CHAPTER \textbf{THIRTEEN}

\section*{CHAPTER \textbf{OUTLINE}}

The Global Imperative: Why Hospitality Companies Expand Internationally
\begin{itemize}
  \item Stages of Global Expansion
  \item Globalization and Effective Human Resources Management
\end{itemize}

Cultural Factors Impact International Operations
\begin{itemize}
  \item Cultural Concerns Are Important
  \item Cultural Dimensions Impact Hospitality Operations
\end{itemize}

Focus on International Assignments
\begin{itemize}
  \item Background
  \item Selection Issues
  \item Preparation Activities
  \item On-Job Concerns
  \item After-Assignment Follow-up
\end{itemize}

Managing Employees During Global Assignments
\begin{itemize}
  \item Use Locals or Expatriates?
  \item Basic Concerns Are Important
  \item Details! Details!
\end{itemize}

Human Resources Terms

For Your Consideration

Case Study: Human Resources Management in Action

Internet Activities

Endnotes

\section*{CHAPTER \textbf{LEARNING OBJECTIVES}}

\textit{As a result of successfully completing this chapter, readers will be able to:}
\begin{enumerate}
  \item Explain the increased need for hospitality organizations to have a presence in the international marketplace.
  \item Review how cultural factors affect the conduct of international business.
  \item Discuss the process of and challenges involved in a successful international assignment: selection, preparation, on-job issues, and after-assignment return.
  \item Describe important considerations when managing hospitality employees in a foreign country.
\end{enumerate}

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1. Explain the increased need for hospitality organizations to have a presence in the international marketplace.

During periods of increasing competition and shrinking market share, hotel chains can grow domestic market share, create new products (brands), and/or expand globally. Initially, U.S. hotel companies expanded into neighboring Canada, Mexico, and the Caribbean, and since the mid-1990s, they have expanded around the globe. Similarly, European and Asian chains initially expanded within their regions, and later focused on more distant and developed markets. Figure 13.1 illustrates the intensity of internationalization by some leading hotel companies.

The intense natures of domestic competition and market saturation have prompted restaurant chains to expand globally as well. For example, McDonald’s Corporation operates in more than 100 countries. Subway Restaurants has almost 27,000 restaurants in approximately 90 countries. Burger King has more than 200 restaurants in Asia, 350 restaurants throughout Australia and New Zealand, 2,000 units in the European and Middle East regions, and 700 restaurants in Latin America and the Caribbean. Wendy’s International operates more than 3,000 international units.
There is significant international growth in the casual-dining restaurant segment as well. Examples abound:

- Ruby Tuesday, Inc., has entered into a Middle Eastern franchising agreement to open four units in Saudi Arabia. (The company is already in 13 foreign countries and has 35 franchised units that operate internationally.)
- Bennigan’s Grill and Tavern has approximately 30 units in South Korea and has almost 50 locations in 10 countries.
- T.G.I. Friday’s has approximately 50 properties in South Korea. (It opened its first unit in England more than 20 years ago.) It also has stores in Saudi Arabia, the United Arab Emirates, Kuwait, Egypt, and Lebanon.\(^1\)
- Pizza Hut has more than 4,100 units in 85 countries.
- Domino’s Pizza operates more than 2,500 units in 50-plus countries (including nearly 500 locations in Mexico).\(^2\)
Foodservice management companies operating in the noncommercial segment also have significant international operations. For example, Aramark Corporation, the largest revenue-producing company, operates in 17 countries, and Compass Group North America, part of Compass Group PLC (a UK-based company), operates in more than 90 countries. Sodexho’s North America Division operates in 76 countries.

**STAGES OF GLOBAL EXPANSION**

Figure 13.2 reviews several ways that hospitality operations can evolve in the international marketplace.

As seen in Figure 13.2, most hospitality organizations begin to operate and grow domestically. They initially expand by adding locations in the same or different cities, and then open properties in other states. At some point, successful organizations may expand to foreign markets (Stage 2), and basic operating concepts, hopefully modified to meet the needs of the foreign marketplace, are transferred to international locations. However, top-level operating decisions are still typically made in the United States, and top-level managers in global units are generally U.S. expatriates.
Most hospitality firms that operate internationally negotiate franchising contract or management agreements with individuals or companies in the global location, especially when organizations from developed countries expand to emerging countries (e.g., a U.S.-based company expanding to China). By contrast, when an organization expands regionally (e.g., from Canada to the United States), there is the added possibility of an equity investment.

Decisions about the mode of entry into another country depend, in part, on the perceptions of executives in expanding organizations about whether trustworthy and qualified investors are available locally. If so, the hospitality organization is more likely to use a franchise or management contract arrangement rather than outright ownership. Advantages of the latter include more control and an ability to maintain a desired corporate culture. However, a disadvantage includes the company’s significant commitment of financial resources associated with ownership.

As hospitality organizations evolve to Stage 3, the organization may collaborate with a host country, organizations, and/or individuals, and foreign divisions, subsidiaries, or joint ventures may develop. Expatriates still often assume unit management responsibilities in the host locations. Stage 3 organizations increasingly focus human resources efforts on the selection, training, and placement of staff, and on implementing personnel-related policies for local employees.

Hospitality operations become multinational (Stage 4) in scope when they expand to several (or more) countries and regions throughout the world. Decision making becomes more decentralized and more applicable to each international
 location, but final operating control is still from domestic headquarters. Broad personnel-related issues are addressed domestically, often by an international human resources department. Many local locations are still managed by expatriates, and human resources practices become complex because of the number of expatriates in different countries and the number of diverse cultural groups in an increasing number

**Human Resources Management: CURRENT EVENTS 13.1**

**CASE STUDY: MCDONALD’S CORPORATION ENTERS A NEW COUNTRY**

Plans to open a McDonald’s unit in a new country begin with exploratory visits that may be conducted several years before the unit is built. Much of the information collected is marketing-related: Can the restaurant be supported? Who will be its competitors? What is the probability of success? Human resources issues are also important, and numerous employment-practice questions must be answered, including:

- What are the applicable labor laws?
- Can the company establish part-time and flexible work schedules? (Flexible or part-time scheduling is a new concept for many countries, and discussions with labor ministries and other local businesspersons are often required.)
- How many hours are employees allowed to work?
- What are youth-related employment laws?
- What benefits must the company provide? (In central Europe, for example, employee shower and locker areas are required.)
- Are support service personnel, including engineers, construction personnel, and experts with knowledge of food and agriculture requirements, available?

New local human resources managers and other personnel must receive training, and this is often done in a country with established restaurants. To do so requires visas and work permits that allow managers in training to cross country borders regularly. As well, local attorneys with knowledge of applicable labor laws must work with company officials to establish personnel policies, because all local employment practices, policies, and regulations must be met.

The company’s name recognition makes it relatively easy to recruit staff members, and it becomes an employer of choice by paying top wages and providing enviable benefits packages. Store manager applicants who successfully complete initial screening typically work several days in a property as part of the selection process. Then applicants can consider their interest in the position as the company further evaluates them.

of countries. *Note:* Most of the restaurant and hotel organizations discussed in the previous section would likely be considered multinational organizations.

Finally (in Stage 5), organizations become *transnational* in scope. Highly decentralized governing boards comprise people from different countries, and staff members from anywhere in the world may be recruited for positions at all, including the highest, organizational levels.

One example of a transnational hospitality organization might be Sodexho Alliance. It provides food and management services to almost 2,500 locations in more than 75 countries throughout the world. Its business focus emphasizes the provision of services worldwide; it has major organizational divisions throughout the world; and it implements programs that contribute to the economic and social development of its host countries. (*Note:* To learn more about Sodexho, go to www.sodexho.com.)

### GLOBALIZATION AND EFFECTIVE HUMAN RESOURCES MANAGEMENT

Today, many observers believe that the globalization of markets and production has reached a tipping point in which the world economy has moved from self-contained entities to an interdependent global economic system. As hospitality corporations grow internationally and, as individuals increasingly work across borders in this interdependent global arena, organizations must conceptualize and implement human resource practices to remain effective.

