

# THE TRAINING OF INTERNATIONAL MANAGERS – SUCCESS FACTOR IN INTERNATIONAL BUSINESS

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## *Abstract:*

*The amplification of extern economic activities made by firms demands new rules for those people that take part in transcultural actions. They have to deal with new challenges regarding the interpretation of actions or attitudes made by individuals or firms that have their activity in a cultural activity different from what they were accustomed to until that moment. International managers come in contact with people that not only have different objectives, but they also have different ways of achieving their objectives.*

*The development of management activities is a laborious process that starts with the recurring and selecting of personnel and ends with the training and returning to their home country of the managers. The importance and the phases of the process of training managers that can action with competence in an intercultural context have represented the elements which I want to bring forward in this paper.*

*Keywords: international context, international manager, cultural shock, cultural adaptability*

## **Introduction**

Globalization is an objective phenomenon, which takes place in an accelerated rate, putting more and more its mark on the lives of most of the world's population. The rapid progress of technology, especially in the information domain, the improvement of the transportation of goods and passengers, doubled by a promotion of a liberal policy by almost all the world's states, have determined the global transformation of the global economy.

If under a conceptual aspect globalization has been treated in time from different angles. In the present time, important are the debates regarding the takeoff of companies that work on a global level, regarding the negative aspects generated by the unification of markets, like the growth of unemployment and the damages to the environment, regarding the activity of international institutions etc.

Regarding multinational firms, we have to mention that these cannot only

be found in developed countries, but in all of the world's countries, representing a strong force of cohesion in the global economy, tying the national economies in the process of globalization. Actually, in the entire world there approximately 80.000 multinational firms and each has in average 10 affiliates abroad, forming this way a vast planetary net.

On the other hand, the consequences of the globalization of the economical activity are on cultural values specific for different countries, some specialists sustain an accentuation of cultural differences between countries.

The growth of the grade of internationalization, especially in the activity of multinationals, demands sending abroad some people, that on one hand have to make proof of good technical competences, managerial, etc, and on the other must have abilities that can allow an efficient activity in a foreign cultural environment.

Numerically and valorically speaking, international businesses have achieved the most powerful growth in history, during the last two decades. Multinational firms can close business deals in any region of the globe. In order to be efficient international expansion implies sending people, capable of coping with technical requirements as well as particularities set by a new cultural environment, abroad.

The failure recorded by people sent to work abroad is incarnated by their return to the country of origin before the expiration of the preset deadline. This is not a cause of technical or professional incompetence, but of the fact that people are unable of adapting to the specific lifestyle of another culture. Multinational firms pay special attention to the casting and training of the personnel that will be sent abroad, because of the fact that a set-back in this field is pretty costly. Besides the loss of opportunities determined by the misfit of the personnel abroad, multinational firms spend, on average, for the training, shift and accommodation of an employee abroad, approximately \$250.000. Statistics show that the rate of returning from abroad is of 40%, for managers who were not subjected to adaptability studies and who were not included in cultural orientation programs. The average dropped to 25% when firms introduced cultural orientation programs and, to only 10%, when, besides the cultural orientation programs, firms also endorsed the problems raised by adaptability. The failure rate of American managers implanted abroad, in comparison to that recorded by European countries and Japan, is higher than double.

International firms take a series of actions for the amortization of the cultural shock: recruiting and selecting the personnel that will work abroad, preparing the international managers,

motivating the personnel and preparing the repatriation.

### **Selecting the people that will have the position of manager abroad**

According to Raymond J. Stone, in order for an international manager to achieve success, he must fulfill a series of requirements, the most important being: the ability to adapt, technical aptitudes, the family's adaptability, social aptitudes, will and motivation, international experience, understanding the culture of the host country, academic studies, aptitudes for foreign languages and understanding the culture of the mother country.

Western companies often recruit workforce within universities, endorsing linguistically competent people with international experience, meaning people that will easily adapt to another culture.

Geographically speaking, an international firm has three possible recruitment sources.

