

UC Irvine

UC Irvine Previously Published Works

Title

The human resource challenge of international joint ventures - Cyr,DJ

Permalink

<https://escholarship.org/uc/item/2r2138dg>

Journal

PERSONNEL PSYCHOLOGY, 49(3)

ISSN

0031-5826

Author

Pearce, JL

Publication Date

1996

Copyright Information

This work is made available under the terms of a Creative Commons Attribution License, available at <https://creativecommons.org/licenses/by/4.0/>

Peer reviewed

Dianne J. Cyr. **The Human Resource Challenge of International Joint Ventures.** Westport, CT: Quorum Books, 1995, 224 pages, \$55.00.

Reviewed by *Jone L. Pearce*, Professor, Graduate School of Management, University of California, Irvine, CA.

Human resources management is a profession subject to many contradictory pressures. The need to sustain both internal and external equity in compensation, the strain of serving both as a humanizing force in the organization and supporting high levels of performance, and the pressure of open-ended responsibilities for anything that could be seen as a "people issue" while fitting in the time to maintain mundane if vital records are a few examples. One particular contradiction concerns us here, the one between the specificity of what must be done in human resources management and the desire to professionalize via development of general theory and principles. On the one hand, human resources management is concerned with the practical, nitty-gritty details of getting the right people hired to do specific tasks and making sure that they do not leave once they have learned their jobs. These are essentially local

tasks, requiring knowledge of local labor laws, particular industry practices, specific occupations, and the personalities and proclivities of the managers being supported. We are also members of a profession based on specialized theoretical knowledge which frees us from outsiders' dictates. Unfortunately, all too often we try to fudge this contradiction.

This fudge plays itself out most visibly in books intended to contribute to both theory and practice in human resources management. Authors want as wide a readership for their books as possible, so they write books intended to produce both useable practical tips and general theory. The general theory helps to support the professionalization of the field, and gives students in courses something to learn for their exams. Unfortunately, all too often the practical tips tend to be too general to be useable by experienced human resources managers. Thus, this contradiction between the need for local and general knowledge can produce a book forced to do too many things and so satisfies no one. Such forced fits are frequent enough when the topic is neat and straightforward; when the topic is as complex as human resources management (HRM) in international joint ventures, the risks are great.

If ever there was a topic that is urgently in need of practical information and more general insight, it is human resources management for international joint ventures. Joint ventures, even plain-vanilla domestic ones, pose very complex HRM challenges, such as integrating parent HRM systems, handling those employees who are temporarily assigned to the joint venture but remain employees of one of the parent companies, and managing the different corporate styles inherited from parents in quite different industries. When you add to these challenges that large conglomeration of communication styles, expectations, norms, and legal traditions summarized as "national cultural differences," the challenge becomes truly staggering. As if this wasn't enough, Cyr increased her own challenges in addressing this complex topic by force fitting this book to both practitioners and academics—the specific and the general.

Nevertheless, we don't know enough about managing HRM in these increasingly important organizational forms and Cyr makes a genuine contribution by drawing on a substantial database. These include four international joint ventures that form the basis for the book, as well as her experience with several international joint ventures in Poland, Hungary, and the Czech Republic used for one of the Special Topics chapters (Chapter 14, "From a Planned to a Market Economy: The Case of Central and Eastern Europe"). The book is organized into chapters addressing the different tasks of HRM in international joint ventures, such as integrating the parents' and the joint ventures' goals for the venture, different forms of communication between parents and joint venture, training, rewards, performance appraisals, and the like.

The four core international joint ventures are all based in North America (three in the United States and one in Canada), and include partnerships with two Japanese firms, one Swiss, and one German company. The four represent a wide range of possible relationships, including a venture in which one parent (from the same industry as the joint venture) is the managing partner while the other partner serves primarily as a distributor of the products, one in which each of the parents contributes a distinct advanced technology to the joint venture which develops a unique product for markets quite different from those of the parents, as well as an auto manufacturing facility established by two multinational auto makers.