We have already considered some dimensions of international human resources management in this text. Recall that domestic managers must increasingly facilitate the work of persons with varied cultural backgrounds. The principles to do so in domestic operations are basically the same as those required when the manager lives and works in another country. In both instances, managers will learn that people typically share many human concerns. At the same time, a person’s cultural background can influence his or her perceptions of and reactions to personal and workplace concerns. Therefore, effective hospitality managers working on a domestic or international assignment must recognize the influence of a person’s culture and consider and modify management and supervisory tactics accordingly.

Hospitality operators are increasingly dependent on the political actions, economies, and other influences that affect countries throughout the world marketplace. This is of obvious importance in the hotel industry, which enjoys high or suffers through low occupancy periods based on economic conditions. Guest counts in commercial foodservice operations depend on the disposable income levels of potential guests, which are affected by their employment (which is impacted by local, national, and world economics). Business travelers are also a primary market of many foodservice operations.

During good economic times, foreign citizens may seek healthcare services in the United States, and operating costs become more manageable as revenues increase in healthcare foodservice operations. Worldwide economic conditions also influence foodservice operations in postsecondary educational institutions that encourage enrollments of international students. Amusement and theme parks,
casinos, sports and recreational food services, cruise lines, and numerous other venues in the tourism industry benefit from a growing international economy and are negatively affected as the worldwide economy retracts.

Global influences, then, are an important concern to hospitality managers, because they influence the number of guests who come through their doors. At the same time, managers must facilitate the work of their staff members. Managers require general knowledge about the factors and concerns that influence the perceptions and actions of their staff members. While managers cannot influence the world economic situation, what they do (and do not do) can have a significant impact on their guests and staff members.

**Cultural Factors Impact International Operations**

2. **Review how cultural factors affect the conduct of international business.**

**CULTURAL CONCERNS ARE IMPORTANT**

The thoughts, words, and actions of employees are typically affected, in part, by their culture: the collective programming of common beliefs, values, behaviors, and other factors that influence what an individual believes and how a person acts. Today, people are becoming more individualized, and it is challenging to explain the components of, for example, an Eastern or Western culture, or even general beliefs of those living in a specific country, region, or state. Difficulties also arise in the business world as one attempts to define an organizational culture. However, it is still important to recognize that an employee’s cultural background may influence his or her reactions to even the most well-intentioned management actions. The manager who asks the question, “How would I react to a specific leadership style, policy, or procedure?” may not generate a response providing meaningful operating tactics for employees with different cultural backgrounds.

Traditions and customs often evolve, perhaps at an accelerated pace, as the generations change. One example is that the tradition of the extended family living together in the United States has changed as family members move, often around the world, for career advancement or for other reasons. Many more young people in China, Japan, and Korea prioritize financial success than did their counterparts in earlier generations.

Keeping this point in mind, one’s cultural background can impact how he or she views and reacts to life’s special concerns, including personal relationships, attitudes about time (which is more important: the past, the present, or the future?), and the environment (how important is nature, and how powerful is it?). Persons living in the same society do tend to respond similarly to at-work leadership. Managers should anticipate likely responses and incorporate their knowledge of cultural differences into the way they facilitate work. At the same time, they must realize that this knowledge must be modified for the specific situation.
Cultural Factors Impact International Operations

The society in which one lives also establishes norms and values that impact conduct. For example, laws mandate many acceptable (and unacceptable) actions, and many people in that society share common and basic beliefs about family values and ethics, and may share common purposes and interests.

We have discussed how a person’s social and cultural background may influence one’s thoughts and behavior. Together, these sociocultural factors are a constant influence on—and off—the job.

Numerous sociocultural factors influence how persons react in specific situations. Consider the role of incentives to encourage work performance. Staff members from Western backgrounds such as the United States typically react favorably to incentives based on individual achievement. However, in Eastern countries such as Japan, group-based performance has traditionally been viewed as most important.

Communication issues should also be addressed in the hospitality workplace. Many nations (including the United States) have vast numbers of people who speak different languages. An interesting observation is that many challenges in business are thought to be caused by communication problems. If these occur when all persons speak the same language, how much more difficult will problem

McDonald’s Expands to India: A Cultural Dilemma

The world’s largest hamburger chain had a unique challenge when it expanded to India in the late 1990s: cows are considered sacred there, and the consumption of beef is thought to be a sin. There is also a large Muslim population (they do not consume pork) and a very large vegetarian population. The solution was that McDonald’s inaugural plans called for a Maharaja Mac made from mutton (sheep), and some chicken and vegetarian items.

For a short time, the Indian menu seemed to be acceptable. Then a lawsuit was filed in reaction to the company’s claim that it used only 100 percent vegetarian oil for its french fries. In fact, the oil did contain a small amount of beef extract. McDonald’s settled the lawsuit for $10 million, an apology, a promise of better ingredient labeling, and cooking oil that did not contain beef extract.

Reactions in India to the cooking oil revelations included vandalism of a McDonald’s restaurant, picketing of the company’s headquarters, and requests to the government to close all McDonald’s restaurants. The company’s long-term expansion continued after this problem was resolved. Indian customers indicated that their children enjoyed the American experience, the food was of consistent quality, and the restrooms were clean.

solving become when the organization employs numerous persons speaking different languages?

Should one be authoritative or participatory as decisions are made, and objective or impulsive as problems are resolved? Effective managers understand the likely impact of these alternatives as they interact in the environment of their host country. Norms relating to social distance should be observed as people talk, and the exactness of meeting times can differ among staff members with diverse backgrounds. Protocols, if any, for giving gifts (and even bribes), and the importance of personal trust and friendship versus performance-based written contracts, are other sociocultural factors of which expatriate managers must be aware.

Human resources policies affecting holidays, sex discrimination, job advancement, retirement, work breaks, and employee selection (among many others) can be influenced by religious factors that are integral to the dominant culture in many locations. Clearly, hospitality managers cannot stereotype any individual from any culture, but these examples suggest that culture is important in the way that the art and science of human resource management should be practiced.

CULTURAL DIMENSIONS IMPACT HOSPITALITY OPERATIONS

The concept of a country cluster suggests that some countries can be grouped together based on their population’s similar characteristics, such as language, location, ethnicity, religion, and economic status. Examples of these clusters are shown in Figure 13.3.

One potential use about knowledge of country clusters arises as hospitality managers consider expansion alternatives. There are likely to be fewer cultural issues as they enter markets of countries within the same cluster compared to countries in different clusters. Consider, for example, the differences in human resources planning that are likely to be required in moving an operation between the United States and Canada, and between the United States and Bahrain.

<table>
<thead>
<tr>
<th>Culture</th>
<th>Country Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Near Eastern</td>
<td>Turkey, Greece</td>
</tr>
<tr>
<td>Nordic</td>
<td>Norway, Sweden</td>
</tr>
<tr>
<td>Anglo</td>
<td>United States, Canada</td>
</tr>
<tr>
<td>Latin European</td>
<td>Spain, Portugal</td>
</tr>
<tr>
<td>Latin American</td>
<td>Colombia, Brazil</td>
</tr>
<tr>
<td>Far Eastern</td>
<td>Taiwan, Singapore</td>
</tr>
<tr>
<td>Arab</td>
<td>Kuwait, Bahrain</td>
</tr>
</tbody>
</table>

FIGURE 13.3: Examples of Country Clusters
Geert Hofstede suggests that there are five major dimensions to culture and illustrates how characteristics of an organization and human resources tactics used within it are driven by these cultural dimensions.

Hofstede’s five cultural dimensions are:

- **Power distance.** The extent to which the organizational structure emphasizes differences between entry-level staff and top-level managers.
- **Individualism.** The extent to which personal goals, autonomy, and privacy are more important than group loyalty, belief in group norms, and extensive socialization.
- **Risk avoidance.** The extent to which the society emphasizes the reduction of risks.
- **Rigid gender roles.** The extent to which the society views assertive (masculine) behavior to be necessary for success and emphasizes rigid gender stereotypes.
- **Past, present, and future orientation.** The extent to which the society’s values focus on the past, present, or future.

Figures 13.4 through 13.8 review these five cultural dimensions. They suggest examples of an organization’s cultural values and characteristics, and they note examples of on-job rewards and how basic human resources issues are addressed.

These figures suggest that cultures differ, as do the people within them. While one cannot stereotype all people from a specific culture to fit into a specific space on a high-value to low-value continuum, it is also ineffective to believe that every person is the same. Successful managers understand basic norms in the culture within which they work, and they use this information to help with human resources decision making.