The first source is the local one, the country where an international firm's branch is registered and functions. Selecting local managers is the most appropriate condition if the dynamics of the exchanges on the host market grows. Local managers are well acquainted with the environment conditions of their own countries and thus, they can correctly interpret situations that may surface. Local managers are accustomed to the environmental conditions in their own country and thus, they can correctly interpret any situations that may surface. The international firm does no longer have to provide for a numerous managerial body, saving significant amounts of money from personnel expenses. By hiring local managers, the international firm has the opportunity of discovering people with special abilities in this field, whom they wouldn't meet in their own country, this way satisfying the interest of the host country in regard

to the promotion of its citizens. In a cultural aspect, there is the risk that the global control and coordination may be affected, because of the fact that local managers have received their education and part of the professional training in a very different way from what was insured for them in the firm's country of origin.

The advantage of internal recruitment is that all candidates are accustomed to the way of operating and to the culture of international firm. The option for managers originating from the country where the international firm has its quarters depends on: the nature of the activity field, the stage of the product's life cycle, the availability of managers from other sources etc. currently, the number of such managers, working abroad, is much larger in the services field in comparison to the manufacturing sector.

One of the main sources of the competitive advantage of large multinational companies is their possibility of recruiting personnel from all corners of the world. Using managers from another third country is a strategy of the firms that have orientated themselves towards a global philosophy. One such example is the Dutch concern, in the field of electronics, Philips, which promoted managers from a third country in its branches from abroad. These are career managers, who are usually transferred to manage new units opened in countries with similar cultural affinities.

A manager working abroad has to tackle with a more complex number of problems than a manager deploying activity in his own country. The international manager leads the activity under the circumstances of a higher level of independence. In order to deploy his activity abroad, a manager must be superior to his local competitors. He must have solid experience and make proof of excellent previous performances.

During the selection process, special attention is given to the candidates' cultural knowledge. It is essential that the manager, who is to work in a foreign country, knows the language. He can of course use translators, but that would mean that he doesn't have total control over the activity he is coordinating. Most Japanese managers, working in branches that were established in the US, speak English, but few of the Americans representing national firms in Japan speak Japanese. Managers that are to work in a foreign country must know certain aspect concerning: the degree in which the local government is involved in business, the way of operating on the local market, the importance of holidays in the context of the local socio-economic life.

International managers must bring proof of a good adaptability to the cultural conditions of the host country. They must show a positive and flexible attitude toward changes crossing from the factual elements of the new culture to its interpretative elements, as they try to achieve a better integration in the local environment.

Problems regarding the manager's family must not be neglected. For example, an American firm hired American managers for an Italian branch. One of the managers' wives had problems adapting to the new country. She managed to also induce this state to the other managers' wives. After a while, the situation created, lead to the repatriation of the American managers before deadline.

### **The training of international managers**

In most cases, the training program for managers that are about to work abroad, takes months. It is important that we establish, from the beginning, the differences between what managers currently do and what they will do in the future.

International managers are faced with hardships regarding not knowing an adequate foreign language and other cultural elements that will insure the efficiency of the decisional act. A study made by UNESCO in regard to 10-14 year old pupils from various countries, placed the US on the last spot, in what understanding foreign cultures is concerned, statement that was upheld by the fact that 61% of the schools that endorse training for international business, did not include disciplines that will approach intercultural elements of the economic life, in their curriculum. Although the selection operation was given all the necessary attention, 30-50% of the international managers did not rise up to expectations, mainly because they were unable to adapt to the new life and work conditions.

Specialists say that there must be two stages in the training program of the future international manager. The first stage takes place before the departure and the manager's family is also concerned. The second stage takes place in the host country. Experience from practice shows a need for a third training stage with the purpose of facilitating the return to the country of origin.

