechanization of operations and control and coordination. With these technologies and over the past decade, internationalization has become a differentiated process. Recent research has shown that a majority of firms engage in "outbound" activities, and it has been established that, among exporting firms, a large proportion is not limited to exports alone, but is also involved in a series of “inbound” and related forms of international behaviour that interact with each other. Outbound = export related, or activities related to oversees activities. Inbound = Import related, or activities related to the international activities.

New strategies implicate structural changes

To move our discussion forward, we can directly highlight the first major force: Internationalization, which from a theoretical and business point of view is at the heart of international development. For a company with little or no external exposure and seeking to diversify its markets and supplies, the challenge is to assess the potential for developing transactions with foreign countries, i.e. adapting its offer, adapting its buying and selling procedure to specific constraints that are different from our original location of the company. Strategy can be defined as responsiveness to changes in the environment, the international competence of our teams in our mobilization capacities and the willingness of managers to internationalize. If the structure plans to establish itself on one or more foreign markets on a long-term basis, it is necessary to be in a position to develop a cross-border development strategy with a view to gaining stable and defensible positions. The company must be able to control diversity and control distance. Entrepreneurs must have the will to define and develop an excellent international strategy, based on global competitiveness. (Chandler 1962) (Oddou 1992: 301)

This diagnosis particularly concerns the group which has a continental or even multinational, objective. The challenge is to assess global competitiveness and prior to the development of a global strategy. This strategy requires a broad integration of functions at the international or global level. The key point is the ability to achieve this integration. Each company is confronted with common inconveniences, but also with problems and conflicts that are specific to it according to the way it manages its subsidiary internationally. The transfer of an entity abroad can quickly turn into a constraint and a burden if it is not managed properly and efficiently. (De Groot 2014: 196)

However, before embarking on internationalization, it is relevant to prepare the company carefully while already considering geographical, economic, managerial and cultural aspects. There is no real international order, i.e. no higher authority above all to enact rules applicable to all States. The International Business Law is the result of several sources, treaties, conventions, regulations, general principles developed by different organizations and multiple sources. An international business contract can therefore generate conflicts of law or standards, in the event of improper performance of the contract. The drafting of an international contract requires several precautions to avoid conflicts as far as possible: modalities of execution of the contract, bad faith, conflicts of norms or jurisdiction, etc. (Earley 1897: 685)

International contracts should, therefore, be precisely written and complete, to provide a minimum guarantee. It is necessary to specify the legal system on which the contract is based on and the dispute settlement procedures (recourse to a court or arbitration). Depending on the nature of the contract, these questions may be clarified by one of the partners who makes a proposal (an offer) for collaboration and implementation of the general conditions of sale. (Edward, Rees & Coller 1999: 286)

Partnerships, foreign investment and the creation of cross-border networks are viable new ways to strengthen the economic strategies of companies.

These diverse international activities can include different functions such as R&Di, marketing, production and involving elements of the entire value chain. In addition, there is evidence that the presence in foreign markets and the possibility of relocating part of the value chain allows companies to engage in productive activities and, more generally for all their economic dynamics, to be stronger and more viable, compared to other enterprises that develop a strategy based solely on exports.

Analysing risks from the most to the less destructive

Cultural risk may be the most important of all. Companies with the help of international human resources will make the risk decrease with interculturalism intelligence. Unfortunately, *we can* firmly believe from the *observation* and experience that *many companies are* unable to adapt human resource management to local markets. Transportation of human resources abroad must be the first preoccupation of companies wishing to develop an international Business, many time money and profit are the major factors that incorrectly and wrongly drive companies to internationalization. (Gertsen 1990: 341) (Tung 1993: 461)

Companies also are unable to identify regional, international market and subculture differences. Companies operating in different zones and geography will be a determinant factor for their development. Start with the regional, national international and intercontinental cultures to adapt the product and Human resources. In a period of expansion, we need to find new opportunities. Weaknesses in cultural management can limit everyone to their own culture. Acknowledging the different ways of working, multiculturalism can offer workers new opportunities, and new markets inside an international business. (Ajiferuke & Boddewyn 1970:58) (Carden 1992: 341)

Each country possesses its own legal system and ethical issues. Thus, before starting an international project, a company should be perfectly aware of existing practices and make sure these can be managed. If executives don’t understand local legal and ethical issues, employees will work with an Ineffective diversity management. (Patrice 1995)

Managers will be linked to the headquarters and company personal; it will be a difficult task for a manager to deal daily with diversity issues especially far from home. Workers and managers must together solve these issues of diversity with little or no interference from outsiders. (Baligh 1994:14) (Iles 1995: 17)