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**Be Careful with Stereotypes!**

While this section addresses cultural workplace differences around the world, consistently accurate generalizations and stereotypes are not possible to develop, and there will always be innumerable exceptions. For example, do all of the people in your state, city, and neighborhood (and perhaps, even in your family) have the same beliefs about ethical behavior, and do they share the same political views? The answer to this question is “no.” Similarly, generalizations about cultural dimensions applicable to organizations based on their country location may be helpful but are not indicative of every organization within a country. Many companies in a specific country, for example, consciously develop corporate cultures that establish values on both sides (and in the middle) of a cultural dimension continuum. As well, cultural impacts on a society and the organizations within it evolve. As you have learned, globalism does not isolate but, instead, plays a role in changing views about the workplace, management of employees, and the wants and needs of an organization’s markets.
CHAPTER 13  ■ Human Resources: Planning for Global Expansion

FIGURE 13.4: Power Distance and Human Resources Management

Power Distance

Low Value
- Australia
- Switzerland
- Sweden

High Value
- Mexico
- Spain
- Malaysia

Cultural Values
- Equality of persons/positions
- Status based on achievement
- Shared decision making
- Emphasis on participation
- Value placed on hard work
- Low dependence on top-level managers
- Class divisions are natural
- Top-down communication
- Use of power symbols
- High dependence on those in upper-level positions

Characteristics of Organizations
- Flat (few organizational levels)
- Decentralized control
- More worker involvement
- Tall (more organizational levels)
- Centralized control
- “Chain of Command” is important

On-Job Rewards
- All staff part of same pay system
- Minimal compensation differences between high- and low-pay jobs
- Compensation reflects job and status differences
- Visible rewards (example: large office)

Examples of Human Resources Issues
- Selection based on merit
- Formalized selection procedures to “give everyone a chance”
- Extensive recruitment
- Non-job-related factors (example: social class) unimportant
- Nepotism is unethical, and a conflict of interest
- Formal appraisals based on documented performance
- Selection based on “who you know”
- Limited selection procedures
- Personal loyalty to supervisor
- Nepotism is common practice
- Performance appraisals based on oral agreements
FIGURE 13.5: Individualism and Human Resources Management

**Individualism**

- **Low Value**
  - Examples: Singapore, South Korea, Japan
- **High Value**
  - Examples: United States, Great Britain, Canada

**Cultural Values**

- Teamwork is emphasized
- Dependence on the social unit
- Belief in group control and responsibility
- A moral relationship exists between the employer and staff
- Belief in fate

- Emphasis is on personal accomplishment
- Belief in individual control and responsibility
- Independence is a priority
- A business relationship exists between the employer and staff
- Belief that one influences his/her own destiny

**Characteristics of Organizations**

- Organizations are concerned about employees’ personal lives
- Employees are loyal to the organization
- Social systems ensure compliance with policies

- Organizations do not have compelling concern for employees’ well-being
- Employees address their own personal interests
- Formal systems of control insure compliance with policies

**On-Job Rewards**

- Group-based performance is a reward factor
- Pay is based on seniority
- Intrinsic rewards are important
- Performance-based pay is reward factor

- Individual achievement rewarded
- Extrinsic rewards are important
- Emphasis on short-term objectives
- Attempts to identify individual accomplishments

**Examples of Human Resources Issues**

- Low turnover (organization is “family”) 
- Seniority is factor in personnel decisions
- Employees must “fit in” with the work group
- Limited/no performance appraisals of individuals

- High turnover (career is most important)
- Performance rather than seniority is important
- Performance is more important than “fitting in”
- Feedback provided to individual employees
FIGURE 13.6: Risk Avoidance and Human Resources Management

Risk Avoidance

Low Value

Examples:
- Denmark
- Sweden
- Hong Kong

High Value

Examples:
- Greece
- Portugal
- Italy

Cultural Values

- Unexpected is considered challenging and exciting
- Stability and routine are boring
- Ambiguity provides opportunities
- High risk is acceptable
- Tension and contradiction encourage innovation

- Fear of random events
- High value placed on stability and routine
- Ambiguity is not desired
- Low risk is best
- Security, lack of tension, and no contradiction is desired

Characteristics of Organizations

- Less-structured activities
- Fewer written rules
- Managers are adaptable, and make more risky decisions

- Written rules and procedures
- Managers avoid risky decisions
- Responsibilities and work details are spelled-out

On-Job Rewards

- Variable pay is element in compensation
- Decentralized pay plans are used
- Much discretion given to managers about pay allocation

- Systematic compensation plans are used
- Compensation programs are centralized
- Fixed pay is more important than variable pay
- Supervisors have little discretion about pay decisions

Examples of Human Resources Issues

- Fewer rules/procedures about selection and promotion
- Seniority is de-emphasized in human resources decisions
- External hiring at all levels
- Much judgment required in performance appraisals

- Extensive rules and procedures impact selection and promotion
- Seniority is an important factor in human resources decisions
- Limited hiring from "outside" the organization
- Limited use of judgment in performance appraisals

*Risk avoidance:* The extent to which the society emphasizes the reduction of risk.
Cultural Factors Impact International Operations

**FIGURE 13.7:** Rigid Gender Roles and Human Resources Management

**Rigid Gender Roles**

- **Low Value**
  - Men do not have higher power and status than women
  - Strong belief in equal pay for jobs of equal value regardless of gender
  - Quality of life more important than material gain

- **Examples:**
  - Norway
  - Finland
  - Denmark

- **High Value**
  - Men tend to have higher power and status than women
  - Rigid gender stereotypes exist
  - Material possessions are important

- **Examples:**
  - Mexico
  - Germany
  - United States

**Cultural Values**

- Men do not have higher power and status than women
- Strong belief in equal pay for jobs of equal value regardless of gender
- Quality of life more important than material gain
- Men tend to have higher power and status than women
- Rigid gender stereotypes exist
- Material possessions are important

**Characteristics of Organizations**

- Flexibility and career choices for men and women
- More women in higher-level jobs
- Some occupations may be considered “male” or “female”
- Fewer women in higher-level positions

**On-Job Rewards**

- Jobs evaluated without regard to gender
- Focus is on work content (not tradition) as value of job is assessed
- Few perks based on gender
- Different pay policies permit gender inequities
- Assertive traits are rewarded in promotions and personnel decisions
- Women receive special benefits such as for maternity leave and day care

**Examples Of Human Resources Issues**

- Gender is de-emphasized in selection/promotion decisions
- Little stigma for men to be supervised by women
- More females in upper-level positions
- Appraisals not biased in favor of aggressive characteristics
- Little occupational segregation by genders
- “Glass ceiling” may exist for women
- Small proportion of men supervised by women
- Aggressive traits valued in appraisals
- Some occupational segregation by gender

---

**FIGURE 13.7:** Rigid Gender Roles and Human Resources Management
Orientation to Future

Low Value
Examples: United States, Indonesia

High Value
Examples: Japan, Hong Kong, China

Cultural Values
- Focused on past or present
- Immediate gratification desired
- Short-term goals
- Future-oriented
- Delayed gratification acceptable
- Long-term goals

Characteristics of Organizations
- High employee turnover
- Weak company culture
- Organizational changes
- Low turnover
- Strong company culture
- Stable organizations

On-Job Rewards
- Short-term rewards
- Recent performance is basis for pay
- Managers rewarded for annual performance
- High expectations about frequent compensation adjustments
- Long-term rewards
- Seniority is basis for pay
- Managers rewarded for multiyear performance
- No expectations about frequent compensation adjustments

Examples of Human Resources Issues
- Fast promotions
- Low employment security
- Emphasis on evaluation; less emphasis on counseling
- Lessened investment in training and personnel development
- Slow promotions
- High employment security
- High emphasis on counseling; less emphasis on evaluation
- More investment in training and personnel development

FIGURE 13.8: Orientation to Future and Human Resources Management
Acquiring Cultural Intelligence

The examples of cultural characteristics described in this section provide some information that can be used to anticipate behavior based on one’s cultural background. A significant progression beyond these stereotypes occurs as one acquires cultural intelligence, in which he or she:

- Learns about a culture and how it impacts behavior.
- Considers the appropriate reactions to those with a specific cultural background.
- Acts in concert with this cultural knowledge and insight in situations that are encountered.