These cases are the real strength of the book. The quotations from the participating managers and human resources professionals provide a rich picture of the challenges they faced. As is indicated in the title of Cyr's book, these managers faced an inordinate number of challenges, and her liberal use of quotations helps to provide a vivid picture. To illustrate, the following quotation is from the Vice President of Finance and Administration on the problems of inducing three employees of the Swiss parent to become employees of the American joint venture:

The issue with the three people, it's been a difficult issue getting them to become OCG employees because they had concerns about whether they would be forced to relocate out of Switzerland. They wanted some guarantees that they would not be relocated. We're not going to give them that guarantee because even Ciba-Geigy [the Swiss parent] wouldn't give them that guarantee. And they wanted sort of a parachute to go back to Ciba-Geigy under certain conditions. And the only two conditions that will permit that is that if they are fired from OCG, Ciba-Geigy will take them back or if the Ciba-Geigy ownership of 50 percent of OCG is changed, then Ciba-Geigy would take them back. So it's been like pulling teeth, apparently, just to get those three people and to have a suitable negotiated contract.

Just look at all of the HRM challenges reflected in this one quotation: problems of different national (and no doubt, corporate) cultures, and the reluctance of employees to uproot their families and move to a foreign country. Even now that the problem is "solved," how do these employees' managers work with subordinates who can most reliably get what they want (going home to work in Ciba-Geigy/Switzerland) by getting fired? How does this vice president answer the inevitable disgruntlement among the domestic employees at such stark internal inequity? These are intractable problems that cannot be wished away, nor solved by admonishments to "forge a new set of values for the joint venture."

My favorite chapters are those that provide the richest descriptions of the difficult challenges faced by these four joint ventures. Chapter 5

focuses on the nature of the joint venture management contract with the parents, with special attention to how and why some of the joint ventures achieved greater autonomy from a parent. Similarly, Chapter 9 addresses the different ways these ventures handled the mix of joint venture employees, permanently assigned employees from a parent, and the temporary assignment of parent-company employees to the joint venture. The impact of these choices on the smooth operation of the joint venture and the ability of the parents to learn from the joint venture are succinctly described and illustrated with examples from the four joint ventures. These stories and examples are a rich source of insight for those who must struggle with these complicated problems.

The book is intended to do more than report four interesting cases. It is intended to contribute to both practice and theory. In this more ambitious objective, the book falters. With regard to the practitioners, they are served by a combination of descriptions of these joint ventures and a section at the end of each chapter entitled "Lessons Learned." Although the descriptions are useful, the concluding lessons are a mockery of the messy problems described in each foregoing chapter. It is not that one could disagree with advice like, "5. staffing the top (e.g., JV Board) with managers who have exemplary personal skills, the ability to communicate effectively, and flexibility;" it is just that it is devilishly difficult to do this. The human resources managers who are the target audience of this book are rarely in a position to hire their own bosses, and such paragons of management virtue are usually in demand everywhere in the company (and would usually find it to be in their own career-interests to apply their skills in areas more central to the parent's profitability). These Lessons Learned detract because they are patronizing and avoid the difficult questions of how such objectives are to be achieved.

The contribution to academic theory is even more tenuous. Theory is fundamentally an attempt to answer the question, why?, and this book does not attempt to do so. Throughout, specific difficulties and missteps in the joint ventures are described, only to be followed by admonishments to "don't do that!" in the Lessons Learned sections. There was little attempt to understand why these obviously intelligent and hard working participants did do what they did. The best example of this problem is Chapter 12, "Performance Appraisal: A Necessary Component?" The short answer to the question posed in the title is, "apparently not," because all four of these successful joint ventures had incompletely implemented or unsatisfactory performance appraisals. Whereas, I, the theorist, would like to know why these joint ventures succeeded with such poor performance appraisal systems, Cyr ignores the evidence of her own data and concludes that joint ventures should have good performance appraisal systems. These rich case studies have not been used

as a basis for developing theory so much as they have provided convenient hangers for received professional wisdom.

International joint venture human resources management is of critical and increasing importance. This book provides stories and anecdotes concerning a wide range of international joint ventures that thoughtful readers will find useful. This more than compensates for the thin advice and theory arising from ignoring inherent constraints and trying to do too much for too many different readers. Human resources managers must face daily contradictory pressures and difficult trade-offs without easy solutions. We who write for them do them an ill service by pretending that these intractable contradictions will disappear if we ignore them.