What would happen if national and international companies are unable to bridge the difference between global business models and local market business models? Always bridge the difference between the global and local markets, prepare if necessary, key areas and separate the local activities from the global ones. Managers must understand the local business practices. Local business practices are dangerous for a company; managers must be chosen by the headquarters and cannot come from the receiving country at the beginning of the project. (Caliguri 2000: 61) (Mendenhall & Oddou 1985: 39)

Inevitably and most of the time, company personnel are going to be separated geographically. The company will, therefore, have to choose a system to work effectively and a system to define how the company must be run while its employees are working outside their original country. To avoid personal conflict and assignment failures, managers and employees must work in assigned duties to established technical procedures such as financial accounting and reporting to head office. Local and expatriate activities must be separated and defined before the beginning of the Internationalization process. (Black & Gregersen 1990: 461) (Vulpe 2004)

Finally, market risk may be the risk of all the fluctuations inside the Market. The value of a specific market can increase or decrease; the economy is never sleeping, and it is always moving in an up or down business cycle. International Trade requires awareness of all fluctuations whether positive or negative including currency or commodity movements.

What is globalization as a phenomenon?

Globalization refers to the idea of a unification of time and space, characterized by scientific and technological progress and the free movement of people, goods and capital. Globalization suggests the universalization of the challenges, the advent of a world of economic, political and social interdependence, and the necessary use of multilateralism to address these issues. These determinants can be studied in three successive stages: measuring the degree of globalization or localization of the company's activities, developing a sectorial approach and determining the degrees of internationalization of trade. (Dunning 1993)

The development of the dynamics is a prelude to the strategy: are all the activities of the company concerned by internationalization identified? How to integrate international concerns into the global strategy? By working abroad, entities can take advantage of opportunities outside their domestic sphere. This can take the form of a change in customs regulations, the opening of a country to Foreign Direct Investment abroad or a change in political regime. The modern globalized world is in motion, flows of goods, capital, services, people, information and ideas. In this context, whenever the issue of economic globalization is addressed, the word always refers to economic globalization, the one that finds its expression in global markets, capital, the flow of products and information, global media operations. (Harvey 2000: 82)

In this quotation, we want to show that globalization will produce universal attitudes, practices, and institutions or a new birth of global culture. The company is also able to quickly meet a competitor's technological lead for a marketing, financial and strategic product or process. This corresponds to a takeover through mergers, takeovers, acquisitions and thus be able to generate economies of scale or increase its diversification capacity. (Heather, Voisey, & Riordan 2001: 37) (Levitt 1983: 92)

The expansion of economic and financial exchanges is therefore the expansion of interdependent connections between individuals. Globalization is the expansion of economic mechanisms and financial phenomena to all human activities on a global level. Products are becoming increasingly similar; currency crises are a consequence of this phenomenon and globalization is resulting in global markets and services. The current trend is also on the lookout, whether technological, political, financial, economic or commercial. The practice of Benchmarking, drawing inspiration from more efficient competitors to develop the key success factors, the control of profitability, with all the social consequences that this creates, the closure of factories, but also redundancies.

Benchmarking is a marketing or quality management technique that consists in studying and analyzing the management techniques and organizational methods of other companies in order to draw inspiration from them and make the most of them. It is an ongoing process of research, benchmarking, adaptation and implementation of best practices to improve process performance in an organization.

A benchmark is a quantified performance indicator in a given field (quality, productivity, speed and deadlines, etc.) derived from the observation of the results of the most successful company in that field. This indicator can be used to define the objectives of the company seeking to compete with it. This control requires the domination of volumes to benefit from economies of scale and experience effects. What are the ways to escape these insecurities? In order to divert obstacles, it is relevant to create partnerships with actors in the targeted countries. There are inevitably more favourable geographical areas than others. The management of these dangers induces constraints, it is necessary to adapt its offer, its logistics and its competitiveness, to seek new financing, and to benefit from a network of company relations. (Helpman 1984: 451)

Localization and globalization forces

Localization forces are linked to strong cultural roots, specific regulatory barriers, the perishable nature of activities, or the lack of reproducibility outside their original reference space. The forces of globalization determine an extensive geographical framework. These forces are connected to the universality of the need to which the activity responds. They are committed to the very high level of investment and technology development. The result of these two series of forces, localization and globalization produces a sharing of business between three distinct categories:

Activities that are predominantly local and are based on purely national or regional company structures, they may include cross-border openings to neighboring areas. These activities, which are predominantly local, are movements that partially protect the company from international competition, through traditions, customs, local regulations or other means.

Global-dominant activities: the operators of these activities are mainly multinational, or even global, structures. These companies are expanding widely, everywhere. Their organizational schemes and procedures are homogeneous and coordinated. These globally dominant activities are activities that have fairly uniform local conditions from country to country. A company that enjoys a competitive advantage in its home country can easily transfer it to another territory. These companies develop internationalization strategies by which they impose their standards and achieve economies of scale.