The process of cultural intelligence is progressive: each interaction adds to one’s background of cultural awareness and increases the ability to respond appropriately in future situations. It has been said that “Experience is a good teacher,” and this observation applies to expatriates as they learn how to best interact with persons in their host country.

Universal Truths about Human Resources Management

One universal truth in managing human resources is: There are few universal truths! While it is not possible to accurately stereotype persons based on their cultural background, here are three examples of generally accepted truths in the United States that are not universal:

- Pay for performance is best. Hospitality managers in the United States typically believe that one’s pay and performance are correlated. A review of Figures 13.4 through 13.8 disprove this truth, because numerous cultural issues impact the sequence, timing, and basis for on-job rewards.
- Formal objectives should drive management actions. This truth is prevalent in many Western business organizations, but it is less relevant for managers and their employees (1) who don’t conform to the abstract nature of preconceived guidelines; (2) to others who emphasize the past and present; and (3) to those who believe that decision making is a shared, if not equal, responsibility between managers and their employees.
- Human resources can be managed. Even the topic of this text can be controversial! In some countries, people do not like to be considered resources that can be managed like money or products. Also, some cultures have a reduced emphasis on a person’s unlimited capabilities for individual progress that is a cornerstone for some professional development programs.
Focus on International Assignments

3. Discuss the process of and challenges involved in a successful international assignment: selection, preparation, on-job issues, and after-assignment return.

BACKGROUND

Hospitality managers who are potentially interested in an expatriate position must consider numerous professional and personal challenges before deciding to seek the assignment. Several concerns impact the prospective global candidate professionally and personally, including:

- **The political environment.** Governments in some countries are not stable, and problems can arise quickly, even in countries with long-term leaders and political organizations in power. Revolutions can occur, and coups can change governmental structures and leaders overnight. Travel restrictions can be imposed that can create great concerns about the welfare of expatriates and their families.

- **Economic concerns.** The costs of conducting business and living in other countries create challenges. Tax laws differ, exchange rates and inflation must be considered, and this knowledge must be factored into compensation plans that are negotiated for service abroad.

- **Cultural environment.** Managers relocating to a country in which the culture and its norms are significantly different from those of their native country may suffer culture shock unless they and their families have been prepared in an extensive predeparture training and counseling program.

Managers who are likely to have successful expatriate experiences will:

- Be able to adapt to and accept change.
- Have an interest in living in another country or region of the world.
- Know (or have an interest in learning about) the culture and language of the people of the host country.
- Have the knowledge and skills needed for the assigned job.
- Be fully supported by their families and, if the family will accompany them, members are equally willing to accept and adapt to the international assignment.
- Have an interest in understanding the perspectives of persons from other cultures.

Figure 13.9 identifies factors that are important in a successful global assignment. These factors should be of concern to hospitality managers who are considering this career alternative and to human resources managers who plan programs for them.
One research study* explored the types of skills required for successful international hospitality management. Perhaps surprisingly, functional and technical skills were at the bottom of the list. Following are the skills ranked from most to least importance:

- Cultural sensitivity
- Interpersonal skills
- Managerial flexibility
- Adaptive leadership
- International motivation
- Intercultural competence
- Ability to work with limited resources
- Understanding of international business
- Interest
- International etiquette
- Stress management
- Functional skills
- Technical skills


Let’s see what Figure 13.9 tells us about the stages in a global hospitality work experience.

**SELECTION ISSUES**

Tens of thousands of dollars (probably much more!) will be invested in the relocation and support of the expatriate at the global location. Even more importantly, at least from a financial perspective, is the manager’s impact on the business. Will it thrive and grow or, alternatively, be overcome with operating problems that do significant harm during his or her watch?
FIGURE 13.9: Overview of a Global Work Experience
Unfortunately, the importance of the candidate selection decision and a formalized selection process has not been a significant historic concern for some hospitality organizations. Concerns often focused on who wanted to go, rather than on selecting a person with the proper qualifications who could be most effective in the position. The result is that neither the candidate nor the organization met global operating objectives, and financial and other setbacks often occurred.

Figure 13.9 indicates that a formalized selection process is important. The candidate’s experience and ability should be of special concern. Does his or her work experience suit the needs of the position to be filled? This issue addresses required competencies, and the expatriate must have the cultural sensitivities to make decisions in an unfamiliar environment. He or she must also be able to interact with staff members at all organizational levels from different socio-cultural backgrounds.

Does the candidate’s family fully support the assignment? Many early returns result from family problems. These can easily arise if spouses and families do not accompany the expatriate, but significant problems also occur when families do relocate, but cannot adjust to lifestyle changes, including housing, transportation, shopping, educational programs for children, and numerous other activities that become a new part of everyday life.

The motivations and expectations of the candidate are another concern identified in Figure 13.9. One who must relocate to help an employer, or who is doing so because it is judged necessary for career advancement, may not have significant positive motivating influences. Other inappropriate reasons for selecting a global assignment include “because it appears exciting,” or when perceived problem staff members are relocated to “get them out of the way.”

Instruments to assess the cross-cultural adaptability of the potential expatriate and his or her spouse and family can be useful in assessing attitudes judged important for successful cultural adjustment.

Counseling sessions can help persons anticipate lifestyle and other situations in which they will likely find themselves, and can help ensure that persons interested in global assignments know what to expect if they are selected.

**PREPARATION ACTIVITIES**

Figure 13.9 indicates that before-departure training provides additional information about the culture of the host country. Explanations about how business is conducted within the country of the assignment also become important. This training must also provide details about personal aspects, such as norms of dress, local costs, availability and quality of schools, the local currency, and (seemingly) innumerable other matters involved in adapting to the new environment.

Interviewing and counseling sessions with the candidate and family will be helpful in identifying and anticipating situations that are likely to occur, and they can further minimize the possibility of surprises that create stress.
Numerous human resources concerns must be addressed as overseas assignments are made. Examples of company-related issues include:

- What is the definition of success in an international assignment, and what is required for the specific assignment to be considered successful?
- Is there a clear list of responsibilities, tasks, and corporate objectives for the proposed assignment?
- Which candidates are most technically skilled for the position?
- What other factors must be considered?
- Is the assignment a new position, or is another staff member being replaced? If a replacement, how successful was the incumbent?
- Who are successful expatriates, and what traits make them successful?
- What international skills are valued by the organization?
- Will the candidate have an opportunity to speak directly to the person being replaced and/or to that person’s supervisor?
- What are the consequences if the candidate decides to reject the expatriate assignment?
- How can the organization help the candidate to remain connected to the organization during the assignment?
- What career alternatives will be available for the staff member upon his or her return?

Human resources personnel must also consider several candidate-specific concerns as global assignments are made, including:

- Does the candidate understand the company’s international objectives?
- What are the candidate’s career goals?
- What in the candidate’s background will help ensure success in the international assignment?
- How motivated is the candidate for the assignment?
- How, if at all, does the candidate believe the assignment will be beneficial to his or her future with the organization?
- How does the candidate deal with failures and mistakes that he or she and others make?
- How successful were previous transfers within the organization?
Focus on International Assignments

Human Resources MANAGEMENT ISSUES (13.1)

Victor had grown up in a home where Spanish was spoken almost as much as English. He graduated from college with a degree in hospitality business. Over the years, he had worked his way up in food and beverage positions to his current role as food and beverage director for one of the largest properties in his organization. His goal was to become a general manager, and the food and beverage track was a popular route to the top for many of his peers.

One afternoon, Victor was summoned to the office of the general manager at the hotel where he worked. After a few minutes of shop talk, he learned the purpose of the meeting and why the company’s regional director of operations was present.

“Victor, you’re aware of the joint venture we have with Travel Days Lodging to renovate and operate several first-class hotels in China,” said the general manager. “We need someone to oversee the design and layout of the kitchens, restaurant outlets, and banquet facilities, and to begin establishing food and beverage operating procedures. Are you interested?”

Victor was surprised, and had no idea the company was interested in considering him for this overseas assignment. His most immediate thoughts were:

- I think I can do it.
- I would like to do it.
- I’m not certain my family would share my interest in doing it.
- I want to achieve a top-level position in my company, and I don’t want to do anything that hinders my opportunity to do so.

After these almost instantaneous thoughts, Victor replied, “I’m really flattered that I would be considered for this opportunity, and I know it is a great one. However, I need to learn exactly what you want me to do. Then I need to talk to my family before I know exactly how we will be affected.”