The first aspect that the firm, in need of an international manager, need to consider is the selection process. In this phase you can eliminate most of the problems that should be solved afterwards and this is why the interviews that the candidate is subject to are carefully elaborated. Once a person is chosen, their missing attributes are determined in order to establish a complex and efficient training process. The study made by Rosalie Tung about several European, American and Japanese firms, shows that there are six categories of training problems:

1. General information within seminars or workshops regarding the geographical area, climate, educational

system, accommodation conditions, chain stores etc;

2. Cultural orientation programs for the perception and correct evaluation of cultural values and norms from the host country;

3. Cultural assimilation programs, which imply the simulation of certain situations in which the international manager might be while in contact with the new cultural environment;

4. Training courses for learning a certain foreign language;

5. Programs for the development of attitude flexibility;

6. Practical experience programs, realized by making journeys to the host country and making direct contact with the environment.

Based on her study, Tung realized that 69% of the researched European firms have such programs, followed by Asian firms with 57% and American firms with only 32%. This explains the large number of failures recorded by multinational American companies. The firms that were questioned paid special attention to learning the language spoken in the host country and getting to know the environment and the cultural orientation.

A person from the host country be assigned to run a foreign branch if the given situation demands it. The future manager will make contract with a new culture, that of the multinational company. Under these circumstances the training may take place within the branch or at the quarters of the mother society.

The achievements of the communication technology, the opportunities of the intercultural education provided by universities and the extension of computer networks lead to the growth of the multicultural training efficiency, reducing by 30% the time reserved for this process in comparison to the use of traditional methods.

## **The motivation of international managers**

Beside the salary, the rewards, given to managers sent to work abroad, include accommodation requitals, facilities and work under harsh conditions. Expenses such as the chauffeur's salary, the maintenance of the service vehicle, the payment of a club membership fee etc, are also supported by the firm. Basically the firm must compensate the discomfort created by the departure. For this we take into consideration favorite foods, friendship and family relations, educational opportunities etc. Usually a manager that is about to deploy activity abroad, wishes to have a standard of life, that will remind him as much as possible of the one he had in his own country.

The costs generated by the salary payment for managers working abroad are twice as big as those for managers with similar attributions in the country of origin. A series of increments are paid in order to determine the manager to work abroad.

The increments cashed in by the international manager depend from 0 to 50% on the basic salary, the environments in which he will work and where his family will live. It is one thing to be a foreign manager in Paris and another to run a branch in Brazavire

The rewards given to international managers also depend on the performances they have recorded in achieving the established objectives. The fundamental factor in the evaluation of an international manager is the dimension of the achieved profit, although there are cases when the main objective is closing contracts or establishing personal relations with the decisional factors from the host country.

### **Preparing the repatriation**

If it is not well administered, a manager's return to the country of origin may raise a series of problems. There were cases, when, upon returning, the

manager realized that he is no longer alone in the office, that the firm's employees do not know him and that he did not have prestige in his interpersonal relations. All this affect the efficiency of a manager's activity.

There are cases when a manager's family has trouble readapting in the country of origin, after spending a long period abroad. Many American families were surprised, upon returning in the US, by the high standard of living and education costs in their country of origin. Approximately 20% of the managers who worked abroad leave the firm after repatriation. Loosing competent managers, with international experience, is not at all comfortable for a firm and this is why it must undertake all things necessary in order to cushion the shock caused by the return in the country.

Preparations for the repatriation of the international manager should begin six months ahead. There must be well grounded reasons for attributing new tasks for the manager. The firm must give financial compensations for his resettlement in the country of origin as well as a sufficient period of time to move and prepare to resume the activity. This way the work made by the international manager within the firm is recognized.

The problems raised by the cultural shock must be identified and analyzed immediately. This way, the measures that will lead to the attenuation of the traumas, generated by the change of the cultural environment, can be established.

## **Conclusions**

The managerial act is characterized by a special complexity. In the moment when we transpose the managerial act in the intercultural context, its problematic becomes even more complex, the complications amplify, having the tendency to evolve exponentially.

The significant costs necessary for the training of a manager that will deal with working abroad, and especially the immense damages that he can do in the case in which he doesn't adapt to the

new cultural environment are arguments that determine multinational firms to give a special attention to the process of selecting and training future international managers.

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