Mixed activities are an intermediate level of the two previous activities. In this category, we find pluri-local and pluri-domestic actions and transnational operations. On the other hand, transnational activities develop products and services with a global vocation, but where a large part of the added value must be provided locally. These various activities are organized according to an international structure that is geographically deployed in an extensive way. The purpose of the basic analysis is to determine the degree of homogeneity of each market and to assess the attractiveness of the sector of activity. It is a question of asking constructive questions such as: What is the position of the activity in the sector? What is the strategic arena for this activity?

The international experience acquired by internationals structures abroad indirectly enables them to fight more effectively on their domestic market against extrinsic aggressions and threats. Internationalization is not the same according to the nature of the activities. In the case of internationalization, a distinction is made between companies that are predominantly local, those that are established on their domestic markets and that are protected from the activities of international competition. These entities have an interest in developing through concentric diversification. Concentric diversification: by expansion, by spin-off: around their core business and from their existing customers. In this case, the reference space is the national or even regional market. Even if these firms are protected from other foreign entities, they may still claim to play a specific, but non-threatening, role, depending on their technical, industrial or commercial characteristics. The activity is characterized by homogeneous conditions from one country to another. (Andrews 2011)

A company that has a competitive advantage in its domestic market may transfer it to a separate activity. For companies this is a transposition of a competitive advantage, which is the prerogative of large structures that offer standardized products. It is both a standard product and a standardized business model. The actors are becoming global; the reference space for this type of activity is the world or a regional economic grouping with certain homogeneity of competitive rules.

There are a proven number of activities that are in intermediate global/local class positions. In general, these fast-growing operations have the potential to move from a local to a global situation. (Perlmutter 1985)

To evaluate this possibility, it is good to measure the degree of globalization of an activity, perceive its internationalization dynamics, and list the evolution likely to modify the position of the activity on the global and local grid. The importance of understanding the distinction between the global and the local in defining the activity The G/L distinction and the sectorial approach allow each activity of the company to determine its internationalization potential. There are several characteristics of a so-called internationalized entity. The size of the company is no longer an essential element, as some firms can be considered global by focusing on very narrow market segments. A company offers a basic standard product and concept, recognized worldwide and sold consistently with the same sales techniques as the parent company. The company will apply its most reliable commercial management model and export it with a local commercial model. It is able to mobilize all the necessary assets: financial, technological, technical expertise and often under the best conditions and deadlines, both internally and externally.

Conclusion

This paper has addressed, through various theoretical elements, the question of the internationalization process, which consists in developing the exploitation of its portfolio of activities abroad. It is possible to enrich the presentation of this research by posing that the scope of a company's portfolio of activities can be characterized by three dimensions to which different development logics are associated. The number of business areas in the portfolio, the number of production phases controlled by the company itself in each of the portfolio's constituent areas, the geographical scope or number of foreign markets in which the company operates. (Hays 2004: 25)

We have shown, first, that the choice of internationalization is not necessarily planned; it can sometimes be the progressive consequence of the search for new outlets or meetings with professional actors in the international environment. These actors will then become essential local partners for the launch of a national activity on an external market. Internationalization is a strategy with many facets and sometimes they are difficult to manage. The company's progressive progress leads to economic, cultural and structural changes. However, are there any limits to the internationalization of companies? There are political, social, and cultural resistances, as well as very powerful forces of globalization. To understand the international strategic approach, it is first necessary to determine the level of globalization and localization of the activities in which the company operates. Indeed, in its context of internationalization, the company is subject either to localization forces or to globalization forces. We have also highlighted the location forces that tend to limit trading, or all the cases considered to a limited national or even regional area. In the phases of internationalization, several departments of the company will be involved, both at the commercial level and at the industrial level. In the latter case, the financial, legal and tax functions will be particularly involved in order to both finance and hedge risk.

In the last phase of internationalization comes multinationalization, and only if companies reach this stage, the multifunctional strategy is characterized by the concern for coordination between the company's different departments. The choice of the company's organization at this stage plays a crucial role. The development aims to optimize the geographical distribution of production and marketing activities, it is also dedicated to the harmonization of procedures. Some functions, such as currency risk, communication, culture or human resources, can be perfectly managed in a highly cross-functional manner. This globalization seems to pose a great threat to some individuals. (Lee & Larwood 1983: 657)

However, if we think at the level of States, are they all equal in the phenomena of globalization? It should be noted that the most economically developed countries are also those with high rates of internationalization and foreign ownership. The opening of borders has created new opportunities, so the race is on to increase its growth and widen its fields and sectors of activity as much as possible.

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