QUESTIONS

1. What are the most important factors that Victor should evaluate about this opportunity? What questions should he ask about each factor?
2. How, if at all, will Victor’s ability to speak Spanish in the United States impact his ability to supervise and facilitate the work of managers and employees in China?
3. How might Victor assess the extent to which this career move will help him to become a large-property general manager with his organization? How important should this long-term career concern be in his immediate decision?
CHAPTER 13 ■ Human Resources: Planning for Global Expansion

Much information must be provided to help managers and their families adapt to life in the new country. Examples include:

- Information about the form of government and the role it plays in business
- Overview of the prevalent religion(s)
- Examples of important social and cultural standards
- Significant information about nonverbal communication
- Basics of legal concerns that may differ from those in the United States
- Size, population, history, holidays, recreational activities, and related country-specific information
- Information about medical facilities and how to access quality medical care
- Costs for housing, food, and all other likely purchases, and information about currency and exchange rates

Basic language training, if applicable, will also be of great assistance.

ON-JOB CONCERNS

Additional training and adjustment to the new organization and position will be required when the expatriate arrives in the host country. Personal lifestyle concerns such as living arrangements and social interactions that will influence the manager’s and his or her family’s perceptions of the assignment must also be addressed.

About Compensation for Global Assignments

Compensation concerns are of critical importance to staff members who go on international assignments. Typically, salary decisions first consider the prevalent compensation for a similar domestic position. Then a significant amount of additional pay is typically provided to adjust for differences in housing, food, and other living costs in the host country. Additional monies are also frequently granted to offset the family’s educational expenses for children, and medical concerns (access to quality care and costs associated with medical care, if needed) will also be an important consideration. Benefits such as relocation expenses to and from the assignment country will be incurred, and reimbursements for a specified number of trips to the incumbent’s home location must also be considered.

Many organizations provide an additional incentive for those who accept an international assignment. This incentive may be in the form of a sign-up bonus, an increase over base pay during the assignment, and/or a bonus when the assignment is completed.
Focus on International Assignments

Learning about and adapting to the work and the new culture will be continuous during the assignment. For example, numerous fundamental and basic changes in human resources practices will be required from those used in domestic assignments. Those who are properly motivated will find this aspect of the assignment to be enjoyable. By contrast, those who are less prepared may be confronted with the culture shock discussed earlier.

**AFTER-ASSIGNMENT FOLLOW-UP**

Figure 13.9 indicates that several concerns (pitfalls) can arise when an expatriate returns from a global assignment:

- **Next assignment.** A global manager may return to headquarters without knowledge of his or her next assignment. Sometimes this problem occurs because top-level managers have not thought about the issue. Others return to discover that career opportunities have actually diminished, and their peers have received significant promotions with increased responsibilities during their absence. Frustrations about the worth of the relocation will likely arise, as can concerns about one’s future with the organization.
Charles has recently relocated to the Republic of the Fiji Islands (Fiji) from a major city in the Eastern United States to manage a resort for a West Coast hotel chain that is just beginning an international expansion. His company had the best intentions of adequately preparing him for his new assignment. His background and motivations were considered, and cross-cultural adaptability tools suggested that he and his family would adequately adjust to the new culture.

Before departing, Charles and his family had learned background information about the culture and knew what to expect about personal issues such as housing, education, and access to medical services. Charles had also received some general information about conducting business in Fiji. He had not, however, learned details about hotel management protocols in the country, because his company was not able to locate persons with this background who could or would provide basic information for a reasonable fee. The consensus was that this was not a major problem because, in its most general sense, the hotel would be managed and operated in the same way as any other business in the country, and this information was utilized.

Charles and his family arrived in Fiji and were pleased to learn that their predeparture preparation experiences were of great value. They knew what to expect, and there were only a few minor surprises to which they were able to adapt without significant hardship.

Charles’s experiences on the job, however, were different. All of the employees spoke English (as he knew they would), and communication did not seem to be a significant issue. However, there were two concerns that he did not expect. One involved the fact that most of his staff members lived in the same tribal village. Numerous awkward situations arose when persons of different tribal rank and/or familial relationships were required to supervise, or to be supervised, by each other. Problems arose when, for example, a family patriarch in the village was supervised on the job by a junior nephew.

The second concern was, normally, one that he wished he could have experienced in his domestic positions: entry-level staff members wanted (almost excessively) ongoing training. Charles liked this request, wanted to provide the training, and realized its long-term benefit to the organization. However, he was concerned about the time needed for these staff members to learn tasks required for their present position. The time available for additional training for future positions was minimal because of the significant amount of hotel start-up work that was necessary.

Charles wished that he would have been prepared for these issues so he would have known how to deal with them better.

QUESTIONS

1. How can Charles deal with these issues in a way that is acceptable for both the organization and the employees?
2. What, if any, general assistance can his organization headquartered in the United States give him as he addresses these concerns?
3. How should future training of expatriates be modified based on Charles’s experiences?
Reverse culture shock. Reverse culture shock can cause problems for those who have learned and worked in another culture.

No recognition for global assignment. If the hospitality organization is focused on domestic operations, returning expatriates may not be recognized for their newly acquired knowledge and skills. Frustration can also arise if these managers believe that they have new knowledge and skills that are not used or that are underused in their next domestic assignment.

Hopefully, the organization will provide a systematic transition as the manager returns to a new domestic position. Career planning activities can begin with the manager’s current status in the organization. Access to mentors who have served in expatriate management positions can be helpful, as can a formal process of recognizing the returning manager’s international contributions. The after-assignment process is easier if the expatriate has received regular communication and updates from headquarters during the time of the international assignment.

Wouldn’t it be wonderful to manage this resort in paradise? The answer is “yes” or “no” depending on one’s motivations for accepting the assignment and the amount of predeparture assessment and personal/business background information the expatriate manager has received.

Courtesy The Four Seasons, photo by Robert Miller of Robert Miller Pictures
Hospitality managers in the United States know that there are (seemingly) innumerable legal concerns to be addressed as decisions are made about recruitment and selection, compensation including mandatory benefits, and modification of work tasks to meet the needs of those with selected disabilities. Interactions with unions, implementing performance appraisal programs, and protecting employees are among many other examples.

This chapter has noted some legal aspects of human resources management in selected countries, and even a cursory review notes major differences between laws in these countries. Expatriate managers must know and consistently comply with legal requirements applicable to their locations. These laws may be difficult to locate and/or understand and, as in the United States, they may also change. It is, therefore, typically necessary to utilize the services of attorneys and/or government officials knowledgeable in the applicable area with experience in administrating the labor laws in the specific location.

Following the letter of the law in the foreign country is, often, not the same as following the spirit of the law in the United States. Hospitality human resources managers may encounter numerous problems relating to gender inequity, employment of child labor, working hours and working conditions, and occupational health concerns, among others, that are outrageous by standards of domestic laws, but that are acceptable (or, at least, are overlooked) under local laws. These problems may occur in hospitality organizations and/or may be practiced by the suppliers of products and services to the organization. In both cases, they impact the lives of the affected employees and can irreparably harm the reputations of the hospitality organizations that permit them to occur.

It is relatively easy and necessary to develop policies supported by domestic laws and personal concerns for persons victimized by these practices. At the same time, it is difficult to compete with other organizations that take advantage of legal oversights or loopholes and misuse employees and others for their organization’s financial gain. These concerns represent just a few of the many legal challenges that can confront expatriates with human resource management responsibilities.

Managing Employees During Global Assignments

4. Describe important considerations when managing hospitality employees in a foreign country.

Most hospitality personnel involved in international assignments will have management and operating responsibilities that include the management of subordinates. Hopefully, the new expatriate manager participated in transitional
training and will know and practice basic background information about the do's and don'ts of managing personnel in the new location.

**USE LOCALS OR EXPATRIATES?**

Most employees in a typical hospitality operation are entry-level and supervisory personnel. The former can be trained as they begin their positions, and many of the latter have occupied entry-level positions before being promoted to their supervisory position. These staff members are typically recruited from the local employee market and are citizens of the host country. Expatriate employees are generally those required for higher-level management operating positions. Others will have short-term responsibilities such as planning for new business ventures and openings, acquiring technology, coordinating operating systems, increasing profitability (business turnaround), and other specialized activities. This expertise may not be available locally, and these positions represent those for which expatriate managers are typically desired.

Figure 13.10 reviews some advantages and disadvantages to the use of local and expatriate staff members in a foreign location. While many of these factors appear obvious, some are difficult to assess, and all must be considered relative to the specific situation.

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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</thead>
<tbody>
<tr>
<td><strong>Use Locals</strong></td>
<td>➢ Lower compensation</td>
</tr>
<tr>
<td>➢ Increased acceptance of hospitality organization in the community</td>
<td>➢ Can be a challenge to merge local employment demands with the organization's concerns and needs.</td>
</tr>
<tr>
<td>➢ Easier to incorporate local concerns into the decision-making process</td>
<td>➢ May be difficult to recruit qualified applicants for vacant positions.</td>
</tr>
<tr>
<td><strong>Use Expatriates</strong></td>
<td>➢ Culture is similar to that of the hospitality organization.</td>
</tr>
<tr>
<td>➢ Closer operating control will be possible.</td>
<td>➢ Can reduce the organization's control of labor.</td>
</tr>
<tr>
<td>➢ Provides the organization's employees with international management perspectives.</td>
<td>➢ Will likely involve significant compensation expenses.</td>
</tr>
<tr>
<td></td>
<td>➢ Makes it more difficult to adapt the organization to the local culture.</td>
</tr>
<tr>
<td></td>
<td>➢ Can have a negative impact on the morale of local employees.</td>
</tr>
<tr>
<td></td>
<td>➢ May need to address government regulations about expatriate employment.</td>
</tr>
</tbody>
</table>

**FIGURE 13.10:** Locals or Expatriates for Global Positions?
Futuristic Strategies to Manage a Global Workforce

There are potential alternatives to the traditional expatriate assignment in which a domestic manager is prepared for and then assumes a management role in a host country before returning to his or her home country, including:

- **Global career personnel.** This tactic uses persons who desire to live and work in multiple countries over their careers. Some move from country to country, and others have a home base but frequently travel away from it. These managers develop an in-depth understanding of global operations because they have managed in different cultures and understand how cultural backgrounds impact work. They also have useful international networks of contacts who can add diverse viewpoints to problem-solving and decision-making activities.

- **Awareness-building assignments.** Some managers can be given relatively short-term assignments of 3 to 12 months’ duration. Note: Families do not typically relocate for these short-term assignments, so home visits are important. These singular assignments are typically made early in one’s career and are not usually repeated. The purpose is to provide international perspectives to and experience for young managers. Some organizations may also use these assignments to give local managers advanced experience in another country. Upon completion, they can then return home to manage a local operation using the knowledge and skills learned during their relatively brief global assignment.

- **SWAT teams.** This strategy involves the use of mobile expert teams who travel to foreign sites on a short-term basis to address a specific concern or to complete an identified project. After a team is organized, the team can be deployed on an ad hoc basis where and whenever it is needed.

- **Virtual alternatives.** In some situations, technology can replace the need to send managers across international borders. Intranets and the Internet, videoconferencing, and the use of electronic databases are examples of tactics that can be low cost and effective alternatives to more labor-intensive solutions. Projects can be worked on around the clock as teams pass projects through global time zones. Distance learning, e-mails, and worldwide job posting systems are other examples of how technology can, in some instances, replace or supplement face-to-face interactions.

BASIC CONCERNS ARE IMPORTANT

Human resources policies must consider the context within which they will be used, and to do so requires knowledge about the culture of affected staff members. Inconsistencies between cultural influences and the policies and procedures will almost certainly be detrimental to the organization’s goals. Depending on the location, obvious tactics such as using a leadership style that emphasizes teamwork and empowerment, and even establishing employee recognition programs, can be met with resistance. Therefore, training is needed to enable managers without the appropriate background to make effective at-work decisions in many locations around the globe.

Figure 13.11 compares several human resources concerns and governmental (legal) regulations in selected countries with many hospitality and tourism businesses. Expatriates are frequently used in top-level management positions in these countries. As you review this information, consider:

- How these concerns differ from those with which you might be familiar in the United States.
- How they illustrate cultural influences on the management of human resources.
- How an expatriate manager can learn about these important influences on hospitality operations in each country.

DETAILS! DETAILS!

Successful hospitality managers must also know about and utilize numerous details that are driven by culture, custom, precedent, and a long history of how business is conducted. Figure 13.12 reviews examples of protocols useful in the conduct of business in selected countries. *Note:* Information about the United States is added for comparative purposes.

Even a quick review of Figure 13.12 reveals differences in the details of how business is conducted in foreign countries. Hospitality managers will likely be involved in business meetings and negotiations, and may be responsible for business entertaining. Simple greetings and the giving of gifts are also natural activities in business and personal situations. It takes some time to learn about these and other traditions, but successful businesspersons take the time to do so. Then they consistently practice these protocols to enhance their business and off-work relationships with persons from the host country.
<table>
<thead>
<tr>
<th>Country</th>
<th>Human Resources Concerns</th>
<th>Governmental (Legal) Regulations</th>
</tr>
</thead>
</table>
| China   | ➢ Labor disputes are encouraged to be settled by negotiation or mediation. Compulsory arbitration is required before legal proceedings can occur.  
➢ There is a shortage of talented managers, which increases compensation costs to attract and retain the managers.  
➢ Benefit costs double basic compensation costs.  
➢ Chinese workers want training and are attracted to multinational enterprises to obtain it. | ➢ Laws are in effect to address employment contracts, wages, work conditions, safety and health, women in the workplace, and resolutions of disputes.  
➢ Labor practices vary among regions of the country.  
➢ Chinese employees can be recruited directly or through local employment centers. Expatriates are approved after demonstration that locals cannot fill the position.  
➢ Laws relate to wages, employment of minors, and maternity benefits.  
➢ Regular overtime is 1.5 times the contractual hourly wage. If workers must work on their regular days off, the minimum rate is 200 percent of normal wage. Overtime or statutory holidays require payments of 300 percent of normal wage.  
➢ Businesses must participate in and pay social insurance premiums on behalf of an employee's account. |
| France  | ➢ Compensation for hospitality industry personnel is lower than in alternative employee markets. This makes it difficult to attract and retain motivated employees.  
➢ There are perceptions of low status and long work-hour positions.  
➢ Employees may join trade unions or “house unions.” | ➢ Labor laws are expanding and place a compliance burden on many hospitality operations.  
➢ A legal workweek is 35 hours, and employees receive five weeks’ paid leave annually. The hospitality industry may be treated as a special case, and managers are attempting to increase the number of industry employees and productivity levels of existing staff. |

**FIGURE 13.11:** Comparative Human Resources Overview of Selected Countries*
Employee strikes are common and are considered the rules of the game in collective bargaining efforts.

Many employees work under annualized contracts that allow work to be spread over the entire year to avoid paying overtime. (These must be negotiated with and agreed to by unions.)

Fixed-term, including seasonal, contracts are also used, and are carefully regulated.

Extensive legal procedures are typically necessary to terminate employees, and prior notice and severance allowances are typically required. Employees must be interviewed while in the presence of another employee representative before they can be terminated.

Annual negotiations between management and unions are required. If there is no union, negotiations then occur between managers and employee representatives.

Business and employee contributions fund a generous security package to help ensure acceptable living conditions and medical coverage for the population. Social charges for businesses are among the highest in the world.

Businesses pay a special tax that is used to fund training beyond that normally provided by the company.

The legal workweek is 44 hours, but employees may be scheduled for additional hours, and overtime pay may not be regulated.

Korea has nationalized health insurance and social security (retirement) systems that are mandatory.

Korea

- Employee work schedules can include 24-hour work shifts with breaks for meals and naps throughout the shift. This is followed with 24 hours off work, and then the cycle begins again for several weeks until the employee receives a 48-hour break.

- The legal workweek is 44 hours, but employees may be scheduled for additional hours, and overtime pay may not be regulated.

- Korea has nationalized health insurance and social security (retirement) systems that are mandatory.
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<tbody>
<tr>
<td></td>
<td>Bonuses for profitable years can be as much as 150 to 200 percent of salaried workers’ yearly pay, and hourly employees may receive a bonus equal to one to two months’ pay. While there is no longer lifetime employment, loyalty is high among full-time employees. While sex discrimination in the workplace has been abolished, most management positions are occupied by men, and there are fewer long-term careers for women. The labor force is highly unionized on a by-company basis. Unions typically have indirect influence on hotel operations based on their impact on the parent company that owns the hotels. Expatriates may manage large hotels owned by unionized businesses, and middle-level managers are referred from businesses owned by those organizations.</td>
<td>There is no minimum wage, so wages are set by the employee marketplace. Short-term employees are subject to taxation. There is no minimum wage, so wages are set by the employee marketplace. Short-term employees are subject to taxation.</td>
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<td>There is no minimum wage, so wages are set by the employee marketplace. Short-term employees are subject to taxation. There is no minimum wage, so wages are set by the employee marketplace. Short-term employees are subject to taxation.</td>
<td>There is no minimum wage, so wages are set by the employee marketplace. Short-term employees are subject to taxation.</td>
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<td>Mexico</td>
<td>Employees may join labor unions, and union relationships are very complex. Expatriates require advice and counseling about them. Companies work with each other through interchange groups, which share personal databases.</td>
<td>Federal laws prohibit racial, sexual, age, religious, social, and political discrimination. Annual training courses for employees are required that must be reapproved each year. Laws regulate the hiring and employment of children. Legal stipulations describe the conditions under which staff members may be terminated. The workweek is six 8-hour days, but night shifts are 7 hours.</td>
</tr>
</tbody>
</table>
Managing Employees During Global Assignments

➢ Beginning workers receive eight days of paid vacation, during which they receive a 25 percent bonus.
➢ There is an established minimum salary and a legally entitled bonus equal to at least 15 days’ salary.
➢ Employees receive a share of the company’s profit.
➢ Employers must provide training and development opportunities approved by government agencies.
➢ All companies must have an approved internal regulations manual developed by representatives of the business and employees.
➢ A national retirement system requires employee contributions into a savings account.

Turkey
➢ Labor organizations are not influential in the country.
➢ International hotels prefer expatriate managers in top positions, but universities and several government-owned/-operated tourism schools are preparing graduates for the tourism industry.
➢ Laws require a 7.5-hour working day, with a maximum overtime of 3 hours daily, and no more than 90 overtime days annually.
➢ Overtime pay is 1.5 times regular pay, and work on public holidays is considered overtime.
➢ Employees can only be terminated with good cause to avoid the need to pay an employee a separation fee.
➢ Employers must pay social-security contributions for employees.


FIGURE 13.11: (Continued)
Expatriate management assignments can change from being rewarding to terrifying in a very short time. Ever-present terrorism concerns and political or military-inspired events can create serious safety situations for those working in global locations.

Events creating the need for emergency solutions have, unfortunately, occurred for many years and in many locations. Terrorist bombings in London, the need to remove employees from Lebanon and Indonesia, and recurring dangers in Israel and other Middle Eastern locations are just a few examples.

Hospitality organizations utilizing the services of expatriate managers must be aware of the potential need to provide security for all of its employees in the host country sites, including both U.S. expatriate managers and their employees from the host country.

The U.S. Department of State maintains an extensive library of information that is important to U.S. citizens living or traveling abroad. For example, its Bureau of Consular Affairs provides a wide range of services during emergencies and crises. The State Department also issues and updates travel warnings with recommendations for Americans to avoid certain countries. These are issued when officials decide, based on relevant information, to recommend that Americans avoid travel to a certain country. It also issues public announcements to disseminate information about terrorist threats and other relatively short-term and/or transnational conditions that may pose a significant risk to the security of Americans abroad. These announcements are typically issued during short-term coups, violence by terrorists, and for anniversary dates for specific terrorist events.

To review current information, type: “US Department of State” into your favorite search engine. Then click on the applicable titles in the “Travel and Business” section.
<table>
<thead>
<tr>
<th>Country</th>
<th>Official Language</th>
<th>Appointments</th>
<th>Negotiating</th>
<th>Business Entertaining</th>
<th>Greetings</th>
<th>Gifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>English</td>
<td>Be punctual. Business hours: 9 A.M. – 5 P.M., Monday – Friday; 9 A.M. – Noon, Saturday</td>
<td>Directness is appreciated. A business case should be presented by noting “good” and “bad.” Be modest and casual. Don’t digress or provide details. Spend a brief time before the meeting with small talk.</td>
<td>Don’t make unannounced visits. Each person pays for a round of drinks. Sports are a good topic of conversation. Australians respect people with opinions, even if they conflict with their own.</td>
<td>Shake hands at the beginning of a meeting. Present a business card, but remember that many Australians do not have them.</td>
<td>Gifts are not generally given in a business context.</td>
</tr>
<tr>
<td>China</td>
<td>Chinese with a Mandarin dialect. Note: English is spoken by many businesspeople.</td>
<td>Punctuality is a must.</td>
<td>A business presentation will likely be made to many groups at different levels. When entering the meeting, the most senior official should lead the way. Do not use colored presentation materials. Negotiations can become lengthy and time consuming.</td>
<td>Surpass the host in terms of lavish restaurant banquets. Arrive 30 minutes before the guest. If you are the guest, arrive promptly; do not discuss business. Don’t begin to eat or drink before the host.</td>
<td>Introductions tend to be formal and courteous. Chinese workers nod or bow slightly, although handshakes are common.</td>
<td>Avoid giving any gift of value in front of others. Make it clear that a gift is from your company to the Chinese organization. Present the gift to the leader of the Chinese group.</td>
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**FIGURE 13.12:** Business Protocols in Selected Countries*
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<tr>
<th>Country</th>
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<th>Appointments</th>
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<td></td>
<td>A better deal can be sought even after a contract is signed. Don’t exaggerate an ability to deliver. Patience is required: negotiations may not be finalized for several trips. Business cards should be translated into Mandarin Chinese on the reverse side. Don’t put a business card in your wallet and then put the wallet in your back pocket; this is considered to dishonor the person who gave you the card. It is expected that business will be conducted by senior leaders on both sides. At the end of a meeting, leave before the Chinese representatives.</td>
<td>Wait for the Chinese person to first extend a hand.</td>
<td>When giving or receiving a gift, use both hands. Do not open a gift in the presence of the giver. Chinese people traditionally decline a gift three times to avoid appearing greedy. Continue to insist, and indicate that you are pleased after the gift is accepted. All negotiations should end before gifts are exchanged.</td>
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<tr>
<td>France</td>
<td>French</td>
<td>Make appointments for business and social occasions. People are more relaxed about time in southern France.</td>
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<tr>
<td></td>
<td></td>
<td>Eye contact is frequent and intense. Negotiations are typically formal and reserved. Strict hierarchies are followed. Don't ask personal questions. Don't mistake a high-pitched voice or excited gestures for anger.</td>
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<td>Business can be conducted at any meal. Be excited about the food before beginning business discussion. Whoever initiates the occasion is expected to pay for it. Keep both hands on the table at all times. Don't drink hard liquor between meals or smoke between courses.</td>
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<td>Shake hands when being introduced and when leaving. French handshakes are not as firm as in the United States.</td>
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<td>Don't give a business gift at the first meeting. Avoid gifts with a company logo. Do not include your business card with a gift. Do not bring wine, but send a thank-you note, flowers, or fruit basket after the event.</td>
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<thead>
<tr>
<th>Hong Kong</th>
<th>Chinese and English</th>
<th>Punctuality is important. Age is respected; the chief representative should be 50 years of age or older. Present all materials and ideas in a modest and patient way. Don't confront a Chinese person with an unpleasant fact in public.</th>
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<td>Entertain at first-class restaurants and banquet halls. A celebration may require 8 to 12 meal courses. Bows are traditional. Sincere compliments are given, but it is considered poor manners to agree with a compliment. Gifts such as clocks and books can offend. Do not open gifts in the presence of the giver. Accept and give gifts with both hands.</td>
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**FIGURE 13.12: (Continued)**
### BUSINESS PRACTICES (continued)

<table>
<thead>
<tr>
<th>Country</th>
<th>Official Language</th>
<th>Appointments</th>
<th>Negotiating</th>
<th>Business Entertaining</th>
<th>Greetings</th>
<th>Gifts</th>
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<tbody>
<tr>
<td>Japan</td>
<td>Japanese</td>
<td>Be punctual. Note: Although office hours are from 9:00 A.M. to 5:00 (or 5:30) P.M., many persons go to dinner, and then return to work until 9 or 10 P.M.</td>
<td>The word “yes” means “I heard you,” not necessarily “yes.” Do not say “no.” Instead, a phrase with a similar meaning is, “It would be difficult.” Prepare many alternatives to give the Chinese negotiator options. Don’t direct all information to the senior negotiator. (The presence of some officials may be ceremonial.)</td>
<td>If a banquet is offered, it must be reciprocated. Pace yourself, and eat sparingly. Know how to use chopsticks. If you are invited out, the host will treat. Allow the host to order for you. Business can be discussed during the evening. A bow is the traditional greeting, but handshakes are often used. If someone bows to greet you, bow to the same depth as he or she does, because this indicates</td>
<td>Greet the most senior or elderly person first. Give business gifts at midyear, at year-end, and often during the first business meeting. The ceremony of gift giving is more important than the objects being exchanged.</td>
<td>Give business gifts at midyear, at year-end, and often during the first business meeting. The ceremony of gift giving is more important than the objects being exchanged.</td>
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<td>Country</td>
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<td>Korea</td>
<td>A workweek is generally 40 to 48 hours without overtime pay done over 5.5 working days. Contracts are not perceived as final agreements. Show the greatest respect to the oldest member of the Japanese group. The group (not the individual) is rewarded, so there will not be compliments to individuals. Don’t directly refuse anything. Use both hands to fill a cup or bowl that you wish to have refilled. The status of the relationship. As you bow, lower your eyes, and keep your palms flat against your thighs. Japanese people do not open gifts when they are received. Avoid giving gifts with an equal number of elements (such as an even number of flowers in an arrangement).</td>
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<tr>
<td>Kuwait</td>
<td>Arabic is the national language; English is widely spoken among businesspersons. You should be prompt, but a client may be late or not show up; it is standard practice to keep foreign businesspersons waiting. You do not need to speak during periods of silence. There may be several meetings of small talk before a business presentation can be made. Business cards should be printed in English and in Arabic. The card should be handed with your right hand to the Kuwaiti with the Arabic-language side up. You may need to compromise on some issue just to protect someone’s ego. Follow the lead of your host to decide if shoes should be removed before entering a building. Alcohol and pork consumption are illegal, and eating is done with the right hand only. Allow your Kuwaiti counterpart to greet you first. Then use the same style of greeting. It is not traditional to introduce a veiled Kuwaiti woman who is accompanying a Kuwaiti man. Avoid images or pictures of people or dogs. Engraved pens, pencils, finely made compasses, and business card cases are examples of appropriate gifts.</td>
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**FIGURE 13.12:** (Continued)
<table>
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<tr>
<th>Country</th>
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<th>Gifts</th>
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<tbody>
<tr>
<td>Mexico</td>
<td>Spanish</td>
<td>Punctuality is not strictly adhered to.</td>
<td>Business atmosphere is friendly and easygoing and of a slower pace than in the United States. Personal friendships are important when doing business in Mexico. Be warm and personal. Avoid saying “no.” Better terms are “maybe” or “we’ll see.” Emphasize trust and the mutual compatibility of the two companies when negotiating. At least one member of the team should be from higher-level management.</td>
<td>The oldest person in the group typically pays for a group’s meal. Minimize heavy eating, drinking, and smoking.</td>
<td>Men shake hands when greeting. There may be hugs on the second or third meeting.</td>
<td>Giving gifts in a business context is not required. Small gifts such as items with a company logo are appreciated. Secretaries in the private sector should be given a gift on a return visit. Avoid giving gifts of silver.</td>
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<td>Singapore</td>
<td>While there are four official languages, English is the language of business and government.</td>
<td>Punctuality is important.</td>
<td>The pace of negotiations is slower than in the United States. Several trips over several months are typically needed to complete an agreement. The word “no” is rarely used.</td>
<td>A successful business relationship requires an established social relationship. Respond to written invitations in writing.</td>
<td>A handshake is a common form of greeting for younger, foreign-educated persons. (It is a handclasp lasting for 10 to 20 seconds.)</td>
<td>Gifts are given between friends. Do not give a gift before you have established a personal relationship. Gifts are not unwrapped in the presence of the giver.</td>
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<td>United States</td>
<td>English</td>
<td>Punctuality is emphasized.</td>
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<td>Business is conducted quickly relative to many cultures.</td>
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<td>Deals are often made during initial meetings.</td>
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<td>Financial concerns, technology, and short-term rewards are normal negotiation issues.</td>
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<td>There is little small talk.</td>
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<td>Compliments are exchanged, but personal questions are minimized if persons do not know each other.</td>
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<td>Smoking is increasingly prohibited in public areas.</td>
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<td>Business cards are not exchanged unless future contacts are desired.</td>
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**FIGURE 13.12:** (Continued)
HUMAN RESOURCES TERMS

The following terms were defined in this chapter:

- Mode of entry
- Subsidiaries
- Joint venture
- Multinational (organization)
- Transnational (organization)
- Culture
- Organizational culture
- Sociocultural
- Country cluster
- Cultural intelligence
- Exchange rate
- Inflation
- Culture shock
- Cross-cultural adaptability
- Reverse culture shock

FOR YOUR CONSIDERATION

1. Would you be interested in an expatriate management position in the hospitality industry? Why or why not?
2. If possible, interview a hospitality manager with expatriate experience (ask local managers or faculty members for referrals). Ask the following questions:
   a. What were the main reasons that you accepted the assignment?
   b. How did you prepare for the assignment?
   c. What, if any, surprises arose as you managed the operation?
   d. What is your advice for someone considering an expatriate management position?
3. Do you think that managing employees with diverse cultural backgrounds in the United States is helpful experience for someone planning to be an expatriate manager? Why or why not?
4. Would business or personal living adjustments be the most difficult if you assumed an expatriate position? Why?

CASE STUDY: HUMAN RESOURCES MANAGEMENT IN ACTION

Rio Grand Services Management operates contracted food services for about 25 relatively small healthcare facilities throughout south Texas. Recently, company officials have been approached by two government-operated hospitals in Mexico about the possibility of managing their facility’s foodservice departments. Company officials had also met with several representatives of small hospitals from Central American countries who had similar interests. Rio Grand Services officials thought they might have discovered a market niche that was not being served by large contract management organizations.
Top-level Rio Grand Services managers decided that they would negotiate a contract for the two facilities in Mexico with the longer-term intention of learning more to help them decide about the potential worth of concentrated expansion throughout Mexico and Central America. Their reasoning was that it is not possible to plan a market expansion effort without knowing what to expect. A few initial operations would, therefore, provide input that would be very helpful with longer-term planning.

**Dimension: Strategic**

1. What are examples of basic human resources management concerns that should be addressed as Rio Grand Services officials consider international expansion?
2. Company officials hope they will learn something about human resources management concerns through their limited operation of these two health-care facility accounts. What additional sources of information can help company officials to anticipate human resources challenges?

**Dimension: Expatriate Selection**

1. What factors should Rio Grand Services officials consider as they determine whether a local citizen or an expatriate should be retained to manage the first two accounts in Mexico?
2. Assume that expatriate managers must be retained. How should officials determine if an existing manager should be utilized or a new staff member (e.g., someone with experience in healthcare foodservices management in Mexico) should be employed?

**Dimension: Expatriate Placement**

1. Where can company officials locate persons or companies with expertise in expatriate manager selection and cultural adaptation information?
2. How can company officials learn about the do's and don'ts of managing a business in general and administering a healthcare foodservices operation more specifically in Mexico?

**Internet Activities**

1. Grovewell, LLC ([www.grovewell.com](http://www.grovewell.com)) is a leader in providing global leadership training. Review this company’s home page. What kind of services does this organization provide? What have you learned about global leadership?
2. Many companies provide expatriate management assessment and preparation programs. To review the Web sites of many of these organizations, type “expatriate manager assessments” into your favorite search engine.
3. Do you want to learn more about international business protocols? If so, type “international business protocols” into your favorite search engine. Also, review an especially useful resource: www.kwintessential.com.

4. If you are interested in a Web site to locate international business resources that address the needs of academics, including researchers and graduate students, go to: www.globaledge.msu.edu. When you arrive at the site, click on “Academy.”

ENDNOTES